

Collections Chronicle

News You Can Use

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Revenue Collections Management

Winter 2022





*Our goal is to transition
all depositing agencies to an
electronic solution*

Fiscal Service has a strategic objective to move collections from paper processes to electronic solutions to ensure we are meeting the needs of our customer agencies while maintaining operational stability in federal revenue collection.

Financial Management Goal: Reduce the number of cash and check transactions flowing through the Treasury General Account (TGA) network by 25% by 2025

We want to partner with you now, to explore electronic solutions and determine which will be the best fit for your customers.

Please contact:

Agency Relationship Management Division at ARM@fiscal.treasury.gov



Explore New Solutions and Changes with OTCnet

Take your Collections to the Next Level: OTCnet Payment Solutions Webinars 2023

Accelerate collection processes and grow your electronic payment options.

For a dynamic review of OTCnet's card and kiosk payment options.

These solutions empower agencies to invest in processes that are secure, customizable, and time-saving.

Don't miss your chance to [sign up](#).



Coming Soon to OTCnet

In December 2022

Fiscal Service will be completing OTCnet's domain migration. Please note that the domain will be updated from otcnet.fms.treas.gov to otcnet.for.fiscal.treasury.gov.

Google Chrome and Microsoft Edge are the preferred browsers as no additional action is needed. If your agency is using Internet Explorer 11, the new domain will need to be added to your Intranet Site Zone list and complete additional steps. Please note that Internet Explorer 11 was retired by Microsoft in June 2022.

Learn How to Link with your PIV/CAC Credentials

All PIV/CAC (personal identification verification, common access card) holders need to link their credentials to OTCnet by March 31st, 2023.

To get ahead of these security changes and expand your sign-in options, see the [PIV/CAC Connection Guide](#) for step-by-step instructions.

Benefits of linking your PIV or CAC card to your Fiscal Service SSO account include:

- Ensure continued OTCnet account access
- Additional OTCnet account security
- Ease of signing-in to all Fiscal Service applications with your PIV or CAC credentials
- Get ahead of security changes
- Additional sign-in option for the OTCnet application

We thank you for supporting our initiatives to improve collection processing and are looking forward to continuing to develop our partnership. To request for assistance, contact the Deployment Team at Fiscalservice.otcdeployment@citi.com or 703.377.5586.

You can use your PIV (personal identification verification) or CAC (common access card) credentials to log in to OTCnet? The future of password-free log-in is here. With your PIV or CAC inserted into your workstation, you can log in to OTCnet with a single click!

As part of a government-wide security requirement to transition to multi-factor authentication, the Bureau of the Fiscal Service is requiring that all OTCnet users link their PIV or credentials to their Fiscal Service Single Sign-On account by March 31st, 2023. Learn more about the security requirement on the [PIV/CAC information page](#).



Debit Gateway 101

Did you know that when a government agency or Treasury lockbox financial agent processes a paper check that the check is settled through the Debit Gateway?

The Debit Gateway settles all check image transactions received through the Electronic Check Processing (ECP) and Over the Counter Network (OTCnet).

Whenever possible, Debit Gateway converts the check images received to less expensive and more efficient automated clearing house (ACH) debits.

Why is it beneficial to convert your check settlement to ACH debit?

- ACH debit settlement is preferred because the cost of ACH settlement is significantly lower per item. Settlement of electronic check images (Check 21) incur an additional “cash letter” fee for a grouping of items. ACH debit is a fraction of the cost of check image settlement. When the Internal Revenue Service implemented ACH conversion, approximately \$430,000 in savings annually were realized from the lower fees.

The potential cost savings add up with over a hundred million transactions processed in the Debit Gateway in a fiscal year. If the volume of ACH conversion increased by just 10% it would be a potential savings of \$496,911 for the federal government in fees alone. Almost half a million dollars of fees saved!

- Cost savings are also realized through reduced overhead charges and less contract labor associated with the manual research for check adjustments and return matching in the Federal Reserve System. Manual research for an adjustment takes a proportionally huge amount of resources to correct. Adjustment costs average \$15 to \$30 an item to correct. With 16,226 Check Adjustment Cases in FY 2022, that is a potential overhead cost savings averaging \$365,085.
- ACH conversion reduces the volume of Non-Conforming Images (NCIs). In FY 2022 there were a total of 11,685 non-conforming item cases received. NCIs are images that fail Federal Reserve presentment standards and must be handled on an exception basis or returned to the source of deposit and corrected.

- There is also less risk of a financial institution rejecting check items due to poor quality standards of the check image. Meaning there are fewer settlement delays due to the manual process required to correct poor image quality.
- ACH conversion also has faster processing rates, because ACH has a smaller payment file size, allowing the Federal Reserve to process more payments at a faster rate.
- Finally, use of the ACH Network to collect a check allows one more re-presentment opportunity if the original check is returned unpaid for Insufficient Funds or other reasons.

With all these benefits, is your agency set up for ACH debit conversion?

- The only requirement is the agency must disclose to the checkwriter the possibility of conversion to ACH and application of other Nacha ACH Network Rules.
- To find out more about how to convert to ACH conversion (pun-intended) contact your ECP (FiscalService.ECP@citi.com) or OTCnet (Fiscalservice.OTCChannel@citi.com) representative.

The Debit Gateway centralizes processing and settlement of electronic check and Automated Clearing House (ACH) debit transactions received from four agencies (Agency Direct) and three Revenue Collections Management (RCM) channels: Electronic Check Processing (ECP), Over the Counter Network (OTCnet) and Pay.gov.

KEEPING UP WITH THE CARD ACQUIRING SERVICE

Card Acquiring Service Updates

Are Credit Cards the Only Option? What You Need to Know about Credit Cards and Alternate Payment Options for Processing Revenue Collections.

Did you know credit card collections are the most expensive method of collecting public money? Credit card transactions incur interchange expenses which are borne by the Card Acquiring Service (CAS) program and are assessed as a rate of the transaction amount. Interchange fees range between 1.9%-3.0% (depending on the type and brand of credit card used), costing the government hundreds of millions of dollars annually. The average interchange rate in FY21 was 2.13%; most large-value credit card payments are on corporate procurement cards with rates between 2.5%-3.0% being common.

To reduce the cost to the taxpayer, Treasury offers other collection methods that are far less expensive for the government, at no cost to agencies. For example, Automated Clearing House (ACH) settlement unit costs are well under \$1 per transaction. Even wire transfers cost only about \$3. (Neither ACH nor Fedwire costs are assessed as a rate of transaction amount but a cost per transaction).

As another alternative to credit cards, a much cheaper option are debit cards (both for card present

transactions as well as card-not-present transactions through Pay.gov). The effective rate for debit card collections through CAS is only 0.45% (FY21). Fedwire and ACH Credit transactions are settled directly through Treasury routing numbers at the Federal Reserve. The **Credit Gateway** posts transactions, like Online Bill Payments, to agency accounts and sends agency deposit reporting information to the Fiscal Service's Collections Information Repository (CIR). ACH Debit is another option typically offered through Pay.gov. Both Pay.gov and the Credit Gateway are free services to agencies and ACH is typically the cheapest form of payment for customers and the government. The ACH transaction limit is \$99,999,999.99.

Card Best Practices

Being able to accept card payments is essential for any business to ensure smooth operations. When accepting card payments, federal entities enter into an agreement with their customers where the agency provides goods or services to their customers in exchange for payment. For a safe and fast transaction process -- and to reduce the likelihood of payment disputes, fraudulent charges or chargebacks, fees and penalties from card networks or other potential issues -- federal entities must follow some basic rules and simple practices. The most important best practices are listed below.

For a more comprehensive list, federal agencies should follow card network rules as well as the Treasury Financial Manual ([TFM Part 5 Chapter 7000 | Treasury TFM](#)).

- Limitations on credit card dollar amounts serve to reduce the government's cost and federal entities must limit their basic and intra-governmental credit card collections (IGT) so that no cardholder charges more than \$24,999.99/day for basic credit card transactions, and no more than \$10,000.00 for IGT transactions.
- To prevent evasion of the credit card daily limit, federal entities must prohibit the customer from splitting a total payment obligation due into more than one payment transaction on one or more cards, or on one or more days, if the multiple transactions would cause the total charge to exceed the individual transaction maximum dollar amount.
- To curb online fraud, when the cardholder is not physically present for the actual transaction, the federal entity must require the card validation code -- known as the "CVV2" for Visa Cards, "CVC2" for MasterCard, and the "CID" for American Express and Discover Cards.
- Credit cards cannot be accepted for the collection of a debt obligation. [TFM Part 5 Chapter 7000 | Treasury TFM](#) provides guidance on what constitutes a payment obligation as either debt or non-debt. Debit cards are perfectly acceptable for debt collection.
- When presented with a card, federal entities should first prompt the use of debit card instead of credit card, read the card information via NFC capability (where possible), the EMV chip and only in last instance via the magnetic stripe.
- Federal entities must honor all valid Cards within the appropriate categories of acceptance when properly presented as payment from cardholders.
- A federal entity must not directly or indirectly require any cardholder to pay a surcharge or apply cash discounting in connection with a transaction unless required by law or specified by the Fiscal Service.
- When the cardholder is physically present for the actual transaction, the federal entity is not required to validate or enforce the validation of signatures or additional identification for card-present sales transactions.
- Federal entities must obtain authorization for each sales transaction, for the total amount of the transaction.
- Card transactions must be settled in accordance with the TFM requirements [TFM Part 5 Chapter 7000 | Treasury TFM](#)
- Federal entities are encouraged to use an alternative to government-issued credit cards for IGT transactions, such as Intra-Governmental Payment and Collection (IPAC) and G-Invoicing.
- A federal entity must not use two or more sales drafts originated by the use of a single Card for the purpose of avoiding authorization for the whole amount.
- Federal entities must respond to a retrieval request for a draft within 10 calendar days.
- Federal entities are debited automatically for any chargebacks submitted by a network to the Financial Agent. A federal entity must respond to a chargeback within 15 calendar days.
- Federal law and Network Rules prohibit printing more than the last four digits of a card number on a cardholder's receipt. Failure to adhere to this requirement may result in fines or penalties. Federal entities are also prohibited from printing the card expiration date on the receipt. Both prohibitions apply to all cardholder receipts.
- Federal entities must ensure that the rules of Retention and Storage of Card Data and Information set forth in the TFM are closely followed ([TFM Part 5 Chapter 7000 | Treasury TFM](#)).
- Federal entities must comply fully with the PCI Data Security Standards.
- A federal entity that fails to comply with any provision of Card Network Rules may incur fines and penalties imposed by a network.

Any questions about these best practices can be directed to the Card Acquiring Service at: CardAcquiringService@fiscal.treasury.gov

CAS Contact Updates – It's that time...

The CAS program embarks on several agency-facing endeavors annually. To ensure we have the most up-to-date points of contact (POC) information for your agency, please take the time to review your CAS program contact types at least twice annually (e.g. Chain, Merchant Identifier (MID), and Billing POCs).

If contacts change at your agency, it is important that this is promptly communicated to the program so that your account can be updated accordingly.

Questions regarding POC management or changes in POCs, should be sent via email to: CardAcquiringService@fiscal.treasury.gov

Discover Payment Solutions with OTCnet

Leap into a technology-driven future and choose from a suite of electronic collection options. From sleek, small footprint devices to multi-collection solutions, OTCnet delivers solutions for every need.

Meet the Payment Methods for Every Task

Card Processing

The single terminal can be plugged into your existing workstation and accept debit, credit, and gift card payments. OTCnet Card Processing streamlines payment processing and reporting within one application. [Get Started with Card Processing](#) today!

Looking Forward: In March 2023, Release 4.4 will introduce the support of additional Verifone card terminal models.

Kiosk Tablet

Want to enable customers to make self-assisted payments? The OTC Kiosk Tablet integrates a Card Processing

terminal with a plug-and-play Check Processing scanner.

The Kiosk Tablet is a lightweight and modern touch screen device that is ideal for locations with a small footprint.

Self-Service Kiosk

For a full suite of payment methods, the OTC Self-Service Kiosk allows for a customized combination of all collection types. Agencies can host a large footprint of users and support Card Processing, Check Processing, and Deposits. The OTC Self-Service Kiosk comes with the added benefit of outdoor capabilities, custom receipt printing, custom agency logo placement, and top tier security provisioning. Visit the [Getting Started: OTC Kiosk](#) page for more information.

Check Processing

Agencies will find that Fiscal Service offers streamlined options to process payments electronically (Pay.gov, Online Bill Payment, ACH, etc.) and prefer directing customers to these quick payment types. If you receive paper checks, we still want you to convert paper checks to electronic payments. OTCnet Check Processing allows for a convenient way to conduct

check scanning. The RDM and Panini scanners facilitate single or multi-feed check scanning.

New Check Scanners: OTCnet now supports the RDM 9600i and 9700i series check scanners. For information on the latest check scanner updates, see the [Hardware Overview](#).

User Survey

Tell us how we're doing! We encourage all OTCnet users and Agency POCs to participate in the annual OTCnet User Survey. Exercise this unique opportunity to provide feedback that will be used for future OTCnet enhancements. Look out for the survey launch in February 2023.

Thank you for supporting our improvements to collection processing. We look forward to continuing to develop our partnership. Have a question? Contact the Deployment Team at Fiscalservice.otcdeployment@citi.com or 703.377.5586.

Check Scanner Availability

What You Need to Know:

Due to restored supply chains the RDM EC9111f scanner will be available for purchase again by January 1st 2023.

If your agency is currently considering a new check scanner, the following scanners are available for immediate purchase.

The Panini I:Deal and RDM EC9611f* feature single feed check scanning with franking capabilities.

The Panini Vision X and RDM EC9703 feature single feed, auto feed with small batch, and larger batch check scanning of up to 150 documents per minute with franking capabilities.

To purchase new hardware and view the latest details, please see the [OTCnet Hardware Overview](#).

**NOTE increased lead time may be required through the end of December 2022.*

eCOMMERCE AT-A-GLANCE OCTOBER 2022

MOBILE PROGRAM

IMPLEMENTED JULY 2016

AGENCY FACING (FEDREVCOLLECT)	Public Facing	Agencies	Cash Flow	Transactions	Sales
		59	139	87,036	\$182,397,271
		18	21	482,402	\$99,563,223

ONLINE BILL PAYMENT

IMPLEMENTED NOVEMBER 2013

- 72,203,099 TRANSACTIONS
- 59 CASH FLOWS
- 16 AGENCIES
- \$17,329,967,333

DIGITAL WALLETS

9,305,176 transactions, \$3,390,317
163 agencies, 1,190 forms

PayPal
IMPLEMENTED MAY 2013

65,967 transactions, \$3,151,860
151 agencies, 1,077 forms

amazon pay
IMPLEMENTED JUNE 2016

NEAR FIELD COMMUNICATION (CONTACTLESS)

IMPLEMENTED NOVEMBER 2013

Card Acquiring Service (~3,000 NFC-capable terminals)

- 38 AGENCIES
- 36,342,239 TRANSACTIONS
- \$1,103,940,761

Convenient, Simple, Secure:

The Fiscal Service's Online Bill Payment (OLBP) program

The Fiscal Service's Online Bill Payment (OLBP) program, brought to you by the Credit Gateway, enables you to collect electronic payments from your customers. It's the ideal solution for expediting agency collection and reporting by transitioning to electronic processes – all while offering your customers a more convenient way to pay.

Agency benefits

By leveraging the OLBP service, you benefit from:

- No participation or transaction costs
- Secure and fast collection
- Electronic reporting
- Check fraud reduction
- Reduced exception processing
- Customer convenience
- Improved overall agency-customer experience

Transition from
paper to electronic
with Online Bill
Payment (OLBP)

Three easy steps to set up OLBP

1. Credit Gateway sets up collection account
2. Credit Gateway sets up agency's biller profile
3. Introduce OLBP to your customers

Thank You for Reading The RCM Collections Chronicle!

For information about RCM's programs and services, please contact your Agency Relationship Manager or the Agency Relationship Management (ARM) Division via the ARM mailbox:

ARM@Fiscal.Treasury.gov

For a complete listing of Revenue Collections Management programs and services, please click [here](#).

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