

Debit Card Project



Income Support Clients

Presented to the
2007 Receiver General Banking Colloquium
March 5, 2007

Alberta

What Was The Inspiration

- Already looking for Ideas
- Someone with an idea approached us

Why We Chose the Debit Card

- Real time setup and access to funds
- Increased Security for Client
- Significant reduction of paper cheques
- Reduction in cost to clients
 - Last year, cheque cashing agencies collected \$600,000 in processing cheque cashing service fees
- Debit Cards issued at Delivery Offices
- Client 'PINS' card at time of initial distribution
- Funds are immediately advanced and available via the Debit Card for the client

Reasons for the Pilot Project

- Create processes for issuing and controlling Debit Cards
- Determine partnership to look for in a Vendor
- Create controls to safeguard Debit Cards
- Discover possible 3rd party requirements (Interac approved process and bank required to be Canadian Payments Association Member)

How To Gain Acceptance Of The Idea

- Have well developed concept
- Involve key stakeholders
- Develop enthusiasm of front line staff

Debit Card Process

- Individuals in need visit a District Office for assistance



Client Applies for Benefits



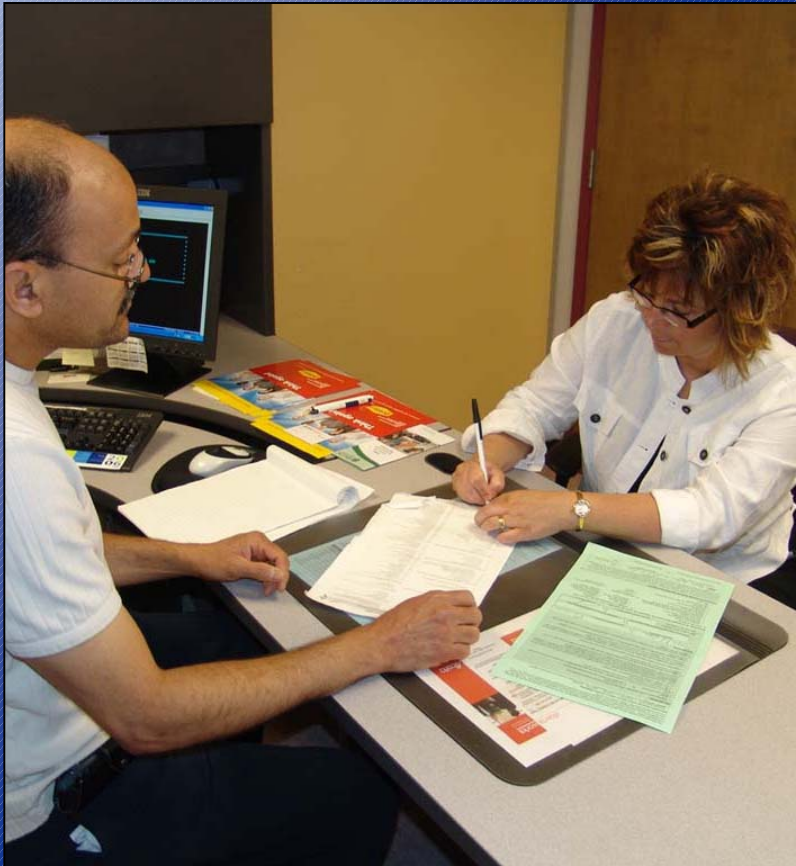
- Interview
- Eligibility Determination
- Benefit Calculation
- Benefit value entered in the Debit Card system

Debit Card Approval

- Worker goes to supervisor for approval
- Senior Administrative Support Staff assigns Debit Card to the client profile and approves the advance



Cardholder Agreement



- Client signs the Cardholder Agreement

Client Possession of Debit Card

- After Cardholders Agreement has been signed, a worker gives the Debit Card to the Client



Pinning Device Activation



- Worker activates Pinning Device

Client Pinning

- Client swipes Debit Card
- Client creates a personal PIN



Completed Debit Card Process



- Client's Debit Card is immediately ready for use at any ATM or Point of Sale device

Purchasing Goods / ATM

- Client is able to purchase goods or services through a Point of Sale device
- Client is able to withdraw cash at any ATM
- No restriction on type of goods or services a Client purchases



Client Loss of Debit Card

- Clients phone Help Desk to cancel Debit Card
- Client goes to District Office to get a replacement Debit Card
- Remaining balance is transferred to the new Debit Card



Client Questions

- 24-hour Help Desk
- Interactive Voice Response (IVR) provided for Balance information
- Internet access
 - Statements
 - Transaction History



Frequently Asked Questions



Clients have called the Help Desk with the following inquiries:

- Cancel their Debit Card
- Balance Inquiries
- Reset Internet access password
- Statement inquiries

Challenges Overcome

- FOIP
 - Privacy Impact Assessment
- CPA
 - Liability of Payments
 - Controls
- Interac
 - Methodology

Why A Pilot Project

- The Department conducted a Pilot Project to determine if a benefit card was a viable payment option
- Pilot ran between March 2006 and August 2006

Benefits and Knowledge Gained

- Processes needed to issue and control Debit Cards
- What to look for in a Vendor (partnerships – major bank to provide family of ATMs)
- Controls required related to “Know Your Client” and the “pay / no pay decision”
- How Interac and the Canadian Payments Association are involved
- Legislation in relation to pilots (Banking Act and Fair Trades Act)

Pilot Project Evaluation

- External evaluator chosen for the Debit Card Pilot
- Arms length results provided more credibility
- Results could be published with a greater assurance of impartiality

Independent Evaluation Summary

- Clients prefer Debit Cards over paper cheques for the following reasons:
 - Immediate benefits issuance
 - Convenient
 - No transactional costs
 - Feel safer carrying less cash

Client Feedback

- Majority of Debit Card recipients indicated they had:
 - no difficulties receiving their funds
 - they felt they were saving money by having their funds transferred to them via Debit Card
- “I want to continue receiving my funds through the current method of transfer”

Benefits for Clients

- Security
 - PIN
 - Replacement
 - Less cash on hand
- Less travel time
- No cheque cashing fees
- Less opportunity for fraud

Benefits for Department

- Significantly reduces potential fraud
- Increases administrative efficiency
- Cost savings

Debit Card Policy

- EFT is the preferred payment method
- Debit Card issued to a Client:
 - In an emergency
 - For the first month of benefits
 - If unable to obtain a bank account
 - One-time issues

Costs

- Cost of producing a cheque - \$25 to \$50
- Current cost of Debit Card - \$16
 - Currently covering all Client ATM fees
- In the Provincial Implementation costs will be split between the department and the client – based on internal policy and contracted rates

Transaction Fees

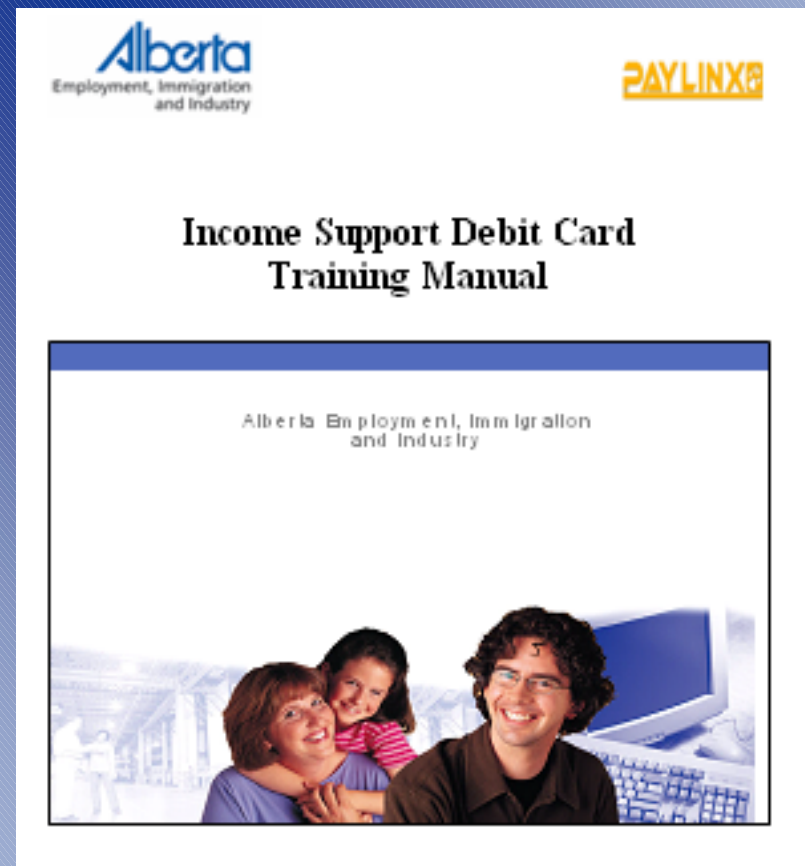
- Transaction fees charged for card usage
- Department currently refunds the transaction fees to the Client
- Still a more cost efficient alternative compared to cheques

Internal Controls

- Segregation of Duties
- Process and System Controls
- System Interface
- Operational and Managerial Reports
- System Audit

System Risk Minimization Strategies

- Training
- Reconciliation
- Supplemental Information



The Future

- Provincial Implementation planned to begin this summer and rolled out as a worksite is ready instead of all work sites at once.
- Clients become more fiscally responsible

Future Possibilities:

- Issue emergency benefits to existing Debit Card Clients via telephone interview
- Use by other Government Ministries
- Assign Payments to a specific vendor

Questions

Debit Card



BANK WEST