



GSA Federal Supply Service

# Citigroup Best Practices for Payments, Collections and Managing Delinquencies in Your Travel Card Program

# Citigroup Best Practices for Payments, Collections and Managing Delinquencies in Your Travel Card Program



Citibank<sup>®</sup> Commercial Cards, Government Services  
Melissa McCormick, August 30, 2005

The Seventh Annual GSA SmartPay Conference

# Goal & Objectives

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- To provide an overview of:
  - Impacts of non-payment
  - Collection efforts
  - Best practices to reduce delinquency
  - Current results

# Agenda

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- Why Manage Payments and Collections?
- Myths
- Delinquency Timeline
- Communications
- Root Causes of Delinquency
- Best Practices
- Delinquency Update
- Q & A

# Why Manage Payments & Collections?

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- Program integrity
- Increase rebates
- Suspension / cancellation impacts employees ability to travel

# Myths

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- Account management
  - Only have to pay when receive reimbursement
  - Never reported to personal credit bureau
  - Personal use of card is allowed
- Personal bankruptcy
  - Do not have to claim my travel card account
- Terminated cardholders
  - Collection efforts cease
  - Agency is unable to assist
- Deceased cardholders
  - Debt ceases

# Past Due Terminology

- GSA contract references the number of days past the statement date
  - “Clock” starts ticking when the account cycles and a statement is generated with a balance owed
- Citigroup references the number of days an account is “past due”
  - Credit card industry norm
  - “Clock” starts ticking on the cycle date after the payment was due

## Past Due Terminology *(continued)*

- Example:
  - Cardholder travels on April 6<sup>th</sup>
  - Transactions are posted to his / her account a few days later
  - The account cycles on April 15<sup>th</sup> and the payment is due May 10<sup>th</sup>
  - On May 15<sup>th</sup> the account cycles again and no payment was received
  - On May 16<sup>th</sup> the account is 31 days past the statement date (GSA contract language)
    - In Citigroup terminology, this account is 1 day past due



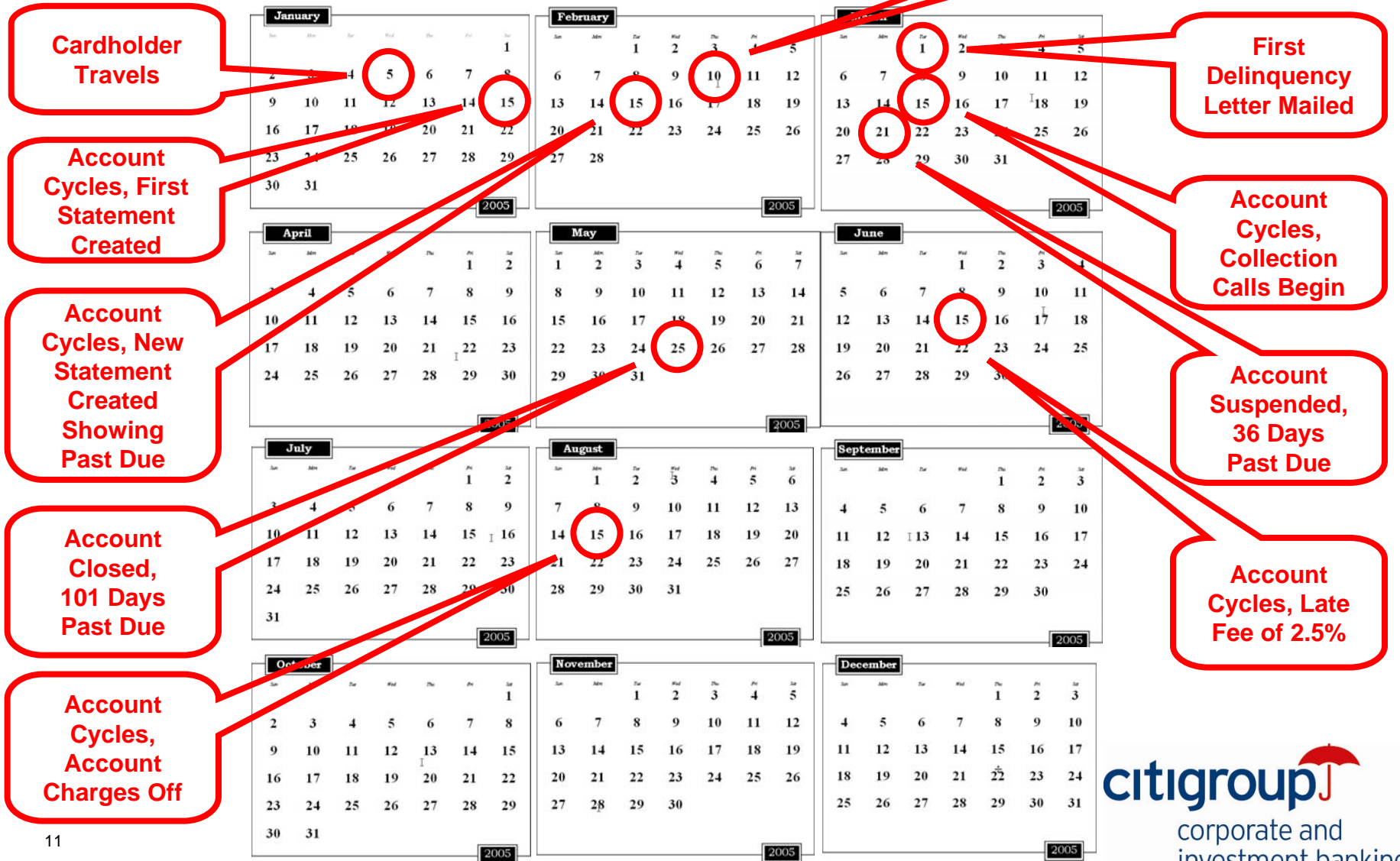
# Delinquency Data Comparison

- CFO report published by GSA takes a snapshot of each agency's total outstanding and total 61+ days past due at cycle
  - Enables GSA contracting office to compare agencies performance against other agencies including agencies with other banks
  - Because data is pulled at cycle but report distributed monthly, some data is old

## Delinquency Data Comparison *(continued)*

- For Citigroup's analysis, our delinquency data is always pulled at the first of each month
  - Benefit is that reports are available timely for all
  - Data is compared same month prior year
  - Used to trend agency's performance over time

# Delinquency Timeline



## Delinquency Timeline *(continued)*

- Cardholder travels January 5<sup>th</sup>
  - Charges are posted a few days later
- Account cycles on January 15<sup>th</sup> and the first statement is created
  - Payment due date is February 10<sup>th</sup>
- Account cycles on February 15<sup>th</sup>
  - New statement is created showing account is currently past due
- On March 1<sup>st</sup> the first delinquency letter is sent to the cardholder
  - Account is 15 days past due
  - Letters continue until the account is cancelled (101 days past due)
- On March 15<sup>th</sup>, the account cycles again
  - Next day Collections begins to call - account is 31 days past due
  - Calls from Citigroup continue if not paid or enrolled in Salary Offset, until account charged off

## Delinquency Timeline *(continued)*

- On March 21<sup>st</sup>, the account is suspended
  - Unable to use card until payment posts
  - Suspension is automatically lifted during nightly posting when payment cures delinquency
- On April 15<sup>th</sup> the account cycles again and a fourth statement is generated
  - Account is now 61 days past due
- On May 15<sup>th</sup> account cycles again and a fifth statement is generated
  - Account is now 91 days past due
- Account is permanently closed on May 25<sup>th</sup>, at 101 days past due
- Account cycles again on June 15<sup>th</sup>
  - A sixth statement is generated and account begins to report to cardholder's personal credit bureau
  - Late fee of 2.5% of the outstanding balance is applied – account is 121 days past due

## Delinquency Timeline *(continued)*

- At 121 days past due, Collectors will call all phone numbers on account and also attempt to reach the A/OPC to discuss the status of the account
- Account cycles on July 15<sup>th</sup> and account is 151 days past due
  - Account is worked by the late stage Collector - late fee is billed again
- Account cycles on August 15<sup>th</sup> for the last time
  - Late fee is applied for the last time and account automatically charges off
  - Account balance is considered a “Gross Write Off”
- If not participating in Salary Offset, the account is placed with an outside collection agency within a few days
- Any payments made on the account after charge off are counted as “Recoveries”
  - Collection agency fees are based on a portion of the recovery amount

# Suspension and Cancellation

- Suspension is at 36 days past due - automatically lifted when payment posts
  - Suspensions are serious and should not be taken lightly
  - It may impact the cardholder's ability to travel
- Accounts are cancelled at 101 days past due - a permanent closure
  - Cardholder has received four letters, five statements and we have made numerous attempts to reach the cardholder by phone
- Accounts are cancelled when two NSF checks are received within a twelve month period

# Suspension and Cancellation *(continued)*

- Reinstatement requests should be rare
  - Only approved if there are extenuating circumstances
  - The A/OPC must submit a written request to their Client Account Services Manager
    - With an explanation of the circumstances
  - Citigroup Collections Management reviews the information and payment history to see if warranted



## Collection Letters

Name of Letter	Description of Letter	Date Sent
Past Due Letter	Advises account is currently past due and to pay immediately to avoid suspension of charging privileges. All letters include past due amount and balance.	15 days past due
Pre-suspend Letter	Advises account is past due and if payment is not sent within five days of the date of the letter, charging privileges will be revoked.	25 days past due
Suspension Letter	Advises charging privileges have been revoked due to non-payment. States they will automatically be reinstated when payment received.	36 days past due

## Collection Letters *(continued)*

Name of Letter	Description of Letter	Date Sent
Pre-cancel Letter	Advises account is currently suspended and subject to cancellation if payment not received within 5 days. Also references the potential for late charges and reporting to his / her personal credit bureau.	90 days past due
Cancellation Letter	Advises account is more than three months past due, has been cancelled and will be reported as a delinquency on their personal credit bureau if payment not received.	101 days past due

# Citigroup Communications

- Calls
  - Citigroup Collections begins calling cardholders at 31 days past due
  - Calls continue until account charged-off
    - Outside collection agency works the account
  - Frequency of calls determined by call response and delinquency level (left message, promise to pay, etc.)
  - Typically the business number is called first

# Citigroup Communications *(continued)*

- Statement Messages

**First Statement** indicating account is past due:

- We did not receive your payment last month. Please pay the total balance due at once. If paid, thank you.

**Second Statement** indicating account is past due:

- Attention! Your account is delinquent and is subject to suspension. Please pay the total balance due immediately. If paid, thank you.

**Third and Fourth Statements** indicating account is past due:

- Your account is seriously delinquent and your credit privileges remain suspended. Your account is subject to cancellation. Pay the total balance due immediately.

All **Future Statements** if account remains past due:

- Your account has been cancelled. Pay the total balance due immediately. You must call 800-473-1393 in order to be considered for reopening.

# Root Causes of Delinquency

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- Improper handling of a dispute
- Returned checks
- Late or non-submission of expense reports
- Slow / manual reimbursements by agency
- Unclear policy and / or procedures
- Employee misuse / spending reimbursement

# Best Practices – Central Billed Travel

- Pay balance in full
- Request credits from merchants on disputes
- Reconcile charges in a timely manner
  - Use the CitiDirect® Card Management System tools
  - Initiate payments timely
  - Citibank® Custom Reporting System

# Best Practices – All Travel Accounts

## Implement control tools

- Travel policy and compliance
  - Maintain a consistent card use policy - educate cardholders periodically
  - Create, communicate and exercise penalties for misuse or abuse of program
- Maximize card control
  - Restrict unnecessary MCCs - review list periodically
  - Minimize credit limits (cash and purchase)
- Report utilization
  - Use reporting tools to monitor spending and payment history for all accounts
  - Empower A/OPCs to take action against delinquent cardholders
  - Have action plans in place

# Delinquency Reports

- Citibank<sup>®</sup> Electronic Reporting System provides access to detailed and easy to use delinquency reports that can be run at your convenience
- Important to remember that past due dollars are segmented by number of months past due but entire balance will charge off at 181 days past due
- Reports by MCC code can also be obtained via Citibank<sup>®</sup> Electronic Reporting System
- Stop by Technology Demonstration room for more information



# Reports

The screenshot shows the Citigroup Custom Reporting System login interface. At the top left is the Citigroup logo. In the top right corner, there are links for "Citigroup.com" and "Contact Us". Below the logo, the text "Citibank® Custom Reporting System" is displayed. A paragraph of text provides browser requirements: "To log in to the Citibank® Custom Reporting System you need Netscape® Navigator version 4.73 (or higher) or Microsoft® Internet Explorer version 5.01 (or higher). Your browser must be capable of 128-bit SSL encryption to run this application." In the center, there is a "Secure Login" box containing fields for "Username:" and "Password:", and a "Login" button. At the bottom left, there is a Citigroup logo and the URL "citimanager.com". At the bottom right, there are links for "Terms, conditions, caveats, and small print" and "Copyright © 2003 Citigroup".

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Citibank® Custom Reporting System

• Citigroup.com  
• Contact Us

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**Secure Login**

Username:

Password:

Login

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# Sample Delinquency Report

				AMT	AMT	AMT	AMT	AMT	AMT	AMT
		TOT	AMT	CURR	CURR	CURR	CURR	CURR	CURR	CURR
	CR	CURR	CURR	PD	PD	PD	PD	PD	PD	PD181
NAME1	RATIO	BAL	PD	1 - 30	31 - 60	61 - 90	91 - 120	121 - 150	151 - 180	PL
SALLY SNOW SHOES	G3	\$9,000	\$3,000	\$2,000	\$1,000	\$0	\$0	\$0	\$0	\$0
HAPPY HOWARD	G5	\$6,000	\$6,000	\$0	\$0	\$0	\$500	\$1,500	\$4,000	\$0
CAPTAIN MORGAN	G1	\$2,000	\$750	\$750	\$0	\$0	\$0	\$0	\$0	\$0
DAVY CROCKETT		\$1,000	\$250	\$250	\$0	\$0	\$0	\$0	\$0	\$0
SKY BLUE	G3	\$500	\$400	\$300	\$100	\$0	\$0	\$0	\$0	\$0
AUSTIN POWERS	G5	\$7,000	\$7,000	\$0	\$0	\$2,500	\$2,000	\$2,500	\$0	\$0
MICKEY MCDONALD	G1	\$4,000	\$4,000	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0

## Sample Delinquency Report *(continued)*

				AMT	AMT	AMT	AMT	AMT	AMT	AMT
		TOT	AMT	CURR	CURR	CURR	CURR	CURR	CURR	CURR
	CR	CURR	CURR	PD	PD	PD	PD	PD	PD	PD181
NAME1	RATIO	BAL	PD	1 - 30	31 - 60	61 - 90	91 - 120	121 - 150	151 - 180	PL
HAPPY HOWARD	G5	\$6,000	\$6,000	\$0	\$0	\$0	\$500	\$1,500	\$4,000	\$0
AUSTIN POWERS	G5	\$7,000	\$7,000	\$0	\$0	\$2,500	\$2,000	\$2,500	\$0	\$0
SALLY SNOW SHOES	G3	\$9,000	\$3,000	\$2,000	\$1,000	\$0	\$0	\$0	\$0	\$0
CAPTAIN MORGAN	G1	\$2,000	\$750	\$750	\$0	\$0	\$0	\$0	\$0	\$0
DAVY CROCKETT		\$1,000	\$250	\$250	\$0	\$0	\$0	\$0	\$0	\$0
SKY BLUE	G3	\$500	\$400	\$300	\$100	\$0	\$0	\$0	\$0	\$0
MICKEY MCDONALD	G1	\$4,000	\$4,000	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0

## Best Practices – All Travel Accounts *(continued)*

### Implement control tools

- Split disbursements
  - Improves “turn days” automatically
  - Eliminates temptation to spend reimbursement
  - Traveler still needs to submit expense report but no longer has to write a check to Citigroup
- Salary Off-set program
  - “Guarantees” payments
  - Serves as a deterrent for program abuse or misuse

# Salary Off-set Program

- Accounts are targeted at 91 days past due for agencies participating
- Letters are sent to the cardholder requesting payment in full to prevent Salary Off-set
- Late fees are stopped for accounts participating in Salary Off-set but account continues to age
  - Accounts participating in Off-set are not sent to outside collection agencies at charge off

## Salary Off-set Program *(continued)*

### Agencies participating

- General Services Administration
- Department of State
- Broadcasting Board of Governors
- Department of Veterans Affairs
- Social Security Administration
- OCC
- Internal Revenue Service
- Department of Commerce
- DHS Federal Aviation Administration
- DHS United States Coast Guard
- DHS TSA
- DHS ICE
- DHS CBP-BP
- DHS USCIS

*This is an increase in the number of Agencies participating from 8 Agencies in 2003 to 14 Agencies in 2005!*

# Salary Off-set Program Results


- Accounts participating in Salary Off-set (specific point in time)
  - December 2003 - 109 accounts / \$400,930
  - December 2004 - 237 accounts / \$804,570
  - As of August 22<sup>nd</sup>, 2005 - 218 accts for \$863,803
- Accounts paid upon notification of Salary Off-set
  - 2003 - 183 accounts / \$393,527
  - 2004 - 356 accounts / \$575,149
  - Year-to-date 2005 - 246 accts for \$409,662
- Accounts paid in full through Salary Off-set
  - 2003 - 189 accounts / \$416,941
  - 2004 - 376 accounts / \$674,841
  - Year-to-date 2005 - 278 accts for \$455,171

## Best Practices *(continued)*

- Implement central billing for air / rail
- Implement online statements
  - Easier access to statement info when traveling
  - Online payment is faster than mailing a payment and it's free
    - Posts next business day if made before 4:00 p.m.
  - Self-registration is simple
  - Users may print, view or download information
  - Statement history is also viewable
  - On Thursday there are several sessions on online statements, please consider attending one



# Online Statements – Registration Page

Citibank.com • Help


## Citibank® Online Statements


**New User Sign Up**

Please enter information for each of the required fields to the right. **Each required field is marked with an \***. After entering the information, click the **Continue >>** button.

**Sign On**

To return to the Sign On display, please click the **Cancel** button.



  
citimanager.com

**Account Information**

\* **Account Number**

Enter the account number from your card or statement with no spaces or dashes.

\* **Account Name**

Enter the name that appears on your card or statement. Please note that this must be entered exactly as it appears on your card or statement.

\* **Street Address 1**

**Street Address 2**

\* **City**

\* **State/Country**

\* **Zip/PLZ/Post Code**

Enter your billing address as it would appear on your statement. All fields marked with an \* are required *if applicable to your country.*

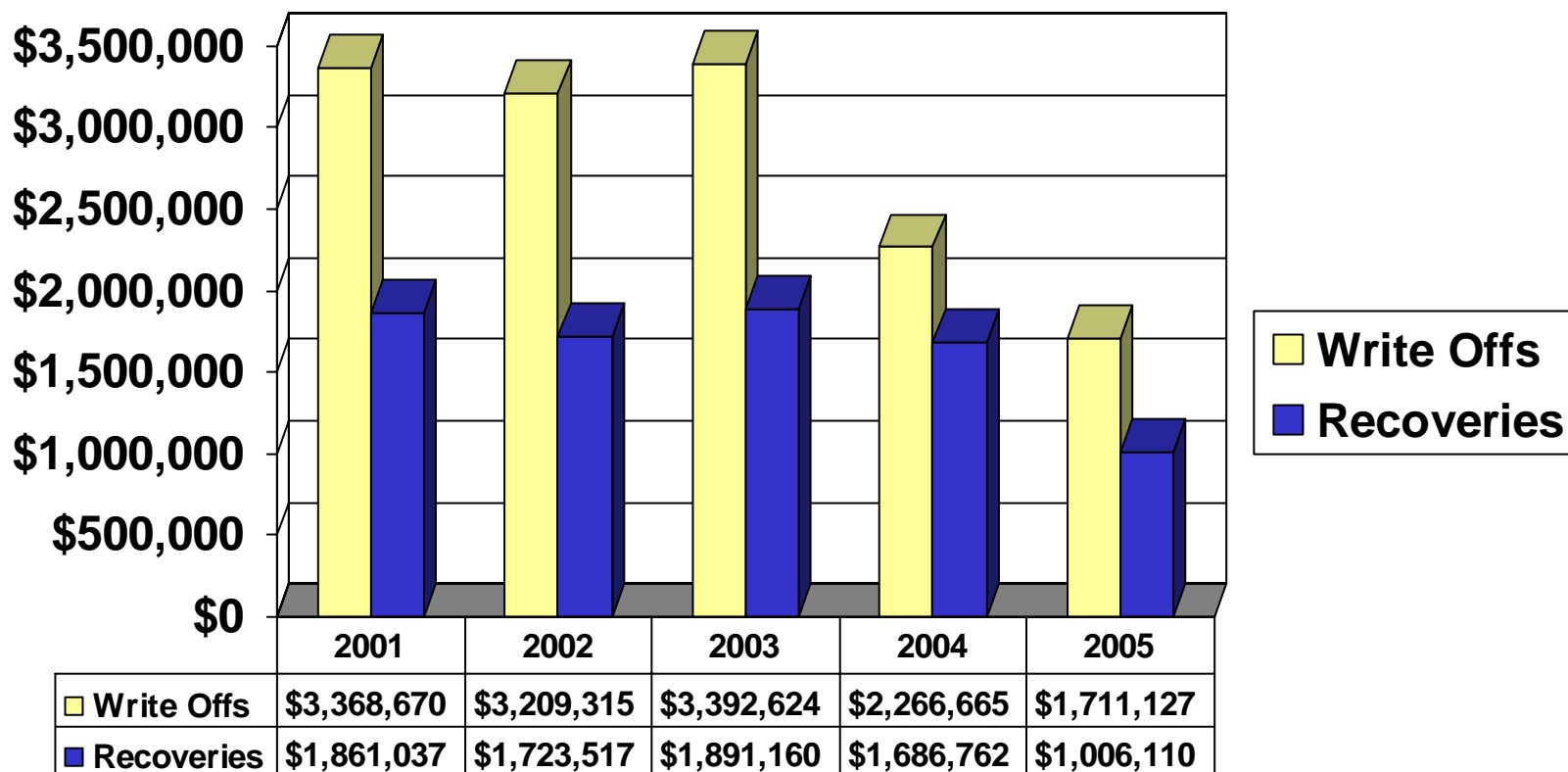
**Continue >>**

**Cancel**

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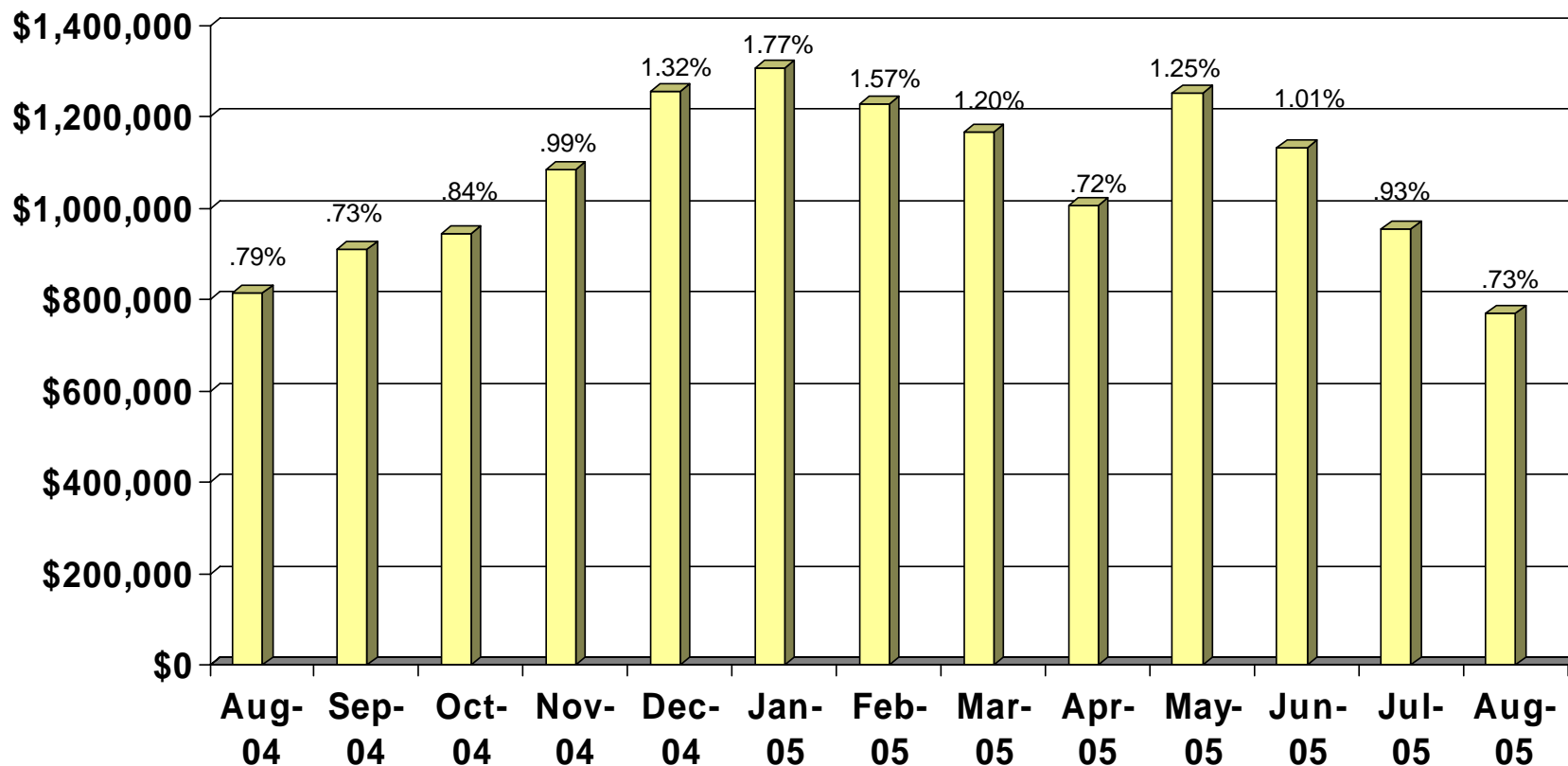
# Delinquency Update

## Recoveries and write offs



# Delinquency Update

Individually billed travel 61 + DPD - total balance outstanding



# Summary

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- Delinquency management is everyone's responsibility
- Implementing best practices is key
  - Travel policies and enforcement
  - Maximize card control
  - Central billing for air / rail
  - Split disbursement
  - Salary off-set
  - Online statements and payments
- Improved delinquency management results in higher rebates and improved program integrity

# Citigroup Best Practices for Payments, Collections and Managing Delinquencies in Your Travel Card Program

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*Questions?*

# Reminders

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- Thank you for attending this session!
- Visit the Citigroup Welcome Center
  - Hynes Ballroom 306, on the third floor
  - National Industries for the Blind will have a display of products
- Visit the Citigroup Technical Demonstration Center
  - Hynes Ballroom 305, on the third floor
- Citigroup hands-on training
  - Hynes Ballroom B, on the third floor
- Please take a moment to complete your GSA survey for this session
- Citigroup's party is tonight!  
Grand ballroom at the Marriott at 7:00 p.m.

