Stored Value Products

Chris Pieroth
GSA SP2 Program Manager, Citi
A Winning Hand: Solutions, Savings and Sustainability with GSA SmartPay

The 13th Annual GSA SmartPay Training Conference, Las Vegas
To ensure the best possible learning experience for participants, please adhere to the following house rules:

• Turn cell phones and pagers to vibrate
• Hold questions to end of session
• Ensure your participant badge is scanned to receive CLP credits
  – For each course
  – Must leave room and reenter
• Take advantage of opportunities to provide feedback
  – Please select the Citi Q&A icon on any Citi PC at the conference
  – Answers to be e-mailed after the conference within 60 days
Goals & Objectives

• Provide an overview of the various products that are available to agencies and organizations from Citibank
  − Charge Cards
  − Declining Balance Cards
  − Debit Cards
  − Prepaid Cards
  − Citi Controlled Spend Account

• Develop a basic understanding of how to match the capabilities of these products to different needs and requirements within an agency or organization
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Agenda

- Product Descriptions
- Usage
- Which Products Work the Best?
- Examples
1. Product Descriptions
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Product Descriptions – Charge Cards

• Charge cards have an assigned credit line, which renews as payments are made
• The cards can be individually or centrally billed with individual or central payment
• Bills are generated on a cycle basis with payment due by a certain date
• There are strong controls on how and where the card can be used
• There is a separate electronic access system to support charge cards
Declining balance cards work similar to charge cards except that:

- The credit line does not renew when payments are made
- They must be centrally billed and centrally paid.

Declining balance cards use the same electronic access system as charge cards.
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Product Descriptions – Debit Cards

• Debit cards are tied to a deposit account
• As transactions are incurred, they are withdrawn from the account
• If multiple cards are issued, all cards draw from the same account
• Only limited controls are available on this product
• There is no separate electronic access system to support debit cards; debit cardholders rely on the online banking infrastructure that supports the underlying deposit account to access account and transaction information
Prepaid Cards are a standalone product

- The accounts are paid in advance and the value of the payment is loaded onto the card
- Cards can be single or reloadable
- Generally, there is a one-to-one relationship between each card and the corresponding account that holds the funds, but other configurations are available
- Moderate controls are available for this product
- Prepaid cards have separate electronic access system to support the product (e.g. to load value, to view transaction activity, etc.)
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Product Descriptions – Citi Controlled Spend

Controlled spend accounts are a hybrid of an individually billed charge card and prepaid card.

• The cards have similar controls as a prepaid card, but the card does not have to be prefunded; instead, a non-renewing credit limit is established on an event-by-event basis.
• There is also an option to reconcile and adjust limits to actual payments.
• Controlled spend accounts have the same robust controls as charge cards and use the same electronic access system.
2. Usage
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Usage – Charge Cards

Charge cards are designed for use by individuals who have an undefined and continual need to make various purchases, whether travel, purchase or fleet related.
Declining Balance Cards are a variation of the charge card, where the total spending limit is predefined based on what the card will be used for and does not renew when payments are made. These cards are often used for relocation or project-related expenses, where a budget or spending limit is established up front and the cards are used until the money is spent.
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Usage – Debit Cards

• Debit cards are rarely used within the government.

• Because debit cards must be tied to a deposit account, the only way a debit card can be used is if the government deposits funds in an outside account. Since there are very strict Treasury regulations on how and when this can be done, these cards are impractical for most government needs.

• Only agencies with the authority to deposit funds outside of the government can use debit cards. One possible use might be grant administration.
Since government funds are managed by the Department of the Treasury and the Treasury does not normally allow direct access to government funds by third parties, the use of a true debit card is impractical in most cases. If an agency does have the authority to deposit funds outside of the Treasury, then a debit card might be able to be used. One possible use would be cases where an agency is providing third parties with funding for certain projects and would like some visibility to how the funds are being used, such as grant administration.

If debit cards are not a workable solution, there are other product configurations that can deliver functions that are similar to a debit card:

• Centrally billed charge cards can be set up to bill and be paid on a daily basis. This replicates the effect of the agency having the funds withdrawn on a daily basis. The agency or organization has the added benefit of being able to review and approve the daily bill before the funds are disbursed.

• Prepaid cards can be funded in advance and used as required by the cardholder. The agency or organization is able to add funds to these cards as needed for specific purchases.

• A declining balance or Citi Controlled Spend Account can provide the same level of control as a prepaid card, but without the need for the agency or organization to actually prefund the account. The agency or organization only makes payment when charges are actually incurred. Different liability, billing and payment options are available.
Prepaid cards are used as cash or check replacement. One of the key elements of the applicability of a prepaid card is whether or not the funds placed on the card can be used in their entirety and are truly the “property” of the cardholder. These cards are often used for benefit payments or as a substitute for cash rebates.
Citibank has two prepaid card offerings, of which only one is currently available on the GSA Smart Pay 2 Master Contract.

- Standard Prepaid Card (on Master Contract)
  - Runs on the same platform as charge cards
    - Essentially a charge card with a zero credit limit
    - When prepaid is made, this creates a credit balance on the account – the cardholder can spend up to the amount of the credit balance
  - Fully compliant with all SmartPay 2 requirements for charge cards
  - Limited flexibility
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Usage – An Additional Word Prepaid Cards

• Enhanced Prepaid Card (not on Master Contract)
  - Runs on a separate platform
  - Not fully compliant with all GSA SmartPay requirements for charge cards
  - Extremely flexible
    ▪ Custom website for cardholder access
    ▪ Custom code to meet specific client needs
  - GSA SmartPay is willing to work with Citibank to add the enhanced prepaid card solution to the GSA SmartPay 2 Master Contract if an agency or organization has a need for this product
Controlled spend accounts are used when an agency or organization would like the control of a prepaid card but is constrained by one of two factors:

- The agency or organization cannot actually prefund the account
- The amount of spending limit is an estimate but may not be the final amount to which the cardholder is entitled to spend

Hybrid between an individually billed charge card and prepaid card:

- The cards have similar controls as a prepaid card, but the card does not have to be prefunded; instead, a non-renewing credit limit is established on an event-by-event basis.
- There is also an option to reconcile and adjust limits to actual payments. Controlled spend accounts have the same robust controls as charge cards and use the same electronic access system.
3. Which Product Works Best?
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### Which Product Works Best – Control

<table>
<thead>
<tr>
<th>Control</th>
<th>Charge Card</th>
<th>Declining Balance</th>
<th>Debit Card</th>
<th>Prepaid Card</th>
<th>Controlled Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong merchant category and transaction limit controls <em>on an account-by-account basis</em></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Strong merchant category and transaction limit controls <em>are the same for all accounts in the program</em></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>No merchant category or transaction limit controls are required</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
### Stored Value Product

#### Which Product Works Best – Funding

<table>
<thead>
<tr>
<th>Funding</th>
<th>Charge Card</th>
<th>Declining Balance</th>
<th>Debit Card</th>
<th>Prepaid Card</th>
<th>Controlled Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds must stay within the Treasury and can only be disbursed after transactions have occurred</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Funds must stay within the Treasury but can be disbursed when the obligation is created but before transactions have occurred</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Funds can be deposited outside the Treasury</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

® All Audiences 23
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### Which Product Works Best – Liability and Billing

<table>
<thead>
<tr>
<th>Liability and Billing</th>
<th>Charge Card</th>
<th>Declining Balance</th>
<th>Debit Card</th>
<th>Prepaid Card</th>
<th>Controlled Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual liability is required</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Central liability is required</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Individual billing is required</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Central billing is required</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>No billing is required – funds are disbursed upon entitlement eligibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Initial entitlements is only estimated and must be reconciled with final entitlement after transactions have occurred</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
Which Product Works Best – Other Considerations for High-Control Products

• Certain merchants (hotels and car rental companies) will authorize for more than the anticipated transaction amount, which can tie up available funds/limits on prepaid and declining balance cards.

• The timing between charges and credits (such as airline refunds) can also tie up available funds/limits on prepaid and declining balance cards.
4. Examples
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Which Product Works Best – Examples

- **Invitational Travel**
  - Guest speakers traveling on a predetermined travel allowance

- **Project Accounts**
  - Projects with a predetermined budget that cannot be exceeded

- **Infrequent Travelers**
  - Employees who need to travel on an infrequent basis and do not qualify for a standard government travel card

- **Emergency/Disaster Accounts**
  - Individuals due relief payments as a result of an emergency or disaster
Thank you for attending!

Visit the Citibank Welcome Center
- Level 3 Foyer – West
- National Industries for the Blind will have a display of products
- Conference Slide Show – come see yourself shine!

Visit the Citibank One-on-One Lab – Lido 3101 A/B

Visit the Citibank Mini Sessions – Lido 3001 A/B

Citi Q&A Link – Tell us your thoughts
Citi offers on-site training at no cost for agencies meeting the required minimum participant level of 20 or more as set forth in the GSA SmartPay2 Master Contract.

- Regional Citi Training Locations
  - Norfolk, VA
  - Washington, DC
  - Visit [www.defensetravel.dod.mil/passport](http://www.defensetravel.dod.mil/passport) to view and register for these sessions

- Upcoming Training
  - Visit [www.defensetravel.dod.mil/passport](http://www.defensetravel.dod.mil/passport) to view and register for these sessions

- On-site at your base or installation
  - 20-participant minimum
  - Visit [www.citimanager.com/dodhome](http://www.citimanager.com/dodhome) and under Resources to download the On-site Training Request Form

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Please e-mail us at CommCard.Training@citi.com and a Citi training coordinator will work with you directly for on-site or Distance Learning sessions.
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- Visit [home.cards.citidirect.com](http://home.cards.citidirect.com) and from the Web Tools Tab select the CLASS link

Please contact your Account or Client Manager if you are interested in setting up a training session. Training can be conducted at a Citi Training Location, on-site at your office or via the Web.

- Regional Citi Training Locations
  - Norfolk, VA
  - Washington, DC
In January 2007, Citi released a Climate Change Position Statement, the first US financial institution to do so. As a sustainability leader in the financial sector, Citi has taken concrete steps to address this important issue of climate change by: (a) targeting $50 billion over 10 years to address global climate change; includes significant increases in investment and financing of alternative energy, clean technology, and other carbon-emission-reduction activities; (b) committing to reduce GHG emissions of all Citi owned and leased properties around the world by 10% by 2011; (c) purchasing more than 52,000 MWh of green (carbon neutral) power for our operations in 2006; (d) creating Sustainable Development Investments (SDI) that makes private equity investments in renewable energy and clean technologies; (e) providing lending and investing services to clients for renewable energy development and projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse-gas-intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.