Panel B: What Consumer Payment Data Are Needed?
About the Financial Management Service

As the U.S. Government’s money manager, FMS provides centralized payment, collection, and reporting services for the Federal Government.

- Oversees daily cash flow of nearly $58 billion
- Collects more than $2.67 trillion per year
- Provides cash management guidance to Federal agencies
- Collects more than $3 billion per year in delinquent debts for Federal and state agencies,

AND . . .
About the Financial Management Service

- FMS disburses most Federal payments, except defense and postal payments:
  - Almost 1 billion payments to 100 million payees per year
  - More than $1.5 trillion per year
    - income tax refunds
    - social security benefits
    - veterans benefits
    - civil salary/retirement payments
    - vendor & grant payments
Why is Consumer Behavior Data Important to FMS?

Check = $0.86  
EFT = $0.09

$0.77 per payment

80% of all payments are EFT

20% = 227 million checks for FY 2005, or $175 million
Why is Consumer Behavior Data Important to FMS?

- Tremendous cost-savings to move payees to EFT
  - Upcoming retirement and Social Security eligibility of baby boomers will increase the number of checks even if EFT percentage increases
- Treasury typically relies on education and persuasion to convert Federal payees to EFT
- What works and why?
Various FMS Initiatives to Alter Consumer Behavior

- **Go Direct** – Educational campaign to encourage banked check recipients to convert to direct deposit

- **ETA** – Encourage financial institutions to set up low-cost accounts and consumers to use them

- **Debit card** – For unbanked benefit check recipients
What Types of Consumer Behavior Data Is Important to FMS?

- What motivates the banked to accept direct deposit?
- Are Federal beneficiaries unique?
- What motivates the baby boomers?
- What motivates the unbanked to choose a bank product?
- How does cost drive a consumer’s choice of payment mechanism? What types of costs drive the choices? Monthly fee? A la carte fees?
- How does the consumer use a debit card?
QUESTIONS?