



UNITED STATES
DEPARTMENT OF
THE TREASURY



Consumer Behavior & Payment Choice 2nd Annual Research Conference

Panel B: What Consumer Payment Data Are Needed?

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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 . . .

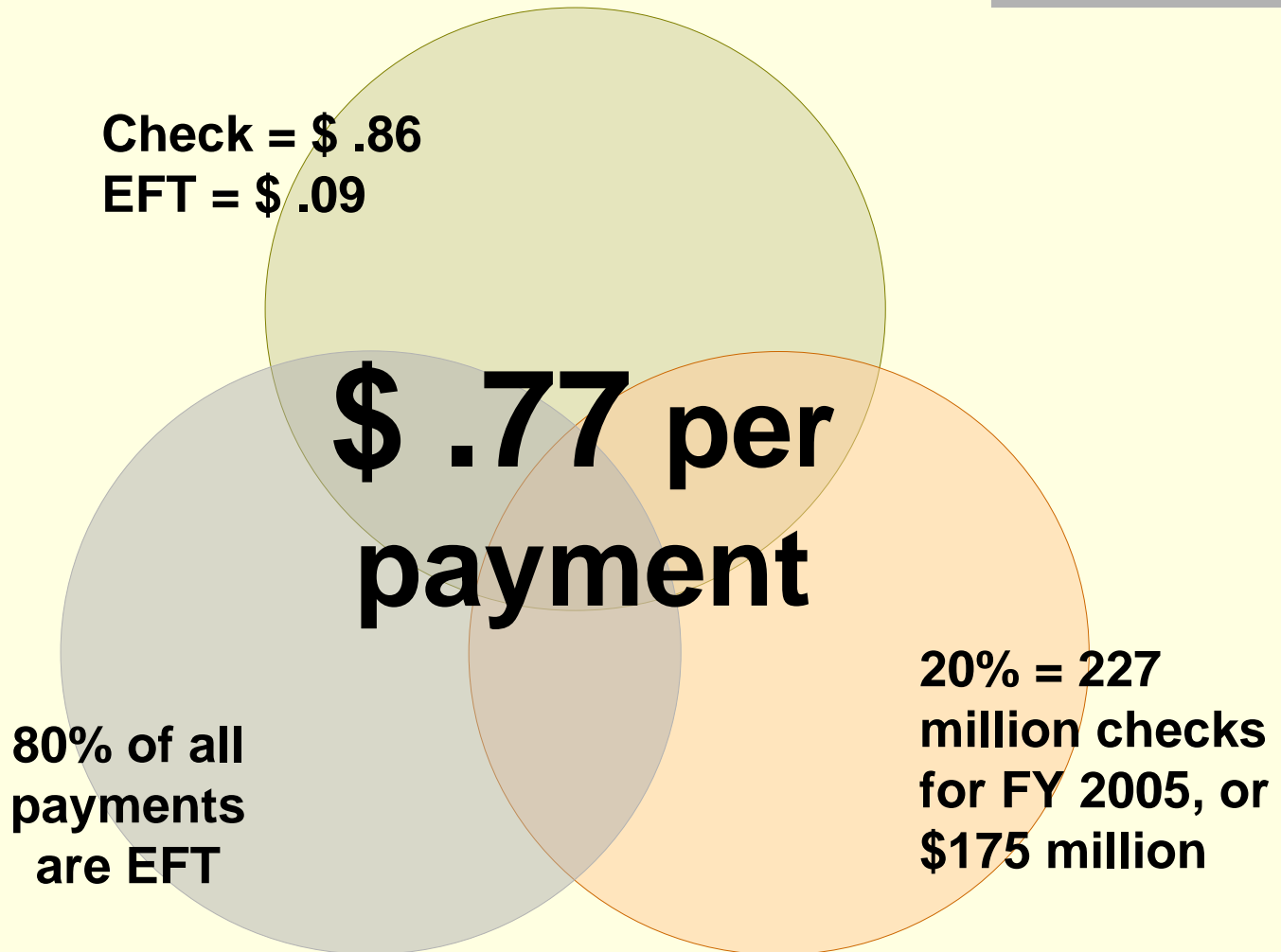


About the Financial Management Service

- 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?



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?

