

U.S. Bank Welcomes You to the 11th Annual GSA SmartPay[®] Training Conference

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Credit Policy for Travel Programs

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Credit Best Practices, Credit Worthiness,
Account Suspension, Collections and
Salary Offset



Credit – Best Practices

- Participate in Credit Worthiness
 - Assign limits and card access based on cardholder risk.
 - Credit scores predict risk.
 - Assign limits based on anticipated cardholder travel needs, not on default limits.
 - Credit Score Accounts quarterly and adjust limits and card access based on most current risk assessment.
- Monitor and Review delinquency reports
 - Route to department managers for one on one with cardholders.
 - Address accounts with first time payment default.
 - Address all accounts with a payment returned as insufficient funds
 - Accounts with 2 NSF payments w/in 12 months are cancelled.
 - Close accounts that have been two or more times 90 days past due in the past 12 months and are currently reporting 60 days past due.
- Mandate Salary offset
- Work with you U.S. Bank Relationship Manager to improve file turn, control delinquencies, and control losses.
 - Improves agency rebates



Credit Worthiness

- Recommended for new IBA applicants (OMB Circular A-123, appendix B)
 - Applicant agrees or refuses for U.S. Bank to conduct a credit score check.
 - Refusal = Restricted Card - lower limit and cash access
 - \$2500 limit, reduced cash
 - \$5000 limit – cash 33% of monthly limit
 - Acceptance = credit check - based on score cardholder issued a standard (score of 660+) or restricted account (score below 660).
- 92% of IBA losses from January 2007 thru May 2009 are from accounts with a score of less than 660.
- 70% of losses on individual travel charge cards are on accounts opened within the past two years.
 - Important to assign limits and card access at account initiation.



Suspension/Cancellation/Dunning

- Past Due One Payment (30 days): statement message
- 45 days past due : Pre-suspension code. Letter sent to cardholder.
- 55 days past due: Second Pre-suspension Letter sent.
- Past Due Two Payments (60 days): Suspend Code applied. Statement Message.
- Past Due Three Payments (90 days): Pre cancellation/salary offset letter sent. Statement message.
- Past Due Four Payments (120 days): Pre-cancel code applied. Letter sent. Statement Message.
- 126 days past due: Cancel code applied. Letter sent. Late fee calculation of 2.5% of amount 120+ days past due.
- Past Due Five Payments (150 days): Pre-Charge off letter.



Collection Calls

- Cardholders 16-59 days past due are downloaded into the Collection Management System and collected via the Autodialer. Prioritized high to low balance with broken promise accounts first.
- Cardholders 60-89 days past due are assigned to individual collectors. Collector provides variety of options to help customer pay the balance.
- Cardholders 90 - 119 days have outbound calls made with increased frequency and intensity. Cardholders informed of the negative impact to their credit.
- Cardholders 120 – 149 days past due has frequency and tone intensify as credit loss risk intensifies. Customers receive final warning prior to charge-off.
- Charged Off accounts are referred to the U.S. Bank recovery Team, and reported to credit reporting agencies.



Salary Offset

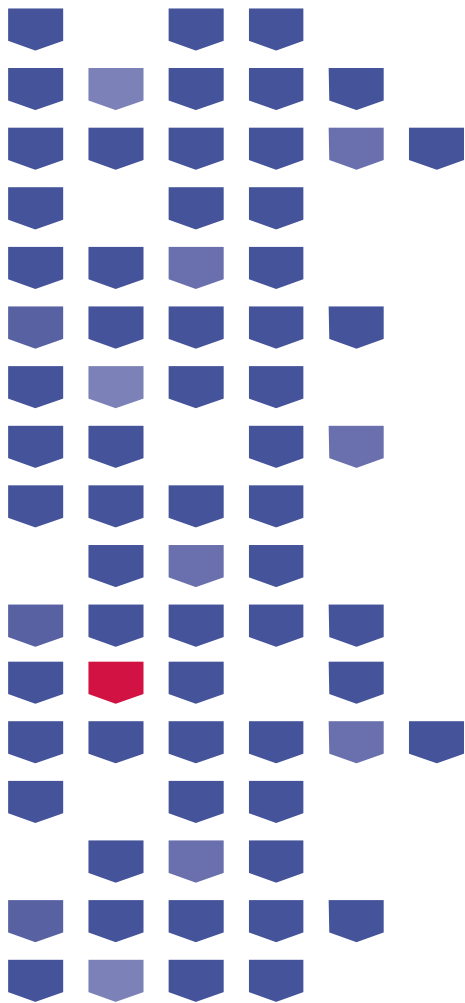
- Salary Offset is the process by which Government Agencies garnish wages of employees with delinquent outstanding balances on their IBA travel cards.
- Many agencies do not begin garnishment of wages until the account is 121 days past due.
- Once a cardholder enters into Salary Offset, U.S. Bank discontinues other collection and recovery efforts and the cardholder's wages will be garnished by the Agency until the past due balance has been paid in full.



Salary Offset Process

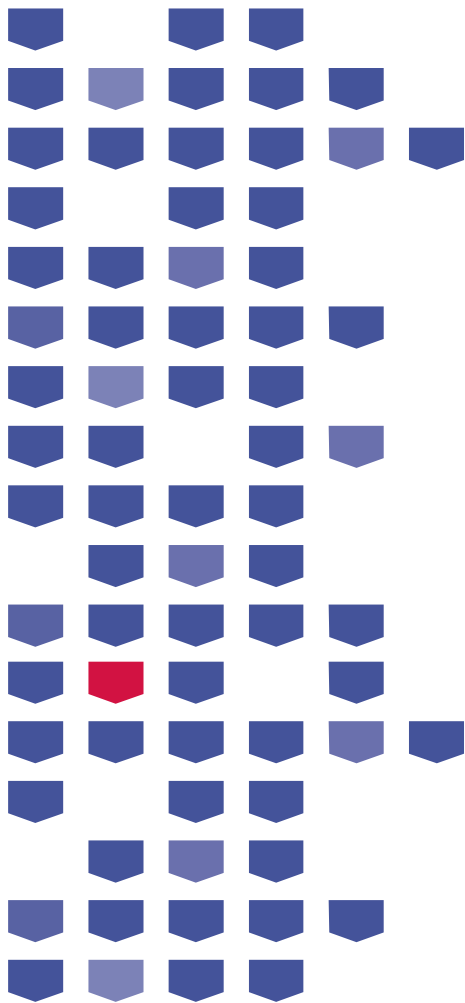
- U.S. Bank sends cardholder a Salary Offset Letter when the account balance is 90 days past due. This letter notifies the cardholder that their wages may be garnished if payment in full is not made.
 - U.S. Bank sends a report of all 90 Day Past Due cardholders that are eligible for Salary Offset to the Agency. Based on the information in the report, the agency will notify all 90 day Past Due cardholders of their rights to an appeal to the Salary Offset process.
 - Agency will review appeal requests, validate that a client is eligible for offset.
- A report showing all cardholders that are 120 days past due is sent to the secure mailbox in Access Online. Agency reviews the report and removes any cardholders that have successfully appealed their late balances or those others that should not be included in the Salary Offset process.
- Day 125, the Agency submits finalized Salary Offset report to U.S. Bank
 - Within 5-7 business days of receipt, if applicable, U.S. Bank assesses the Agency Salary Offset fee
 - Agency works with their payment/payroll processor to begin garnishment
- *125-150 Days Past Due* – The payment processor will begin sending cardholder offset payments to U.S. Bank.





Questions?





Thank You

Presentations will be available on
www.usbank.com/sp2presentations
after the conference

