

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

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Veterans Affairs Travel Card Basics

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Phoenix, Arizona July 2009



Agenda:

- Understanding The Travel Card Program
- Roles & Responsibilities
- Cardholder Compliance Issues
- Tools and Resources for Program Management
- U.S. Bank Credit Policy
- Delinquency Management



Understanding The Travel Card Program

- Hierarchy
- Account Set Up
- Authorization Controls



Hierarchy

- Hierarchy Level (HL) 1= Central Office
 - CBA – 13600 - IBA - 23600
 - Elizabeth Rodriguez
- HL 2 = CBA- 00001-00006 & 50005
IBA – 00001-00004 & 00008,00010,50005
 - Administration
- HL 3 = 00001-00024
 - VISN/MSN/Region
- HL 4 = Station Number
 - A/OPC
- HL 5 = Company Number/Managing Account
 - A/OPC



Agent Number and Matching Level 2

IBA TRAVEL				CBA TRAVEL		
0663	VHA	00001		0657	VHA	00001
0662	VBA	00002		0656	VBA	00002
0661	NCA	00003		0655	NCA	00003
0660	VACO	00004		0654	VACO	00004
0659	IT	50005		0653	VR&E	00005
0658	HIS	00010		0652	OIT	00006



Individual Billed Accounts (IBA)

- Application available on Training and Materials website: www.usbank.com/va
- Creditworthiness – when implemented, will allow U.S. Bank to perform creditworthiness check
- Default credit limit is \$5000.00
 - 33% of that limit can be used for cash
- Restricted card credit limit is \$2500.00
 - 8% of that limit can be used for cash
- Limit increases – VA policy requires increase requests thru your VA level 2



Central Bill Accounts (CBA)

- New CBA accounts – requested through Central Office
- Maintenance – changes made in Access Online or through your U.S. Bank Account Coordinator
- Corporate Liability – maximizes rebate potential
- A/OPC is responsible for reconciling the CBA account.



Disputes

- First attempt to resolve a dispute should be directly with the merchant
 - take notes, such as when you called, who you talked to and results of the conversation
- Transferring transactions if an incorrect card number is provided, limits dispute rights
 - merchant should be contacted to credit original card charged and charge correct card number
- Disputes should be initiated within 90 days of the transaction posting date
- 80% of disputes are resolved within 30 days.



Roles and Responsibilities



Role of A/OPC

- Train Cardholders
- Monitor Program
- Maintain Points of Contact



Role of Cardholder

- Understand Purpose of Card
- Reconcile Statement
- Pay Statement Balance
- Dispute Transactions
- Report Fraud
- Decline Research



Tools for Program Management



Tools – Access Online

<https://access.usbank.com>

Suggested Reports

- Past Due report (TBR 340/361) :
 - Reporting/Program Management/Past Due – provides days past due/credit rating
- Declined Transaction Authorization Report (TBR 370):
 - Reporting/Program Management/Declined Transaction Authorization
 - Real-Time decline reason research: Account Information/Cardholder Account Profile/Account Authorizations
- Transaction List:
 - Reporting/Financial Management/Transaction Detail
- Account List (TBR211/804):
 - Reporting/Program Management/Account List
- Dispute Report (TBR420):
 - Reporting/Financial Management/Transaction Detail
 - You will want to choose just the disputed transactions from the criteria to include in report.
- Account Cash Advance (TBR 320):
 - Reporting/Program Management/Cash Advance



Tools – Communications and Training Materials

www.usbank.com/va

- Individual Billed Cardholder application
- Cardholder Guide
- A/OPC Guide
- Forms
 - Point of Contact Maintenance
 - Cardholder Maintenance
- Links to Access Online and Web Based Training



Tools – Access Online Web Based Training

<https://wbt.access.usbank.com>

- Provides lessons, guides, simulations for training on Access Online.
- Separate lessons specific for A/OPC's and Cardholders.
- Passwords change every 60 days and is communicated to VA or obtained through customer service



Tools - Technical Support

- 1-800-254-9885 option 2
- Email: accessonlinesupport@usbank.com
- Available 24 hours a day, 7 days a week
- Sites in Fargo, ND and Coeur D'Alene, ID
- Assists A/OPC's
- Provides technical assistance for more complex Access Online questions or error messages.



Resources - Customer Service

- **Customer Service – 1-888-994-6722**
- Available 24 hours a day, 7 days a week
- Supports A/OPC's and Cardholders
- Located in Fargo, ND and Coeur D'Alene, ID
- General Account information
- Order Replacement Cards and Activate Cards
- Research Declines
- Address Changes and payments on IBA Travel Card
- Access Online Password Resets & General Navigation
- Verification Requirements:
 - A/OPC
 - Level Numbers
 - Cardholder –
 - CBA - Single Purchase Limit
 - IBA Travel Card – Last 4 of Social Security Number or ZipCode



Resources - Account Coordinators

- 1-800-254-9885 option 3
- Located in Minneapolis, MN
- Account Coordinators are assigned at the VISN/MSN/Region level.
- If unable to reach your Account Coordinator you may press “0” for the next available Account Coordinator.
- Assists A/OPC’s in program management including training, any maintenance outside of the scope for Customer Service



U.S. Bank Credit Policy for IBA Travel Programs



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 – cash 8% of monthly limit
 - \$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.**



Delinquency Management



Access Online Reports

- Past Due report (TBR 340/361) :
 - Reporting/Program Management/Past Due
 - provides days past due/credit rating
- Account Suspension Report:
 - Reporting/Program Management/Account Suspension
 - Provides accounts past due, days past due, amount past due, last payment and credit rating



Credit Ratings

Credit Rating	Description	Credit Rating	Description
Z1	Past Due 45 days Still able to charge, letter sent out.	V9	Voluntarily Closed
Z2	Past Due 60 days Account Suspended	T9	Terminated
Z3	Past Due 120 days Pre Cancel Suspended twice in previous 12 months	FR	Fraud Referral – verify activity
Z5	Past Due 126 days Cancelled Two NSF's in last 12 months Accrue Late Fees 2.5%	F1	Card Reported Lost
Credit Bureau	Past Due 180 days	FA	Fraud Case Started



Reinstatement Process

Z2 – Status removed when past due amount is paid

Z3 – Status removed when past due amount is paid in full

Z5 – Reinstatement requested through Central Office

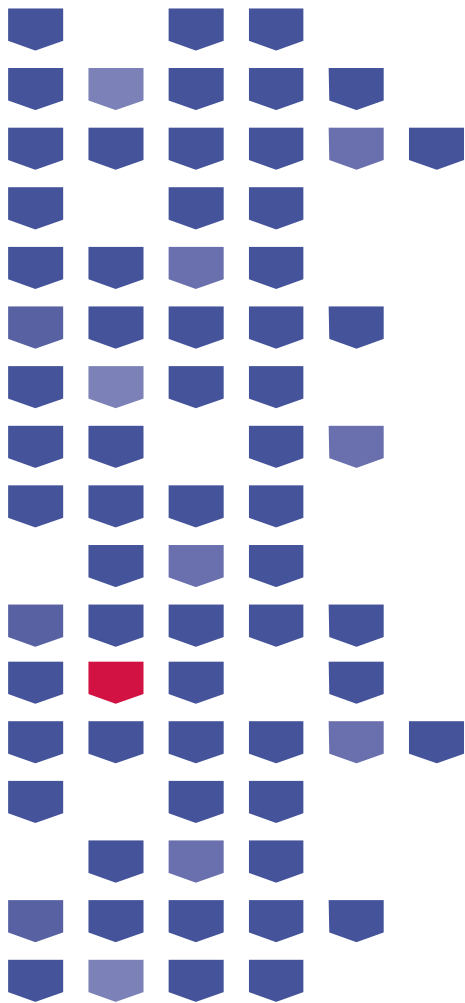
- Account must be paid in full
- U.S. Bank Credit Policy determines if account is reinstated, creditworthiness check performed



Delinquency and Rebate Potential

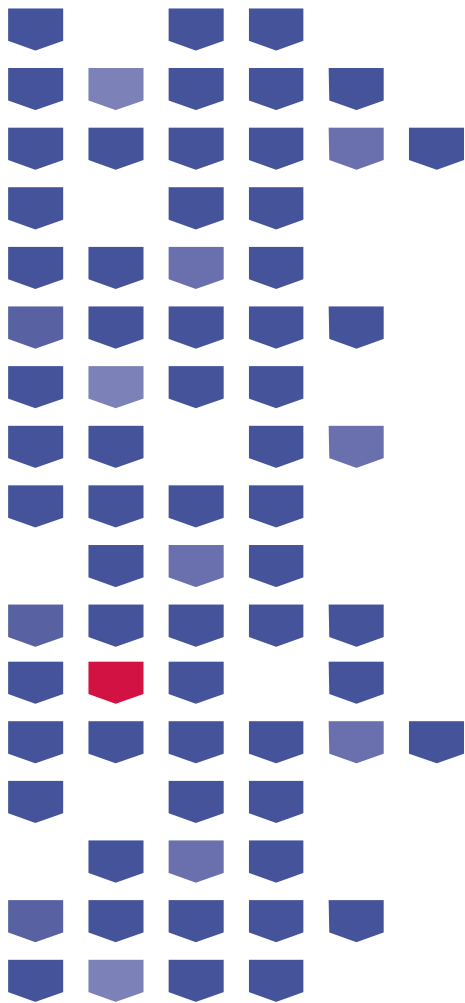
- Delinquencies affect rebate amount
 - charge-off amounts deducted
 - Higher rebates paid for lower average number of days to pay
- Pilot initiated to charge all cardholder airline spend on CBA
 - Reduces risk
 - CBA's earn higher rebates





Questions?





Thank You

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

