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**ETASM - Electronic Transfer Account
COMMONLY ASKED QUESTIONS AND ANSWERS**

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I. GENERAL QUESTIONS

Q1. What is an ETASM?

- A1.** An ETASM is a low-cost account which is made available by participating Federally insured financial institutions to individuals who receive Federal benefit, wage, salary, or retirement payments. The account allows recipients to receive Federal payments electronically in accordance with the Electronic Funds Transfer (EFT) provision of the Debt Collection Improvement Act of 1996 (DCIA). The DCIA requires that Federal payments, except for tax refunds and except where waived by the Secretary of the Treasury, be made electronically after January 1, 1999. Financial institutions that choose to offer ETASM will enter into an ETASM Financial Agency Agreement with the Department of the Treasury (Treasury). The agreement outlines the duties of financial institutions designated as Financial Agents and ensures compliance with the ETASM standards.

Q2. Who is eligible to open an ETASM?

A2. Any individual who receives a Federal benefit, wage, salary, or retirement payment is eligible to open an ETASM.

Q3. What account features are included in the ETASM?

A3. Based on comments received on proposed ETASM features, Treasury has determined that the ETASM will:

- be an individually owned account at a Federally insured financial institution;
- accept electronic Federal benefit, wage, salary, and retirement payments and such other deposits as a financial institution agrees to permit;
- be subject to a maximum price of \$3.00 per month;
- have a minimum of four cash withdrawals and four balance inquiries per month, to be included in the monthly fee, through any combination of proprietary automated teller machine (ATM) transactions and/or over-the-counter transactions;
- provide the same consumer protections that are available to other account holders at the financial institution;
- allow access to the financial institution's on-line point-of-sale (POS) network, if any;
- require no minimum balance, except as required by Federal or State law;
- at the option of the financial institution, be either an interest-bearing or non-interest-bearing account; and provide a monthly statement.

Q4. What types of deposits can be made to the ETASM?

A4. A financial institution can accept to the ETASM electronic Federal benefit, wage, salary, and retirement payments or, at its option, allow other deposits in addition to electronic Federal benefit, wage, salary, and retirement payments. A financial institution may choose to limit any additional deposits to electronic deposits or may allow recipients to deposit checks and/or cash in addition to other electronic deposits. Financial institutions may specify whether deposits of other funds may be made by mail, at an ATM, and/or over-the-counter. Financial institutions are not permitted to charge any fee in connection with allowing deposits of other funds.

Q5. Can recipients who have opened an ETASM switch to a traditional checking or savings account and receive their payment by Direct Deposit?

A5. Recipients will be able to switch at any time to a traditional checking or savings account and receive their payment by Direct Deposit and are encouraged to do so if a checking or savings account better meets their needs. Treasury considers the ETASM to be an important stepping stone to more full service banking relationships while providing a safe, reliable, and low-cost alternative to recipients who currently receive their Federal payments by check.

Q6. When will ETAsSM become available to recipients?

A6. ETAsSM became available in September, 1999. If a financial institution chooses to offer the ETASM, it must first enter into an ETASM Financial Agency Agreement with Treasury. After being designated an ETASM provider, a financial institution may begin offering the ETASM to eligible recipients.

Q7. Will the ETASM be able to support electronic state benefits?

A7. It is the option of the financial institution to allow additional types of deposits, including state cash benefits to be deposited to an ETASM. If the financial institution allows additional electronic deposits to the ETASM, state benefits could be deposited to the ETASM as long as the state agrees to make these payments electronically, and the recipient authorizes the electronic deposit.

Q8. What choices are available to a recipient who receives state-administered benefits in addition to Federal benefits?

A8. Recipients of both Federal and state-administered benefits who live in a state where a single debit card is available, as a result of Treasury and state agreement, may choose to: 1) receive both their state-administered and their Federal benefits on a single debit card; or 2) receive their state-administered benefits through a State Electronic Benefits Transfer program, if available, and receive their Federal benefits through Direct Deposit.

II. FINANCIAL INSTITUTION QUESTIONS

Enrollment

Q9. How does a financial institution enroll in the ETASM program?

A9. Financial institutions should call 1-888-ETA-FRBK (382-3725) for more information about enrolling in the ETASM program.

Q10. What steps must a financial institution take to ensure proper enrollment when completing the Financial Agency Agreement?

A10. To expedite enrollment as an ETASM provider, make sure the following elements have been completed in the Financial Agency Agreement:

- Complete pages 1 & 7 and Attachments A & B of the Financial Agency Agreement.
- Affix your financial institution's seal onto Attachment A of the Financial Agency Agreement.

- Submit an excerpt from your Board of Directors' resolutions approving your financial institution's participation in the ETASM program.
- If your financial institution is a credit union or thrift, submit a complete list of branch locations.
- List the name and telephone number of your financial institution's primary contact on Attachment B of the Financial Agency Agreement.
- List the effective date - the date your financial institution will begin offering the ETASM to holders - on Attachment B of the Financial Agency Agreement.

Q11. Are financial institutions required to offer the ETASM?

A11. No. Participation by financial institutions in the ETASM program is voluntary.

Q12. Will Treasury allow non-financial institutions to offer the ETASM?

A12. Treasury will not allow non-financial institutions to offer ETAsSM. Further, Treasury will not allow financial institutions that offer the ETAsSM to enter into arrangements with non-financial institutions to provide access to these accounts. ETAsSM are designed to meet the statutory obligation that recipients have access to an account at a reasonable cost and with consumer protections comparable to other accounts at the same financial institution. Treasury believes that this obligation is best met by allowing only Federally insured financial institutions to provide access. Such access may be provided through branches and/or through a regional or national network of ATMs and POS terminals.

Q13. May any financial institution offer ETAsSM?

A13. Only Federally insured financial institutions are eligible to offer the ETASM. This requirement serves to ensure that ETASM account holders' funds are deposited into accounts that have Federal deposit insurance. Federally insured financial institutions are subject to comprehensive Federal regulation and oversight through examinations for safety and soundness and for compliance with consumer protection laws.

Q14. Are credit unions permitted to offer ETAsSM?

A14. Federally insured credit unions are also eligible to offer ETAsSM subject to any legal constraints on their authority to do so. A Federally insured credit union is permitted to offer an ETASM to any eligible Federal payment recipient who falls within the field of membership of the credit union.

Q15. Are financial institutions that choose not to offer the ETASM restricted from accepting electronic Federal benefit payments for their customers? Will these institutions be subject to additional fees or charges?

- A15. No. Financial institutions who do not offer the **ETASM** are not restricted from accepting direct deposit Federal benefit payments, and are also not subject to any additional fees or charges.

Financial Agency Agreement

Q16. What is an **ETASM Financial Agency Agreement?**

- A16. The **ETASM** Financial Agency Agreement is an agreement between Treasury and a financial institution designating the financial institution to act as Treasury's Financial Agent in providing the **ETASM**. Any financial institution that offers the **ETASM** must do so subject to the terms and conditions of the agreement. The agreement incorporates the final features of the account and other account criteria, such as standards for closing accounts.

Q17. What is the role of the Federal Reserve Bank of Dallas in the **ETASM program?**

- A17. The Federal Reserve Bank of Dallas (FRB Dallas) acts as Treasury's Fiscal Agent. FRB Dallas manages financial institution enrollment in the program, receives completed Financial Agency Agreements from those institutions seeking to offer **ETAsSM**, distributes Treasury **ETASM** marketing materials for financial institution use, and is responsible for recipient and institution holder service inquiries. In addition, the FRB Dallas has made available a list of all financial institutions and branches offering **ETAsSM** on an Internet website, <http://www.eta-find.gov>.

Q18. In addition to completing the Financial Agency Agreement, what information must financial institutions provide to Treasury?

- A18. Participating financial institutions must complete and provide to the FRB Dallas, acting as Treasury's Fiscal Agent, the enrollment form attached to the **ETASM** Financial Agency Agreement. Once the enrollment form is received, the financial institution will receive the Program Implementation Guide, a set of instructions, information and contacts concerning the offering of the **ETASM**. Within one month of receiving the Program Implementation Guide, the financial institution must submit a copy of each account disclosure statement it will give to its **ETASM** holders. In addition, financial institutions must report to Treasury by the 15th day of each month the number of **ETAsSM** opened and closed during the previous month and the number of accounts open as of the end of the previous month. Financial institutions must provide an account number for the institution to which payment for set up fees shall be made.

Q19. What other information does Treasury anticipate requesting from financial institutions?

- A19. In addition to the enrollment form and monthly reports referred to in Q & A 18 above, financial institutions may be required to provide Treasury with other information and documentation, including internal audit reports, necessary for Treasury to verify the number and status of **ETASM**, facilitate payment of set up fees, and ensure compliance with the terms of the Financial Agency Agreement.
- Q20. If a financial institution terminates its agreement with Treasury, what will happen to the institution's ETAsSM?**
- A20. If a financial institution terminates its agreement with Treasury, it must stop opening new **ETAsSM**. In addition, it must close existing **ETAsSM** in a manner that allows for the orderly transfer of the accounts to another financial institution. The financial institution may at any time offer account holders the option of switching their **ETASM** to a traditional checking or savings account if it better meets recipient needs.

Additional Features

Q21. Does the ETASM pay interest?

- A21. Financial institutions may, at their option, pay interest on the account, but in no case may a financial institution charge a fee that exceeds the maximum monthly fee of \$3.00 which Treasury specifies in the Notice of Electronic Transfer Account features. Also, financial institutions may not require a minimum balance in connection with the payment of interest.

Q22. Will the ETASM include a checking account feature?

- A22. Treasury is not including a checking feature as part of the **ETASM**. Treasury believes that keeping the account as simple as possible will ensure that the account is available at the lowest possible cost to recipients. Check writing capability, while desirable for some, increases the potential for overdrafts and overdraft fees. Treasury also believes that fewer financial institutions will elect to offer an **ETASM** that includes this feature because of increased risk to the financial institution.

Q23. Is Automated Clearing House (ACH) debit capability an allowable ETASM feature?

- A23. Financial institutions are not allowed to offer ACH debit capability as an additional **ETASM** feature. However, institutions are not required to reject ACH debits authorized by recipients. In the event that a financial institution becomes aware of an ACH debit from an **ETASM**, the Financial Agency Agreement does not require the financial institution to close the **ETASM**, however, the financial institution is allowed to do so, provided that the closing is in accordance with customary procedures.

Q24. May the ETASM include recurring bill payments?

A24. No, the ETASM may include only those features listed in the Notice. As indicated in the Notice, the account does not include a bill payment feature.

Q25. The ETASM Notice states that financial institutions may not offer ETASM holders more features than those specifically stated in the Notice, but that financial institutions may offer services and may charge for these services. What is the difference between features and services?

A25. Account features are those items addressed as part of the ETASM account attributes and essentially are anything that define the functionality of the account. Examples of account features that are not allowed by the notice are check writing and ACH bill payment. In contrast, account-related services are services provided to account holders that are not addressed as part of the ETASM account attributes, such as account research, providing a new ATM card, etc. Financial institutions may provide these services and may charge ETASM holders the customary fee charged to all other account holders at the financial institutions.

Cash Access and Balance Inquiries

Q26. May a financial institution offer an ETASM with teller-only (over-the-counter) access?

A26. Yes, a financial institution may offer the ETASM that includes teller-only access for cash withdrawals and balance inquiries, as long as the ETASM provides for all of the required account features. However, if a financial institution offers on-line POS to its non-ETASM holders, it must also offer on-line POS access to ETASM holders in accordance with the Financial Agency Agreement.

Q27. How many free cash withdrawals and how many free balance inquiries must be provided for an ETASM holder per month?

A27. ETASM providers must offer at least four cash withdrawals and at least four balance inquiries per month through any combination of proprietary ATM or over-the-counter transactions to be included in the monthly fee. It is up to the financial institution to determine if a fee will be assessed for additional cash withdrawals, balance inquiries and foreign ATM use, and to disclose that fee to its ETASM holders.

Q28. If a financial institution provides a receipt with an account balance when funds are withdrawn from an ETASM, does that count as one of the four required balance inquiries?

- A28. No. Incidental account balance information given on a receipt following a deposit or withdrawal transaction is not considered a balance inquiry. A minimum of four free balance inquiries, independent of other transactions, is required.
- Q29. May a financial institution limit the maximum per-day ATM withdrawal amount of ETASM holders to an amount lower than that offered to other holders?**
- A29. No. ETASM holders must be allowed to withdraw the same maximum amounts per day at ATMs as other holders of the financial institution.
- Q30. A financial institution that has only one ATM, for which it charges a fee, even to its own holders, has worked out an agreement with an ATM network whereby its holders would be able to withdraw their money, without a fee, from this network's ATMs. Would Treasury agree to such an arrangement for ETASM holders?**
- A30. Yes, so long as the financial institution discloses, in accordance with the Financial Agency Agreement, a list of these ATM locations.
- Q31. May a financial institution deny ETASM holders from accessing funds through foreign ATMs?**
- A31. No, but a financial institution may assess fees for ETASM transactions at foreign ATMs. The fees must be consistent with fees charged to other account holders.
- Q32. If a financial institution does not own ATMs or give its other holders ATM cards, does this financial institution have to give ETASM holders an ATM card, or may the financial institution limit ETASM access to over the counter transactions?**
- A32. A financial institution may limit ETASM access to over the counter transactions under this condition.
- Q33. Is providing balance inquiry access via an automated voice response unit accessed by telephone acceptable?**
- A33. Yes, access to balance inquiry via an automated response unit is acceptable. Telephone calls to the automated response unit to make a balance inquiry also count toward the four free proprietary balance inquiries provided, per month, by the financial institution in accordance with the Financial Agency Agreement.

Point of Sale Access

(Also see <http://www.fms.treas.gov/eta/pos.html> for more information about Point of Sale access)

Q34. How should financial institutions distinguish between on-line and off-line POS?

A34. Financial institutions should use the following guidelines for distinguishing between on-line and off-line POS:

On-line POS

- On-line POS is a real-time system that verifies that the reported balance in an individual's account is sufficient to satisfy the amount of the transaction at the time the transaction occurs, and that posts the transaction against the available balance immediately. Note, however, that if the card issuer uses batch processing, the balance is only updated periodically and thus the reported balance may not represent the actual funds available at the time a transaction is authorized.
- On-line POS cards access cash with the use of a PIN (Personal Identification Number) only. No other personal verification is necessary.

Off-line POS

- In an off-line POS transaction, the transaction is not authorized against an available balance and the amount of the transaction is not posted against the account until a subsequent settlement cycle.
- With off-line POS, there is a greater likelihood that overdrafts will occur.
- Off-line POS cards, such as the Visa Check Card, require the holder's signature for use.

Q35. Is an account that provides on-line POS access a transaction account for purposes of Federal Reserve reserve requirements?

A35. Yes, if the ETASM includes on-line POS access, it will be classified as a transaction account for purposes of the Federal Reserve's reserve requirements. If the ETASM does not include POS access (because the institution is not a member of an on-line POS network), then the ETASM will be classified as a savings account for purposes of the Federal Reserve's reserve requirements.

Q36. If participating financial institutions offer on-line POS access to existing holders, are they required to provide the same access to ETASM holders?

A36. Yes. Treasury requires participating financial institutions to provide unlimited access to their on-line POS networks. Financial institutions are not allowed to impose any fees with respect to POS access; however, as with other commercial transactions, individual merchants might impose fees for on-line POS which would be the responsibility of the account holder. Financial institutions that provide POS access are permitted to terminate a recipient's POS access if such access is misused, for example, by repeated overdrafts.

Q37. May a financial institution issue a check card or off-line debit card to ETASM holders?

A37. No. The ETASM may not include the off-line capability found in check cards and off-line debit cards. However, an ETASM provider is required to offer on-line POS access if it is offered to other account holders at the same institution.

Q38. If a financial institution charges all of its holders a fee for POS, may the financial institution charge ETASM holders that same fee?

A38. No, financial institutions are not allowed to charge ETASM holders for on-line POS access.

Q39. If a financial institution conducts credit checks for all account holders before giving them access to the POS network, may the financial institution follow the same process with ETASM holders, or are they automatically given access?

A39. Financial institutions are required to open an ETASM for any Federal benefit, wage, salary or retirement payment with two exceptions: 1) the institution is aware that the individual previously was the owner of an ETASM that was closed because of fraud at that institution or any other financial institution, or 2) the institution, for reasons of account misuse, previously closed an ETASM held by the individual at that institution. Financial institutions are also required to provide unlimited on-line POS access to ETASM holders if the financial institution provides on-line POS access to its other account holders. However, financial institutions are permitted to terminate POS capability because of misuse, may set off overdrawn amounts, and may charge an overdraft fee not to exceed \$10.00 per 24 hour period. Financial institutions may also close the account for misuse in accordance with its customary closing procedures.

Account Opening And Closing

Q40. Are participating financial institutions required to open an ETASM for any Federal payment recipient who is eligible to open an ETASM?

A40. Yes, with limited exceptions, a participating financial institution must provide an ETASM to any Federal benefit, wage, salary, or retirement payment recipient who requests an account, and who authorizes the deposit of eligible payments to the ETASM. The exceptions are as follows: (a) a financial institution shall not open an ETASM for any individual if the institution does not have authority under its charter to maintain a deposit or share account for the individual, and (b) a financial institution is not required to open an account for any individual if (i) the institution is aware that the individual previously was the owner of an ETASM that was closed because of fraud at that institution or any other financial institution, or (ii) the institution, for reasons of account misuse, previously closed an ETASM held by the individual at that institution.

Q41. What must a financial institution do to ensure that an individual for whom an ETASM is opened has authorized the deposit of a Federal benefit, salary, wage, or retirement payment to the account?

A41. At the time a financial institution opens an ETASM for an individual, the individual must simultaneously authorize that his or her Federal benefit, salary, wage or retirement payment be direct deposited to the account. Therefore, at the time the ETASM is opened, the individual must (1) execute a direct deposit enrollment form, (2) enroll in direct deposit via telephone with the paying agency, or (3) enroll in direct deposit through an automated enrollment at the financial institution. It is the financial institution's responsibility to ensure that enrollment occurs as part of the account opening process.

Q42. Is it required that a financial institution allow individuals to open an ETASM by telephone, electronic means, mail, or in person?

A42. According to the Federal Register, each financial institution may establish its own account-opening procedures for the ETASM. For example, some institutions may choose to open ETAsSM through a telephone application process whereas others may choose to require recipients to apply in person.

Q43. May a financial institution disallow the opening of joint accounts?

A43. Yes. According to the Financial Agency Agreement, the offering of joint ETAsSM is at the discretion of the financial institution.

Q44. May a jointly held ETASM account receive two separate eligible payments?

A44. Yes. There is no prohibition on an ETASM receiving more than one electronic Federal deposit, however, offering a joint account is at the discretion of the financial institution.

Q45. On what grounds may a financial institution close an ETASM?

A45. A financial institution will be permitted to close an ETASM where the financial institution has cause to believe that fraud has occurred in connection with the account or that the account has been misused. Any determination that fraud or misuse has occurred must be consistent with the financial institution's usual criteria for closing accounts. Those criteria could include, for example: where the institution determines that fraud has occurred after conducting the investigation required under Regulation E; excessive overdrafts; negligence in safeguarding an ATM and/or POS card or PIN number; or failure to pay an overdraft within a reasonable period of time.

A financial institution may not close an ETASM for any reason other than fraud or misuse unless it is requested by the holder of the ETASM to do so; the ETASM ceases to be used

for the receipt of eligible payments; or the Financial Agency Agreement is terminated in accordance with its terms.

Q46. May a financial institution close an ETASM immediately upon the discovery of misuse or fraud?

A46. Yes, no grace period is required.

Q47. Will Treasury maintain a listing of individuals who have had an ETASM closed for fraud?

A47. No, Treasury does not intend to maintain any information on individuals who have had an ETASM closed for fraud.

Q48. Can a financial institution rely on the ChexSystem to determine whether to open an ETASM account for an individual?

A48. No, a financial institution may not depend solely on the ChexSystem to determine whether to open an ETASM. If the ChexSystem indicates that an individual's account has been closed due to fraud, and the financial institution determines that the account closed was an ETASM, then the financial institution is not required to open the ETASM.

Q49. If a financial institution were to close an ETASM for misuse of the account, could the institution report this information to the ChexSystem?

A49. Yes. If an ETASM is closed by a financial institution because of an individual's misuse of the ETASM, the institution may report this individual to the ChexSystem.

Q50. If an ETASM holder stops receiving Federal payments, must the account be closed?

A50. No, the account may remain open at the discretion of the financial institution.

Q51. If an ETASM holder closes an account, what happens to the funds subsequently deposited?

A51. The financial institution must return the funds to the agency or originator of the funds transfer.

Q52. If there has been no recent activity on an ETASM and the ETASM holder cannot be located, what are the financial institution's obligations with respect to the account?

A52. Like other accounts at the financial institution, ETAsSM are subject to applicable State escheat laws.

Q53. Is there a specific number of overdrafts that must be committed by an ETASM holder before the financial institution is permitted to close the account?

A53. When considering whether to close an ETASM due to multiple overdrafts, a financial institution must apply the same standard to ETASM holders as they would to other account holders at the financial institution. For example, if this institution allows regular account holders to overdraw on a certain number of occasions per month without penalty of closing, this standard must be applied to ETASM holders.

Fees

Q54. Will the Federal government reimburse financial institutions for any costs associated with opening the ETASM?

A54. Treasury will reimburse financial institutions a one-time fee of \$12.60 per ETASM opened to offset the costs of setting up the account. Set up costs include costs to enroll holders, train staff, and issue cards.

Q55. Who pays the monthly fee, the ETASM account holder or Treasury?

A55. The monthly fee is the responsibility of the ETASM account holder.

Q56. When does the monthly fee begin to accrue?

A56. Once the account is opened, the monthly fee may be charged in accordance with the financial institution's standard billing procedure.

Q57. For what additional services may a financial institution charge fees?

A57. A financial institution may charge an ETASM holder a fixed monthly account fee not to exceed \$3.00 which would include fees in connection with any required attribute of the ETASM. However, a financial institution may charge an ETASM holder other account-related fees that the financial institution usually and customarily charges to its other retail holders. Examples of such fees include: fees for additional withdrawals and balance inquiries; lost card fees; and account research fees. A financial institution may impose fees at its customary rates, except that the amount of any overdraft fee may not exceed \$10. All fees must be disclosed in accordance with the requirements set forth in paragraph 10(a) of the Financial Agency Agreement.

Q58. Can a financial institution charge extra for an ETASM that pays interest?

A58. Yes. A financial institution may charge a higher monthly fee for an interest-bearing ETASM than it charges for a non-interest-bearing ETASM, but in no case may it charge a monthly fee in excess of \$3.00. Also, a financial institution may not require a minimum balance in connection with the payment of interest.

Q59. When may a financial institution charge fees for cash withdrawals and balance inquiries?

A59. A financial institution may charge an ETASM holder for the use of foreign ATMs. A financial institution may also charge an ETASM holder for proprietary ATM use, but only after providing ETASM holders a minimum of four cash withdrawals and four balance inquiries per month to be included in the monthly fee. If a financial institution typically charges a fee for over-the-counter cash withdrawals or balance inquiries, it may also charge its ETASM customers the same fee, but must then provide four free cash withdrawals and four free balance inquiries via ATM. When a financial institution decides how it will provide the four free cash withdrawals, and four free balance inquiries to its ETASM holders, the financial institution must disclose this information to the ETASM holders.

Q60. Will Treasury adjust for inflation the monthly account fee, overdraft fee, and set up fee?

A60. Treasury will evaluate the appropriateness of these three fees from time to time, and will make adjustments periodically as warranted.

Q61. Does the \$10.00 per overdraft fee apply to each individual transaction or is it based on a 24 hour period?

A61. The \$10.00 overdraft fee is limited to one every 24 hours regardless of the number of overdrafts during that 24 hour period.

Q62. May financial institutions charge less than the maximum \$3.00 account maintenance fee per month?

A62. Yes. Financial institutions may charge the ETASM holder any amount between \$0.00 and \$3.00 per month to maintain the account.

Q63. May financial institutions charge more than the \$3.00 account fee per month if they allow additional deposits and pay interest on the account?

A63. No. Financial institutions may not charge ETASM holders more than \$3.00 per month for the required features. Financial institutions may charge an incremental fee for the payment of interest as long as the monthly fee does not exceed \$3.00. A financial institution may not charge an incremental fee for allowing additional deposits.

Q64. If a financial institution charges its customers an initial fee for the issuance of an ATM card, can that charge be applied to ETASM holders as well?

- A64. No. Financial institutions may not charge ETASM customers for the issuance of an ATM card because the card itself is included as a feature of the ETASM. The charge for all features of the ETASM combined may not exceed \$3.00 per month.
- Q65. If a financial institution charges a fee for all deposited checks that are returned for insufficient funds, may that financial institution charge the same fee to ETASM holders?**
- A65. The financial institution may charge the ETASM holder other account-related fees that the institution usually and customarily charges to its other holders. The institution may impose such fees at its customary rates, however, all fees must be disclosed in accordance with the requirements set forth in the Financial Agency Agreement.

Regulatory

Q66. Do financial institutions earn Community Reinvestment Act (CRA) credit for participating in the ETASM program?

A66. The Federal Financial Institutions Examination Council recently supplemented and republished in the Federal Register its Interagency Questions and Answers Regarding Community Reinvestment. Question and Answer 3 addressing §§ ____.12(j) and 563e.12(i) has been amended to state that providing ETAsSM qualifies as a community development service. For further information on CRA credit, go to www.occ.treas.gov/crainfo.htm.

Q67. Will a financial institution lose CRA credit if it decides not to participate in the ETASM program?

A67. No, however, the Federal Financial Institutions Examination Council has stated that financial institutions providing ETAsSM may qualify for community development credit.

Q68. Does Regulation E apply to ETAsSM?

A68. Yes. Regulation E is the Federal Reserve Board's regulation that establishes the basic rights, liabilities, and responsibilities of consumers who use EFT services and of financial institutions that offer these services.

Q69. Does Regulation DD (Truth in Savings) apply to ETAsSM?

A69. Yes. Regulation DD is the Federal Reserve Board's regulation implementing the Truth in Savings Act of 1991. Regulation DD is designed to enable consumers to make informed decisions about accounts at depository institutions by requiring depository institutions to provide disclosures regarding the rates of interest payable on deposit accounts, minimum balance requirements, and the fees that are assessable against deposit accounts.

Other Questions

- Q70. When using an ATM for a cash withdrawal, should the ETASM customer choose withdrawal from savings, withdrawal from checking, or some other designation on the ATM screen?**
- A70. The ETASM provider should determine which option ETASM customers should choose. The financial institution must, at the time of enrollment, disclose to the recipient which option the customer should choose when withdrawing cash from an ATM.
- Q71. Federal credit unions, by statute, require members to open a share account and maintain a balance in order to join. Are credit unions allowed to require that such an account be opened along with an ETASM?**
- A71. Yes. As a condition to opening an ETASM, Federal credit unions may require that a recipient open and maintain a share account with a minimum balance, if such a requirement is imposed under Federal or State law. However, financial institutions may not charge for opening or maintaining the share account.
- Q72. May a financial institution brand or co-brand an ETASM?**
- A72. The account must be identified as an ETASM, but co-branding is allowed. For example, "First National ETASM" would be acceptable.
- Q73. Can a financial institution have an account agreement with the ETASM holder that is similar to its standard deposit account agreement?**
- A73. Yes, as long as the agreement is in accordance with the required ETASM features and fee restrictions and includes the disclosures required for ETAsSM.
- Q74. What are a financial institution's responsibilities when an attachment order is received?**
- A74. Financial institutions must send a copy of the order and the name of the creditor and contact person, if any, to the recipient, preferably within two to three days, but no later than seven days. In order to ensure that recipients understand that Federal benefit payments deposited to an ETASM generally are protected from attachment, Treasury will require, as a term of the Financial Agency Agreement, that institutions opening ETAsSM provide disclosure information to recipients on the types of funds that are not attachable.
- Q75. What account adjustment rules apply if a Federal agency makes an overpayment?**
- A75. The rules of the Federal agency whose funds were paid in error apply in case of an overpayment.

Q76. Are financial institutions able to exercise their right of set off against an ETASM to pay for obligations of the account holder?

A76. Treasury will permit financial institutions to exercise a right of set off against an ETASM for certain obligations of the account holder that are directly related to the maintenance of the account. These obligations are limited to:

- the monthly fee;
- any other fees incurred by the recipient in connection with the maintenance of the ETASM;
- any amount mistakenly credited to an ETASM for which the recipient has no legal right;
- the amount of any overdraft on an ETASM; and
- any amount for which the recipient is liable under Regulation E.

Treasury will not permit financial institutions to set off against ETASM obligations incurred by the account holder in connection with other accounts, products, or services offered by the institution.

Q77. May a financial institution require that an account holder provide seven days' notice prior to withdrawing funds from his or her ETASM?

A77. Under Federal regulations, a financial institution must reserve the right to require that an account holder provide at least seven days' written notice prior to withdrawing funds from a transaction account on which interest is paid. The Financial Agency Agreement states that if a financial institution pays interest on an ETASM the financial institution must notify the ETASM holder that it will require the seven-day notice from the account holder, only if the institution requires such notice for all the interest-bearing transaction accounts it offers.

Q78. Can financial institutions offer low-cost accounts that differ from the ETASM and call these accounts ETAsSM?

A78. No. The use of "ETASM" is limited to accounts offered in accordance with the terms of an ETASM Financial Agency Agreement. Only accounts that have the required features and are offered at or under the \$3.00 monthly fee may be called "ETASM." Treasury encourages financial institutions to offer other low-priced accounts with additional features, but these accounts may not be called "ETAsSM." The ETASM service mark ensures standardization and avoids confusion with other accounts.

Q79. How should a financial institution submit monthly information reports to Treasury?

A79. By the 15th of each month, a financial institution should report the number of ETAsSM opened and closed during the previous month, and the number of active ETAsSM at the institution at the end of the previous month. A form to complete this information will

be included in the implementation kit sent to the financial institution after the Financial Agency Agreement has been signed.

Q80. Where can a financial institution find the statistics on payment volume by zip code?

A80. The 1998 volumes of Federal benefits by zip code can be found at <http://www.fms.treas.gov/eft/agency/volume.html>.

III. RECIPIENT QUESTIONS

Q81. Are Federal payment recipients who currently receive payment by check required to open an ETASM?

A81. No, Federal payment recipients will not be required to open an ETASM. Treasury regulations provide hardship waivers for those recipients for whom receiving payment electronically would impose a hardship due to a physical or mental disability or a geographic, language, or literacy barrier, or would impose a financial hardship. In addition, Treasury regulations prohibit Federal agencies from withholding or delaying payments to individuals if they do not respond to a request for information.

Q82. Can an individual who already has an account at a financial institution sign up for an ETASM?

A82. Yes, the ETASM is available to all individuals who receive Federal benefit, wage, salary, or retirement payments, regardless of whether they have an existing account at a financial institution.

Q83. What types of consumer protections are available to ETASM account holders?

A83. ETAsSM will be subject to the same consumer protections available to other account holders at the same financial institution. For example, an ETASM is Federally insured and subject to the Truth in Savings Act disclosure requirements in Regulation DD and the electronic access protections found in Regulation E.

Q84. How quickly after a financial institution is designated as an ETASM provider can that institution advertise the ETASM to the public?

A84. Once the Financial Agency Agreement has been signed by the financial institution and FRB Dallas as Fiscal Agent for Treasury, the financial institution may begin to offer the ETASM and advertise its availability to the public. Treasury began its public education campaign in September, 1999 after financial institutions began offering the ETASM.

Q85. How can an account holder withdraw all of his or her funds from an ETASM if the balance is less than the smallest denomination available at an ATM?

A85. Account holders may use their debit card at a POS terminal if the financial institution is a member of an on-line POS network. POS terminals are commonly found in many retail outlets such as grocery stores, service stations, and post offices, and are available for purchases in any amount. In addition, some financial institutions may offer over-the-counter cash withdrawals. These cash withdrawals may be made in any denomination.

Q86. Is it possible for an ETASM holder to overdraw his or her account? If so, how much is a financial institution permitted to charge the account holder for an overdraft?

A86. It may be possible for an account to be overdrawn under very limited circumstances. The maximum amount that may be charged for an overdraft in an ETASM account is \$10. This fee covers as many overdrafts that occur within a 24 hour period.

Q87. May a nursing home or other entity open an ETASM in a capacity as a representative payee for one or more recipients?

A87. No. An ETASM must be owned by an individual. Therefore, a representative payee may open an ETASM only if the representative payee is an individual. Although corporations and other entities, including nursing homes, sometimes act as representative payees, they may not establish ETAsSM.

Q88. When using an ATM for a cash withdrawal, should the ETASM customer choose withdrawal from savings, withdrawal from checking, or some other designation on the ATM screen?

A88. The ETASM provider should determine which option ETASM customers should choose. The financial institution must, at the time of enrollment, disclose to the recipient which option the customer should choose when withdrawing cash from an ATM.

Q89. How may access to ETASM balance information be provided?

A89. Access to balance information may be provided by ETASM providers through one of three methods: 1) through ATMs, 2) over-the-counter at the ETASM provider's main office or branch locations, or 3) through a combination of ATMs and over-the-counter. In addition, access to balance information may be provided over the telephone or, if the recipient agrees, through other electronic means. Any of these methods may be used at the option of the financial institution as long as a minimum of four balance inquiries is provided within the monthly fee.

Q90. Where can recipients find more information regarding their Federal electronic payments?

A90. Recipients can contact the appropriate Federal agency to receive more information regarding electronic payments.

Agency customer service telephone numbers:

Social Security Administration	1-800-772-1213
Department of Veterans Affairs	1-877-838-2778 (for Direct Deposit) 1-800-827-1000 (General)
Office of Personnel Management	1-888-767-6738
Railroad Retirement Board	1-800-808-0772

Or call:

The agency making your salary or wage payment.

The agency making your benefit or retirement payment, if different from the agencies listed above.

Q91. When and where will Federal recipients be able to find a listing of financial institutions offering the ETASM?

A91. Treasury made publicly available a list of participating financial institutions on September 15, 1999. This information can be found at <http://www.eta-find.gov> or by calling 1-888-382-3311, or for ETASM-recipient TDD, 877-FBN-KTDD (877-326-5833).

IV. RECIPIENT DEMOGRAPHICS

Q92. Where do Federal check recipients reside?

A92. The majority of Federal check recipients are concentrated in urban areas across the country. The top five cities in which check recipients reside are Los Angeles, New York, San Francisco, Chicago, and Miami. In addition, over half of all Federal benefit, wage, salary, and retirement payments are made in 10 states: California, New York, Ohio, Pennsylvania, Michigan, Texas, Illinois, North Carolina, New Jersey, and Florida. For more information about check payment demographics, please visit the Financial Management Service's web site at <http://www.fms.treas.gov/eta/stats.html>.

V. PUBLIC EDUCATION/MARKETING

Q93. How is Treasury making recipients aware of their payment options, including the availability of the ETASM?

- A93. Over the last two years, Treasury and the Federal payment agencies have frequently mailed information notices to check recipients about the upcoming changes. Since October 1997, Treasury and the Social Security Administration have funded a public education campaign that includes a public relations campaign, public service advertising, and grassroots education and outreach.

In addition to information about the DCIA and the ETASM, the grassroots component provides information on how to select a financial institution and account and how to use banking services. A field network that includes Treasury/Financial Management Service staff, regional managers, and community-based organization contacts has been established in five regions to extend as far as possible the reach of this educational effort.

The network conducts "in-touch" seminars with check recipients, and staff meet with local and grassroots organizations (such as neighborhood associations; senior citizen, disabled, and homeless organizations; and ethnic advocacy organizations) to equip them to lead educational seminars for their constituencies. Through this effort, Treasury works to provide up-to-date information about policy decisions, outreach partnership opportunities, and available materials.

Q94. What role do Federal agencies have in publicizing ETAsSM?

- A94. Under 31 CFR Part 208.7, Management of Federal Agency Disbursements; Final Rule, agencies must disclose to each individual who is eligible to receive a Federal benefit, wage, salary, or retirement payment and who is not already receiving payment by electronic funds transfer, the availability of the ETASM as an alternate method of receiving payment.

Q95. How can a financial institution receive free marketing materials for the ETASM?

- A95. A financial institution can receive free marketing materials by contacting the Dallas FRB at (214) 922-5254, or email to Pubsorder@dal.FRB.org.

VI. FOR MORE INFORMATION

For more information, please contact:

- ◆ Sally Phillips, Senior Financial Program Specialist, at (202) 874-7106;
- ◆ Charlotte Glinski, Financial Program Specialist, at (202) 874-8645;
- ◆ Stephen Kenneally, Financial Program Specialist, at (202) 874-6799; or
- ◆ Cynthia L. Johnson, Director, Cash Management Policy and Planning Division, at (202) 874-6590.

In addition, inquiries about the ETASM may be submitted:

- ◆ electronically via e-mail to eta.inquiries@fms.sprint.com; or
- ◆ by filling out an inquiry form available on the ETASM web site at <http://www.fms.treas.gov/eta>.

Financial institutions may call 1 888 ETA-FRBK (382-3725) for more information about enrolling in the ETASM program.