Electronic Transfer Account

ETA℠
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Financial Management Service

FACT SHEET

BACKGROUND

The Debt Collection Improvement Act of 1996 (DCIA) requires most Federal payments, except for tax refunds, to be made by electronic funds transfer (EFT) after January 1, 1999. On September 25, 1998, the Department of the Treasury (Treasury) issued 31 CFR Part 208 (EFT rule), which implements the EFT requirements of the DCIA. The EFT rule also includes the circumstances under which waivers are available to individuals.

The ETA℠ is an account designed by Treasury to ensure that individuals who are required to receive Federal payments electronically have access to an account at a reasonable cost and with the same consumer protections available to other account holders at the same financial institution. The EFT rule provides that any individual receiving a Federal benefit, wage, salary, or retirement payment is eligible to open an ETA℠.

On November 23, 1998, Treasury published for comment in the Federal Register a Notice of Proposed ETA℠ Features. Treasury received 198 comment letters in response to the Notice. Comments were received primarily from financial institutions, financial institution trade associations, and consumer and community-based organizations. Treasury sought comment on proposed basic account features, compensation to financial institutions, and three additional features: accepting additional deposits, paying interest, and providing Automated Clearing House (ACH) debit capability.

Each financial institution that chooses to offer the ETA℠ is required to offer the account under the terms and conditions of the ETA℠ Financial Agency Agreement (FAA). The FAA incorporates, by reference, requirements set forth in the Notice of Final ETA℠ Features published in the Federal Register, as may be amended from time to time.

PUBLICATION OF FINAL ETA℠ ACCOUNT ATTRIBUTES

On July 16, 1999, Treasury published in the Federal Register a Notice of ETA℠ Features. Based on comments received, Treasury has determined that the ETA℠ will have the following attributes. The ETA℠ shall:

- be an individually owned account at a Federally insured financial institution;
- be available to any individual who receives a Federal benefit, wage, salary, or retirement payment;

(please see reverse)

- 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 available;
- 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.

An ETA℠ may include only the features set forth in the ETA℠ Notice. Financial institutions may not offer, as part of the ETA℠, additional features, such as a check writing feature or ACH debit capability, even if the cost of providing such a feature falls within the maximum monthly fee.

Financial institutions may not charge any fee in addition to the monthly fee for any required feature of the ETA℠. However, financial institutions may charge a fee for cash withdrawals and balance inquiries above the minimum required and for other services such as card replacement and account research. Financial institutions may impose fees for these services at their customary rates, except that overdraft fees may not exceed $10.00.

Treasury will compensate financial institutions $12.60 per ETA℠ established as a one-time account set-up fee.

ETA℠ AVAILABILITY

Treasury currently estimates that financial institutions will begin enrolling in the program this summer with the ETA℠ becoming available to recipients beginning in the fall of 1999.

FOR MORE INFORMATION

For more information, please contact Sally Phillips, Senior Financial Program Specialist, at (202) 874-7106; Matthew Friend, Financial Program Specialist, at (202) 874-7032; Matthew Helfrich, Financial Program Specialist at (202) 874-6754 or Cynthia L. Johnson, Director, Cash Management Policy and Planning Division, at (202) 874-6590. Additional information may be obtained by calling any of the phone numbers listed above or by visiting the ETA℠ web page at www.fms.treas.gov/eta/.

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