



CLINT ZWEIFEL
MISSOURI STATE TREASURER

**Statewide Banking
Contracts Overview**

Contracted Banking Services

- Depository Services
- Lockbox Services
- Check Disbursement Services
- Electronic Banking Services
- Prepaid Debit Card Program



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Depository Services

- Encompasses the deposit of all cash and checks collected in Jefferson City.
- Deposits of physical items are delivered to the contractor.
 - Most are picked up in the DOR-ICMO office by a courier service
 - Some are delivered directly to the bank by the collecting agency



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Depository Services

- Deposits of imaged items are made in two ways:
 - Remote Deposit
 - Uses contractor provided scanners and software to create batches of deposited items
 - Deposits may be made later in the day as bank staff doesn't physically process the deposited items.
 - Image Cash Letter
 - DOR uses their high speed processing equipment to image and transmit files of deposited items to the bank.



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Depository Services

- In Calendar Year 2012:

Physical Deposited Items = 1,339,581 48%

Imaged Deposited Items = 1,453,638 52%

Total Deposited Items = 2,793,219



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Lockbox Services

- The contract provides for the processing and deposit of high volume payments directed to the Department of Social Services
- Payments for:
 - Children’s Health Insurance Program (CHIP)
 - Ticket to Work
 - Spenddown
 - Child Support Annual Fee



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Lockbox Services

- Process through a “Retail” lockbox
 - Check is remitted with a scannable coupon created by DSS.
 - Contractor scans the payments and creates electronic files containing the payment and coupon information then transmits the data files to DSS
 - Reject/exception items go to DSS for processing



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Lockbox Services

- Payments for:
 - Third Party Liability Billings
 - Other Third Party Liability Billings
 - Missouri Medicaid Audit and Compliance



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Lockbox Services

- Process through a “Wholesale” lockbox
 - Check is remitted with supporting documentation from the remitter.
 - Due to the nature of the transactions, the supporting documentation may include many pages of explanations of benefits (EOBs)
 - The contractor processes the payments, but supporting document is processed by a DSS contractor.
 - Reject/exception items go to DSS for processing



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Lockbox Services

Deposited Items for Calendar year 2012

- Retail Lockboxes = 239,029 items
- Wholesale Lockboxes = 26,230 items



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Check Disbursement Services

- Encompasses the clearing of all checks written by the state and drawn on the state treasury as well as the Lottery Prize account.
- The contractor clears checks issued for state vendor payments, state payroll, individual and corporate income tax refunds, DSS benefit payments, and Lottery Prize payments



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Check Disbursement Services

- Contract includes Positive Pay Services
 - Bank product allowing the customer to obtain bank validation of paid items as they are presented for payment.
 - Validate on check number and dollar amount.
- With the last contract, we added payee positive pay
 - Validate payee name as well.



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Check Disbursement Services

Examples of fraudulent checks presented against state accounts.

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PRONTO STAFFING GROUP
1602 MCGEE ST.
KANSAS CITY, MO 64110

COMMERCE BANK
955 Iowa St.
Kansas City, KS 66044-1836
913-524-3730

92475012

DATE 08/13/2012

18-8085/0010

PAY TO THE ORDER OF **SHANNA D HUFF**

\$ ****425.07**

FOUR-HUNDRED-TWENTY-FIVE AND 07/100 DOLLARS

SHANNA D HUFF
8100 E 80TH ST. #5
KANSAS CITY, MO 64138

MEMO _____



FOR YOUR PROTECTION AND SECURITY PURPOSES, THE FACE OF THIS DOCUMENT CONTAINS A COLORED BACKGROUND AND MICROPRINTING IN THE BORDERS.

MARRIOTT COURTYARD
2340 MARKET ST.
ST. LOUIS, MO 63103

CENTRAL BANK
80-310815

95595

DATE 08/10/2012

PAY TO THE ORDER OF **TERRY EICHELBERGER JR.**

\$ ****823.59**

Eight hundred and twenty-three and 59/100 DOLLARS

TERRY EICHELBERGER JR.
10 N.11TH ST.
BELLEVILLE IL 62220

MEMO _____

Pay Period: 07/28/2012 - 08/10/2012

Roger D. Miller
AUTHORIZED SIGNATURE

6 SECURITY FEATURES INCLUDED. DETAILS ON BACK 8



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Check Disbursement Services

Checks Cleared and Imaged for Calendar year 2012

- State Checks (vendor, payroll, individual and corporate income tax refunds and DSS benefit payments) = 1,282,926 items
- 70% of those checks were issued January through June



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Electronic Banking Services

- Encompasses the processing of all electronic receipt and payment transactions for the state.
 - Automated Clearing House (ACH) items
 - Wire Transfer items
- The contractor processes incoming ACH and wire transfer transactions from federal agencies, taxpayers, and customers



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Electronic Banking Services

- The contractor processes outgoing ACH transactions for state vendor payments, state payroll, individual and corporate income tax refunds, DSS benefit payments
- The contractor also processes outgoing ACH files that collect money for registrations, filings, licenses, fees and Lottery ticket sales



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Electronic Banking Services

- For both paper and electronic transactions, banks offer blocks and filters to protect against fraud.
- Blocks are just that. They block transactions from posting to an account.
- Filters are applied to specified transactions, allowing in what you authorize and rejecting everything else.



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Electronic Banking Services

- Can block paper and/or electronic transactions.
- Can block debits and/or credits.
- Or can filter to allow certain transactions to post. (Ex: Only allow debits from Bank A labeled “credit card” that are less than \$250.00)



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Electronic Banking Services

- ACH = Automated Clearing House
- Used synonymously with Direct Deposit
- Encompasses variety of electronic payment applications
- Not the same as a wire transfer/Fedwire



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Electronic Banking Services

Standard Entry Class (SEC) Codes

- CCD: Corporate Credit or Debit Entry
- CTX: Corporate Trade Exchange
- POP: Point-of-Purchase Entry
- PPD: Prearranged Payment and Deposit Entry
- RCK: Re-presented Check Entry
- TEL: Telephone-Initiated Entry
- WEB: Internet-Initiated/Mobile Entry



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Electronic Banking Services

Transactions processed for Calendar year 2012

- ACH Items Received = 409,000 items (includes both Federal Reserve and Internal contractor processed items)
- Wire Transfers Received = 821 items
- ACH Payments Made = 3,758,100 (64% tax season)
- ACH Returns = 13,974 (76% tax season)
- ACH NOCs = 13,755 (89% tax season)
- ACH Deletes/Reversals = 994
- Wire Transfers Sent = 385



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Federal Payments

- http://www.fms.treas.gov/faq/payments_why.html

Sample Company/Batch Header Record (with identifying information highlighted)

```
101 11111111 2222222229812151924B094101DALLAS FRB  AUSTIN DISB CTR  FEDSA001
5220DOJ TREAS 220  333333333CCDMISC PAY 121698981216  2444444444000001
```

RFC Symbol Number: 220 (Austin RFC)

Routing Number: 111036183 (Vendor/Miscellaneous Payments)

Note: A '2' in field 11 of the Company/Batch Header Record identifies the Originator as a federal government entity or agency.

| Regional Financial Center | Symbol Number | Location |
|---|---------------|----------------------------|
| Austin Regional Financial Center | 220 | Austin, Texas |
| Kansas City Regional Financial Center | 310 | Kansas City, Missouri |
| Philadelphia Regional Financial Center | 303 | Philadelphia, Pennsylvania |
| San Francisco Regional Financial Center | 312 | San Francisco, California |

For additional information on direct deposit call at (202) 874-7328.

Other questions? Contact the nearest FMS Customer Assistance Staff:

Kansas City..... **(816) 414-2100**
Philadelphia..... **(215) 516-8154**
San Francisco..... **(510) 594-7300**



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Prepaid Debit Card Program

- These services were procured at the request of DOR for individual income tax refunds
- Offered as an alternative for 2012 Individual and PTC refunds
- We required:
 - 1 free teller-assisted withdrawal
 - ATM access
 - No account maintenance fees



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Prepaid Debit Card Program

What we got:

- Free teller withdrawals
- Free in-network ATM access (UMB, MoneyPass and Chase)
- 1 free withdrawal out of network (then \$1.50 each)
- Free balance inquiries



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Prepaid Debit Card Program

Card Issuance Began January 10, 2013

- Through the end of February, we have issued over 11,150 debit cards
- Loaded with more than \$3.6 million
- Just under 1.5% of the tax refunds this calendar year are being distributed on debit cards.



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