



Electronic Funds Transfer (EFT) Update-Statewide Contract

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April 30, 2014

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History of the Electronic Funds Transfer (EFT) Program



- **SB222**
 - **1999**
- **Statewide EFT Processing Agreement**
 - **2002**
- **RFP and Contract Award**
 - **2005**
- **RFP and Contract Award**
 - **2013**

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Timeline of EFT 2013 Contract Award and Conversion

- **Contract Awarded**
 - **June 2013**
- **Memo Announcing Award**
 - **July 2013**
- **Initial Stakeholder Meeting**
 - **August 2013**
- **Second Stakeholder Meeting**
 - **September 2013**



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Timeline of EFT 2013 Contract Award and Conversion - continued

- **Conversion schedule**
 - **September 2013**
- **Phase II stakeholder meeting**
 - **September 2013**
- **NCAS Vendor Payments & HR Payroll (Pilots)**
 - **October 2013**
- **Target conversion date**
 - **April 2014**



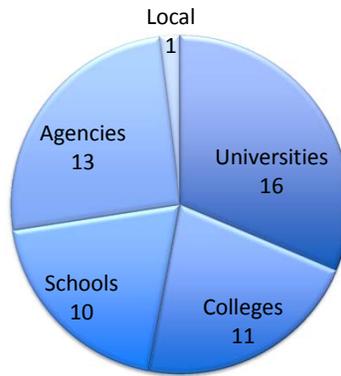
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EFT Conversion by the Numbers

Participants



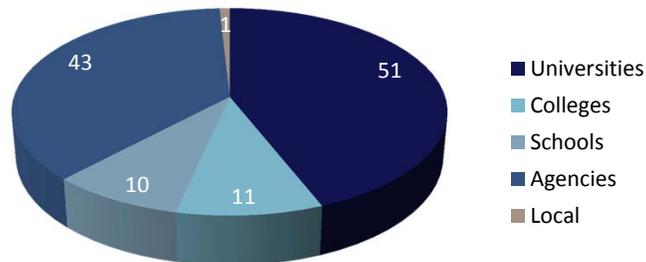
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EFT Conversion by the Numbers

Lines of Business

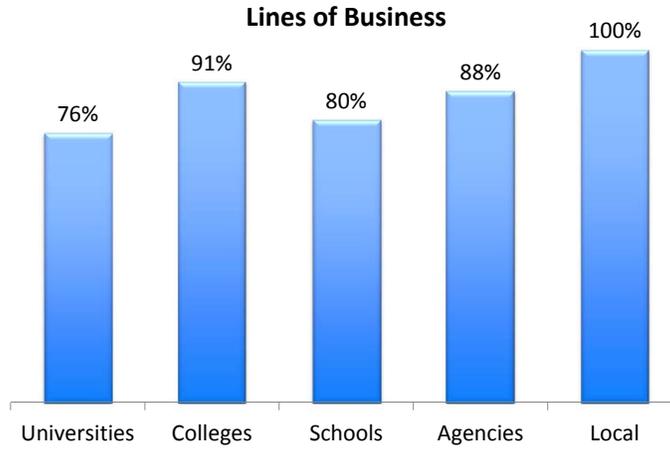


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EFT Conversion by the Numbers



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Office of the State Controller 2014 eCommerce Conference

Prepaid Card Solutions

Doris N. Dixon, Director, Senior Prepaid Card Specialist

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Credit vs. Debit vs. Prepaid

Credit	Debit	Prepaid
		
<p><i>Pay Later</i></p> <p>Credit extension</p>	<p><i>Pay Now</i></p> <p>Tied to directly to your Checking Account</p>	<p><i>Pay Before</i></p> <p>Pre-funded/No credit</p>

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Prepaid has many features

Consumer payments

Business Expense

Reloadable



Commercial Prepaid Card

Non-reloadable

Cash access

Purchases only

Prepaid debit card programs can save the government and higher education institutions money and enhanced client service in a number of ways. The programs made it possible to make electronic payments to those without bank accounts, they are widely-accepted by retailers, they provide added security for cardholders and they provide widespread access to cash.

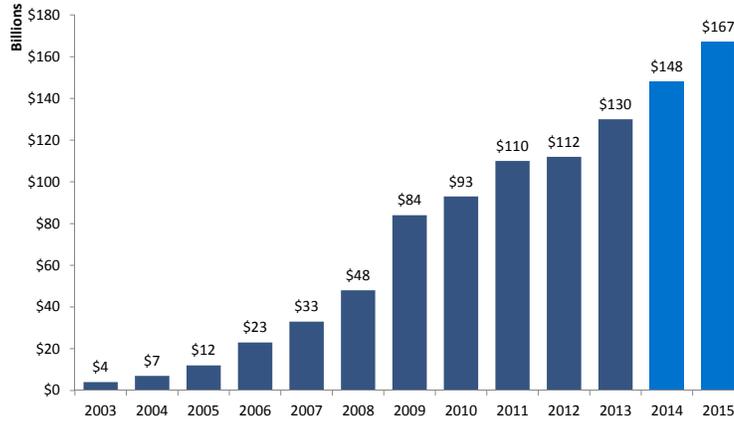
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Current payment trends research

While prepaid cards gain in popularity...



Total dollars loaded onto open-loop Commercial Prepaid Cards in the U.S.



* By 2015, the industry expects a

55%

increase in total dollars loaded onto commercial prepaid cards since 2010 alone.

Note: Includes dollars loaded in the open-loop segments of:

- Events & Meetings
- Employee & Partner Incentives
- Consumer Incentives
- Campus
- Social Security
- TANF
- Transit
- State Unemployment, Insurance
- Payroll
- Benefits
- FSA/HAS

Prepaid Card trends



- Card recipients have demonstrated a strong preference for cards over cash and are quickly becoming one of the most popular payment methods
- New research indicates that prepaid cards are quickly becoming a viable alternative to checks, cash rewards and merchandise offers



* Governments and the recipients of government payments derive significant benefits by using prepaid debit cards in lieu of paper checks.

Bank of America Merrill Lynch offers a variety of turn-key prepaid solutions for government, employee and consumer payments that reduce costs, streamline operations and better meet the recipients needs.

Prepaid Solutions



Proven experience and expertise



#1 BANK IN

Javelin Strategy & Research Annual Card Issuer's Safety Scorecard, 2013

FRAUD PROTECTION, DETECTION & RESOLUTION

BEST IN THE INDUSTRY

2013 survey conducted by the National Consumer Law Center

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PREPAID GOVERNMENT BENEFITS PROGRAMS

15+ YEARS

in prepaid card

introduced one of the 1st payroll prepaid cards in 1998

45% increase

in commercial prepaid card purchase volume in 2012

July 2013, Nilson Report

\$20+B disbursed

annually across 4,900 distinct prepaid programs

accepted at almost 40 million merchant locations globally

\$7+ million

BofAML investment in prepaid card in 2012-2014

Largest prepaid program

BofAML supports the largest unemployment and disability insurance prepaid card program in the U.S. with the State of California

Outstanding client service

Bank of America Merrill Lynch corporate and commercial banking call centers recognized

J.D. Power and Associates, 2013

Fastest growing issuer

Amongst the top 5 prepaid card issuers with a 45% purchase Volume growth rate in 2012

July 2013, Nilson Report

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Prepaid program benefits Bank of America
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Reduced risk

- Mitigates the liability/cost associated with cash or lost or stolen checks

Streamlined administration

- Successfully helps integrate electronic payments, while improving staff productivity

Reduced costs

- Eliminates check processing and recurring postage costs
- Reduces bank fee, account reconciliation and escheatment costs

Better efficiency

- Quicker and more successful reconciliation of funds than through paper-based, manual methods

Improved transparency

- Easier to monitor disbursements to show effective management and accountability

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Prepaid program benefits Bank of America
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How your payment recipients can benefit from receiving prepaid cards

Cardholders

- Cost-savings** – eliminates paying check-cashing fees and cardholder does not pay any account monthly maintenance fees
- Time savings & privacy**– allowing confidential or anonymous payment immediately; no trip to the bank to deposit, providing faster funds access
- More choices & convenience** – Unlike checks, customers have access to use funds wherever Visa or MasterCard debit cards are accepted
- Security/safer than cash** – improves safety, fraud protections and zero liability. If lost or stolen, the unspent amount can be replaced
- Customer service** – 24/7/365 customer service and account information via phone and internet

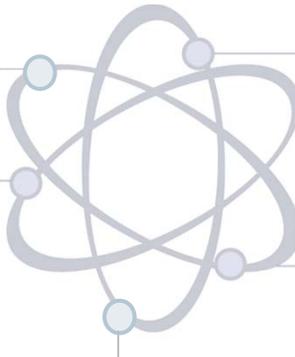
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Key prepaid program features



24/7 support for your cardholders –
Customer service is available through an online website, toll-free telephone access to an IVR of live agent call center

Dedicated client support–
support including account management, implementation and client support hot line



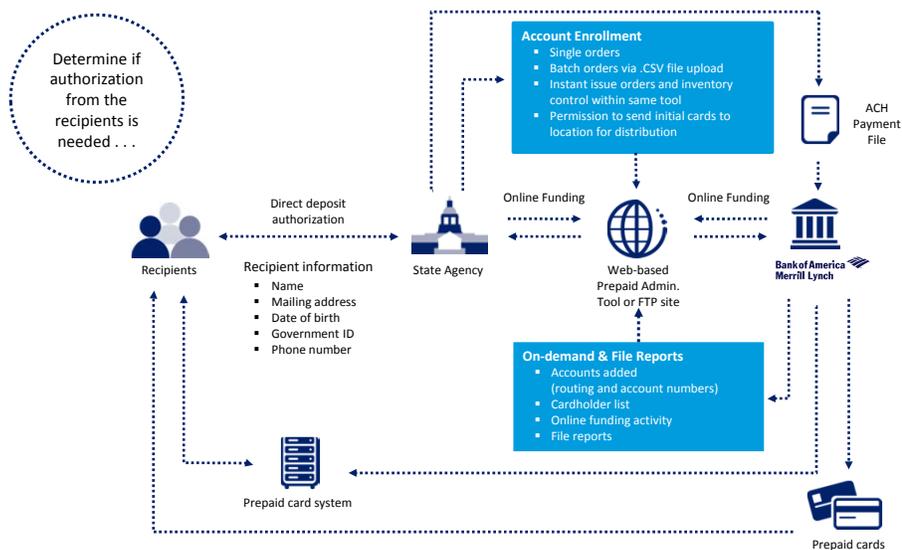
Flexible product structures –
Multiple product design and structure options, including ATM access.

Easy to implement – You are assigned an implementation project manager to provide complete support as you design and launch your program

Easy to administer – Secure web-based tools to manage your program and access reporting

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Account enrollment and funding process



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Prepaid Cards for Government



Multiple disbursement types



Use case: Unemployment insurance benefits

Recurring payments through prepaid cards

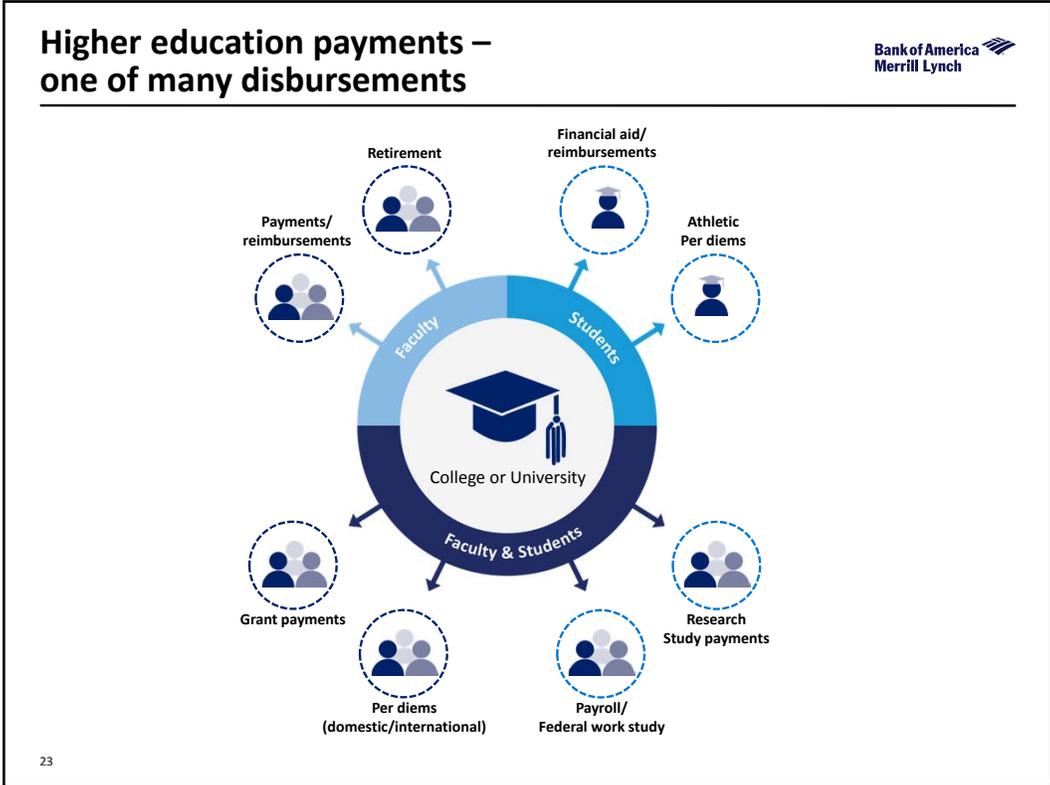


Personalized	+	Features	+	Supported
<ul style="list-style-type: none"> Personalized cards issued to Unemployment Insurance recipients Trade Readjustment Allowance and additional unemployment benefits eligible 		<ul style="list-style-type: none"> Primary funding via ACH direct deposit Reloadable Purchases everywhere Visa/MasterCard debit cards accepted, plus cash access via ATMs and financial institutions Online funds transfers Emergency cash transfers via Western Union 24/7/365 Cardholder customer service 		<ul style="list-style-type: none"> Fully customized implementation with technical lead and dedicated implementation engineer resources Marketing and transition support Fully automated enrollment and reporting support via data file transmissions Web portal administration option Dedicated Card Account Manager and Prepaid Client Support for agency administrators

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Prepaid Cards for Higher Education





Use case: Research study payments

Immediate payment to participants through prepaid cards

Product models

Anonymous	Registered	Supported
<ul style="list-style-type: none"> Instant issuance of card to study participants Single load up to \$1,000 Cash access restricted 	<ul style="list-style-type: none"> Instant issuance of card to study participants (non-personalized) Reloadable up to \$5,000 Cash access allowed Cardholder website 	<ul style="list-style-type: none"> Study-level reporting Web portal with security functions to segregate funding and enrollment Card inventory management system Logo customized card, if desired

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Driving a successful prepaid program



All parties need to derive value

Agency/ Institution	Cardholder	Issuer
<ul style="list-style-type: none"> Improved transparency No escheatment 	<ul style="list-style-type: none"> Faster payments: recurring or one-off No cost / low cost: no nuisance fees Ease of use: simple collateral 	<ul style="list-style-type: none"> Satisfied and well-informed cardholder Protected reputation Prepaid is not a revenue share model



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Questions & Open Discussion



Appendices

Our prepaid card credentials

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Our commitment

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Why Bank of America Merrill Lynch

- A leader in prepaid card solutions, with new programs in the government agency market
- Over 15 years experience providing prepaid card solutions to corporations, government agencies or higher education institutions, as well as individual cardholders
- Leading provider of debit card transactions with over 85 billion transactions processed annually based on 30 million cards issued
- Supports the largest unemployment and disability insurance prepaid card program in the U.S. (California Employment Development department—CA EDD)
- A leader in state tax refund prepaid card programs
- User friendly, web-enabled platform for managing programs
- 24/7 cardholder support in English and Spanish
- Account access at 16,300 ATMs coast to coast—with no ATM fees
- Prepaid card accounts are FDIC insured, with full Regulation E compliance

Case Study: Success with the CA EDD

CA EDD is the largest [state agency prepaid card] program in the country.

The program is a major undertaking for the state. In 2009, EDD paid out \$20.2 billion in unemployment insurance benefits, \$4.3 billion in disability benefits and \$462 million for paid family leave.

EDD believes going paperless will save \$4 million in printing and postage costs once the payments are fully converted.

Source: The Orange County Register,
State disability pay goes plastic (January 10, 2011)

Prepaid card solutions for governments



Bank of America Merrill Lynch offers several prepaid card solutions that can help governments disburse funds quickly and cost-effectively.

Type of Disbursement	Recipients	Card Solution
Payroll	Employees	CashPay Payroll Card
Worker's compensation	Employees	Government Prepaid Card
Unemployment/disability	Benefit recipient	Government Prepaid Card
Child Support	Benefit recipient	Government Prepaid Card
Temporary Assistance for Needy Families (TANF)	Benefit recipient	Government Prepaid Card
Tax refunds	Taxpayer	Government Prepaid Card
Retirement/pension	Employees	Government Prepaid Card
Payments/reimbursements	Employees	Commercial Prepaid Card/ Visa Reward Card

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Prepaid solutions for higher education



Bank of America Merrill Lynch offers several prepaid card solutions that can help higher education institutions disburse funds quickly and cost-effectively.

Type of Disbursement	Recipients	Card Solution
Payroll/Federal work study	Students or faculty	CashPay Payroll Card
Financial aid/reimbursements	Students	Higher Education Prepaid Card
Athletic per diems	Students	Commercial Prepaid Card
Per Diems (domestic/international)	Students or faculty	Commercial Prepaid Card
Research study payments	Students, faculty or consumers	Commercial Prepaid Card
Grant payments	Students or faculty	Higher Education Prepaid Card/ Commercial Prepaid Card
Retirement	Faculty	Commercial Prepaid Card
Incentives/rewards	Students, faculty or consumers	Commercial Prepaid Card/ Commercial Visa Self-Service Reward Card Program

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