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# Treasury Financial Manual

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## Chapter 9000

### Stored Value Cards (SVCs)

This chapter prescribes the policies and procedures governing authorized federal entities' use of Stored Value Cards (SVCs), sometimes known as "smart cards," to electronically disburse or otherwise transfer funds. It describes:

- The different types of SVCs administered by the U.S. Department of the Treasury (Treasury), Bureau of the Fiscal Service (Fiscal Service),
- How federal entities implement and participate in an SVC program,
- A participating federal entity's responsibilities in managing an SVC program, and
- Treasury's responsibilities in managing an SVC program.

SVCs subject to this chapter include SVCs issued in programs used to support U.S. government operations domestically and overseas, including "EagleCash<sup>®</sup>," "EZpay," "Navy Cash<sup>®</sup>," "Marine Cash<sup>®</sup>," and other similar programs. Typically, SVCs are used in closed environments.

For additional information about SVCs visit [TFM Volume I, Part 4A, Chapter 3000](#).

### Section 9010—Background

An SVC is a smart card capable of storing electronic monetary value on the card's embedded computer chip. In some cases, an SVC also contains a branded debit card feature to process retail transactions or allow the SVC holder to obtain cash at an automated teller machine (ATM) outside the closed environment of the SVC program. Federal entities may issue SVCs capable of having value added on either a "reloadable" or "non-reloadable" basis. Once issued, federal entities and authorized cardholders may add value to reloadable cards via encrypted hardware devices assigned to a federal entity office or installation. As the SVC cardholder adds value to the card, or spends or transfers the value on the card via SVC hardware devices located at retailers or other SVC program locations, the SVC balance changes reflecting the amount spent or transferred to or from the card's value.

Treasury, typically in partnership with federal entities such as DOD, provides SVC to federal entities to disburse, transfer, and otherwise manage funds in a variety of closed environments. For example, the Departments of the Army and Air

Force, and U.S. Marine Corps use the EZPay SVC to provide recruits at military training sites with a pay advance to purchase supplies and services required during military training at the merchant locations on base. The U.S. military uses EagleCash<sup>®</sup> at bases around the world as the standard means for deployed soldiers, civilians, and contractors to facilitate the movement of funds to and from an SVC holder's domestic bank account, convert foreign currency, or otherwise obtain needed funds. The Navy Cash<sup>®</sup> card service is used to replace coins and currency on-board ships, and, because it is a branded debit card, it allows SVC holders to make purchases at merchants who accept the appropriate network(s)' PIN-based branded debit cards or obtain cash from ATMs that accept branded debit cards when ashore.

A Treasury-designated agent holds the funds for an SVC program in an account established and maintained by Treasury, sometimes referred to as a "pooled" account or "funds pool."

### **Section 9015—Authority**

Treasury designates financial institutions and Federal Reserve Banks (FRBs) to act as depositories of public monies and financial or fiscal agents for SVC programs pursuant to 12 U.S.C. §§ 90, 265, 266, 391, 1434, 1464(k), and other applicable laws. Treasury designates depositories of monies pursuant to 31 U.S.C. § 3303 and 31 CFR Part 202. Treasury-designated financial and fiscal agents may perform reasonable duties as required by Treasury.

Federal entities are required to deposit funds in the Treasury or with a Treasury-designated depository, pursuant to 31 U.S.C. § 3302(c)(1). See [TFM Volume I, Part 5, Chapter 4100](#), Section 4120. Treasury disburses federal payments pursuant to 31 U.S.C. §§ 3321, 3322, 3327, and 3332.

### **Section 9020—Definitions**

For terms and definitions related to this chapter, please view the [TFM Glossary](#).

### **Section 9025—Policy, Benefits, and Use**

SVC programs further the Federal Government's goals to provide timely, efficient, and accurate disbursement and collection services in a secure and convenient way.

To further the goals of the EFT legislation included in the Debt Collection Improvement Act of 1996, federal entities should use SVCs or some other electronic payment mechanism, whenever feasible, to replace or minimize the transfer and disbursement of funds using cash, paper checks, third-party drafts, imprest funds, or other non-electronic payment mechanisms. SVC programs are especially appropriate when alternative electronic mechanisms are not available. They reduce the use of cash and checks in contingency areas of operation where access to on-line commercial payment and collection systems is limited or nonexistent, or can provide an advance of pay to support military training. SVC programs improve a federal entity's financial controls and cash management

capabilities, streamline administrative processes, and provide SVC holders with convenient access to their funds. SVCs may be used to:

- Provide immediate availability of funds to SVC holders, both domestically and abroad,
- Provide SVC holders with convenient, safe access to funds, as well as the ability to use their funds at the numerous places where SVCs are accepted,
- Eliminate interchange fees for transactions, thereby resulting in lowered costs for merchants and cardholders,
- Minimize new trainee recruit processing time by the military,
- Reduce the cost of securing, transporting, and accounting for cash,
- Supplant the use of U.S. currency overseas under certain conditions as determined by the Treasury and the federal entity,
- Provide a fully auditable accounting trail for financial transactions,
- Reduce manually intensive back-end processes associated with scrip, vouchers, meal tickets, money orders, traveler's checks, and other non-electronic payment mechanism, and
- Reduce exposure to risk of theft and loss of funds.

A federal entity should contact Treasury (see Contacts below) to discuss whether or not its funds transfer and other financial transaction processes could be improved by using SVCs. If so, Treasury and the federal entity can determine the type of SVC program that would best meet the federal entity's needs and the needs of the federal entity's constituents.

#### **Section 9030—Procedures for Federal Entity Implementation of an SVC Program**

Each federal entity determines, in consultation with Treasury (see Contacts below), the funds transfer and/or other financial transaction processes for which an SVC program would be appropriate and the type of SVC that would best meet the federal entity's needs and the needs of the federal entity's constituents. To implement an SVC program for any of its funds transfer or financial transaction processes, a federal entity must:

- Enter into an agreement with Treasury. The agreement will describe the terms of the federal entity's implementation of an SVC program and the respective responsibilities of the federal entity and Treasury for operation of the program, as described in this chapter. In addition, the agreement will specify the type of program and SVC(s) the federal entity will implement, the federal entity's funding schedule, and the fees and costs to be paid by the federal entity and Treasury,
- Designate an SVC project manager (see subsection 9035.10),
- Designate accountable officers (see subsection 9035.20),
- Establish how the federal entity will implement its SVC program (see Section 9040), and
- Establish a funding system by which the federal entity will deposit funds in an account(s) at a Treasury-designated financial institution (that is, a Treasury-designated depository and financial agent) to fund all SVCs issued (see subsection 9040.40).

## **Section 9035—SVC Project Manager and Accountable Officers**

### **9035.10—SVC Project Manager**

Before implementing an SVC program, the federal entity must designate an SVC project manager.

The SVC project manager must manage the SVC program and the activities described in this chapter in accordance with the:

- Agreement between Treasury and the federal entity,
- SVC Standard Operating Procedures (SOPs) and other instructional documents, and
- Program-specific policies and procedures developed by the federal entity in consultation with Treasury.

The SVC project manager:

- Acts as the federal entity's liaison among Treasury, the federal entity, and other interested stakeholders,
- Provides full support for the SVC program within the federal entity,
- Develops and obtains federal entity approval for the concept of operation and other related plans for the implementation of the SVC program for the federal entity,
- Obtains and maintains the Security Assessment and Authorization (SA&A), Authority to Operate (ATO), or similar approval for the SVC program to access the federal entity's computer networks so that the SVC program can be deployed and operate as designed,
- Secures federal entity funding approvals necessary for the SVC program,
- Coordinates the federal entity's implementation of the SVC program,
- Oversees and obtains federal entity approvals for changes to the program,
- Transfers sufficient funds to Treasury, or its financial or fiscal agent, to ensure full funding for the federal entity's obligations with respect to outstanding SVCs, in accordance with any applicable interagency agreements,
- Maintains accurate up-to-date lists of accountable officers, and
- Along with the federal entity's accountable officers, complies with other SVC program policies and procedures as described in the agreement, SOPs, and other SVC instructional documents.

The federal entity must specifically identify the tasks for which the SVC project manager is responsible in the agreement between Treasury and the federal entity.

### **9035.20—SVC Accountable Officers**

Before implementing an SVC program, the federal entity must designate one or more accountable officers.

The SVC accountable officers must manage the SVC program and the activities described in this chapter in accordance with the:

- Agreement between Treasury and the federal entity,
- SVC standard operating procedures (SOPs) and other instructional documents, and
- Program-specific policies and procedures developed by the federal entity in consultation with Treasury.

Specifically, the SVC accountable officers:

- May issue SVCs and PINs to cardholders,
- Ensure that all enrollment processes are followed when issuing SVCs and PINs to cardholders,
- Account for outstanding SVCs and the funds associated with each SVC, to the extent the SVCs and funds are within the control of the federal entity. These duties include but are not limited to accounting for funds loaded onto accountable official and other federal entity cards that are used in the accountable official's area of responsibility and assisting in the collection of cardholders' negative balances while a cardholder is in the accountable official's area of responsibility,
- Provide instructions to Treasury's financial or fiscal agent as to the proper allocation of funds among the SVCs that are issued, by account number and, where feasible, cardholder name,
- Maintain accurate, up-to-date inventories of SVC program hardware and equipment, including POS terminals, laptops, kiosks, CADs, SVCs, and other items associated with the SVC program that are delivered to federal entity locations,
- Safeguard SVCs as sensitive items, to the extent the SVCs are within the control of the federal entity (the federal entity is accountable for SVCs issued by the federal entity at SVC-issuance locations), and
- Along with the SVC project manager, comply with other SVC program policies and procedures as described in the agreement, SOPs, and other SVC instructional documents.

The federal entity must specifically identify the tasks for which each accountable officer is responsible. The federal entity should segregate the duties appropriately in accordance with the federal entity's policies and procedures.

As applicable and appropriate, accountable officers are responsible for the duties and responsibilities of a certifying official or a disbursing official (see [TFM Volume I, Part 4A, Chapter 3000](#)), depending upon the designation of the accountable officer, as set forth in 31 U.S.C. §§ 3322 (disbursing officials), 3325 (vouchers), 3528 (certifying officials), and other applicable laws.

## **Section 9040— Federal Entity and Treasury Responsibilities in Managing an SVC Program**

### **9040.10— Federal Entity Responsibilities**

Each federal entity must manage its own participation in a Treasury SVC program in accordance with the requirements of applicable federal law, this chapter, the agreement between Fiscal Service and the federal entity (see section 9030), SVC policies, and other governing documents, for example, SOPs. For any given SVC program, a federal entity may elect to distribute SVCs and PINs directly to its cardholders or, alternatively, may ask Treasury to direct Treasury's financial or fiscal agent to distribute the SVCs and PINs directly to cardholders, as approved by the federal entity. In managing an SVC program in accordance with the agreement, SVC governing documents, and federal entity-specific procedures, the federal entity:

- Ensures appropriate anti-money laundering controls and procedures are in place in order to document the flows of monies onto or off of the card (at federal entity locations),
- Assists Treasury with efforts to collect unpaid balances owed to the funds pool by merchants, SVC holders, and other SVC program participants (other than losses as a result of theft, fraud, or unauthorized use of an SVC). Collection efforts include, but are not limited to, contacting the cardholder, processing wage offsets and other collection activities,
- Ensures the proper maintenance of SVC program hardware and equipment, including POS terminals, laptops, kiosks, CADs, SVCs, and other items associated with the SVC program that are delivered to federal entity locations,
- Provides SVC cardholders with all disclosures, agreements, instructions, and other communications required by federal laws, regulations, policies, and procedures (see subsection 9040.50), and makes necessary adjustments as these requirements change,
- Complies with Treasury's and the federal entity's security and internal control procedures, including but not limited to procedures with respect to lost or stolen SVCs (see subsection 9040.30),
- Manages the federal entity-specific software and hardware certification process,
- Funds the SVCs (see subsection 9040.40),
- Fully supports any updates to SVC hardware, software, and related equipment,
- Provides communication protocols for kiosks and other SVC devices,
- Protects the confidentiality of any Privacy Act, confidential, or nonpublic information provided to the federal entity in connection with an SVC program, when the data is within the federal entity's custody or control,
- Properly accounts for and reports the funds allocated to SVCs (see Section 9050),
- Ensures the timely and accurate transmittal of transaction processing files from SVC devices (e.g., laptops, POS terminals, CADs, and kiosks) to Treasury-designated financial or fiscal agents, as applicable,
- Pays fees associated with the federal entity's implementation of the SVC program (see Section 9060),
- Aggressively investigates and prosecutes (or assists in investigations and prosecutions of) end-user theft, fraud, unauthorized use, or other

improper use of the SVC service that occurs in federal entity areas of operation and assists in obtaining restitution for the party suffering the loss,

- Compensates the SVC funds pool for losses that result from theft, fraud, unauthorized use, or other improper use of SVC equipment or resources for which the federal entity is responsible, unless the funds pool has been reimbursed from other sources or Treasury determines that such compensation is unnecessary or does not serve the SVC program's best interests,
- Maintains responsibility for all federal entity and accountable officer SVC functions performed by the federal entity's contractors (if any). These duties may include, but are not limited to, back-office functions (e.g., obtaining an ATO, generating federal entity documentation for interagency meetings, etc.) and customer-facing functions (e.g., disbursing/finance office functions, etc.) that the federal entity allows a contractor to perform,
- Manages the SVC equipment, inventory and distribution of SVCs to authorized SVC cardholders, except as these duties may be performed by a Treasury-designated financial or fiscal agent at Treasury's direction,
- Uses the required SVC equipment as designated by Treasury or its financial or fiscal agent,
- Complies with SVC enrollment processes, including the timely, accurate transmittal of required enrollment information and documentation to Treasury-designated financial or fiscal agents, as applicable,
- Trains federal entity employees on proper implementation and management of the federal entity's participation in a Treasury SVC program, and
- Maintains full accountability of any SVC equipment in their inventory. Treasury, in consultation with the federal entity and as described in the agreement or other governing documents (for example, SOPs), assigns other responsibilities to the federal entity as necessary or desirable for a particular SVC program.

#### **9040.20— Treasury Responsibilities**

Treasury, either directly or through its designated financial or fiscal agent, assists an federal entity with the implementation and operation of the SVC program(s) for the federal entity. In accordance with the agreement and SVC governing documents, Treasury:

- Provides software and hardware upgrades and enhancements through the Treasury-established change management process,
- Files a Suspicious Activity Report (SAR) with appropriate regulators and notifies law enforcement when there is evidence that the card is being used for an unauthorized purpose, such as money laundering or as a vehicle to commit a financial crime,
- Assists federal entity in certifying the SVC software as required by the federal entity-specific hardware and software certification program,
- Manages the proper distribution of, and accounting for, SVC program funds pools, including residual funds on expired SVCs (see subsection

9040.60),

- Provides financial and other reports on the SVC cards, transactions, and settlement activity,
- Provides SVC hardware and card stock to the federal entity,
- Protects the confidentiality of any Privacy Act, confidential, or nonpublic information in connection with an SVC program, when the data is within the custody or control of Treasury or Treasury's financial or fiscal agent,
- Provides customer service to the federal entity with respect to the use of SVCs, SVC software, and its systems,
- Provides customer service to all SVC cardholders,
- Trains federal entity personnel on the operation of the SVC program and systems,
- Provides the federal entity with the disclosures and other SVC program information that the federal entity must provide to the SVC holders,
- Designates official and up-to-date points of contact for operations at Treasury and its designated financial or fiscal agents,
- Designates and compensates a financial or fiscal agent to operate the SVC program and manage the SVC funds pool(s),
- Provides a mechanism to transfer funds associated with the SVC program,
- Provides marketing services,
- Assists with the deployment of the SVC program at locations determined by the federal entity in consultation with Treasury,
- Provides hardware delivery tracking reports, which contain information about SVC program hardware shipped to and from federal entity locations,
- Provides timely expense reports and invoices for fees and costs incurred by the federal entity,
- Assists with the efforts of the federal entity and law enforcement officials to investigate and prosecute cases of waste, fraud, or abuse within the SVC program, and to collect restitution for the funds pool when such restitution is available,
- Provides SVC software and documentation to the federal entity, as necessary to implement and manage the SVC program, and
- Establishes a formal process to implement and manage software and other technical changes to the SVC program,

### **9040.30—Security and Internal Controls**

The federal entity must establish and implement policies governing security and internal controls with respect to its SVC program in conformance with Government-wide and Treasury policies and procedures. The federal entity must establish and implement controls to protect against:

- Loss, theft, and fraudulent or unauthorized use of SVC equipment, card stock inventories, preprinted forms, and other items used to access SVC systems, when such items are within the custody and control of the federal entity,
- Loss, theft, and fraudulent or unauthorized disclosure of PINs, when PINs are within the custody and control of the federal entity,
- Loss, theft, and fraudulent or unauthorized use of SVCs and SVC

- hardware in the custody and control of the federal entity or its contractor's illegal use of the card as a money-laundering vehicle,
- Fraudulent or unauthorized use of on-line or off-line SVC software under its control, and
  - Other losses caused by theft or fraudulent or unauthorized activities in the federal entity's implementation of the SVC program.

The federal entity's procedures must include a process for promptly reporting, and for educating SVC holders on how to promptly report, to Treasury or Treasury's financial or fiscal agent any loss, theft, or fraudulent or unauthorized use of SVC cards, PINs, passwords, or other security breach or malfunction involving the SVC program.

The federal entity must implement an internal audit process to review and recommend internal controls and safeguards with respect to its SVC program in conformance with Government-wide and the minimum Treasury policies and procedures. Periodically, Treasury and the federal entity review and update the criteria upon which the audit reviews are based.

#### **9040.40—Funding SVCs**

Each federal entity is responsible for fully funding the SVC funds pool for the total value of SVCs issued or loaded by the federal entity or Treasury's financial or fiscal agents, in accordance with the agreement between the federal entities or other governing documents (for example, SOPs) for the federal entity's implementation of the SVC program(s). For value loaded into the SVC program by SVC cardholders at kiosks, the federal entity and Treasury work collaboratively to ensure full collection from the SVC holder (see Section 9030 for information on the MOU).

#### **9040.50—Disclosure**

The federal entity must provide SVC cardholders with all necessary disclosures as required by law, including but not limited to, disclosures required by Regulation E (12 CFR 1005), if applicable, and as provided to the federal entity by Treasury. Among other things, the disclosures address the SVC cardholders' responsibilities for protecting the SVC and mitigating damages from loss, theft, and fraudulent or unauthorized use of the SVC. The federal entity must obtain the necessary authorizations from the SVC cardholder, must provide any necessary disclosures, and must facilitate the collection of monies owed to the SVC funds pool by the SVC cardholder at any time after activation of the SVC. The federal entity should consult with the federal entity's legal counsel to determine any federal entity-specific disclosure requirements associated with a particular SVC program. Treasury and its financial or fiscal agent must review any SVC program disclosures or other forms prepared by a federal entity before being disseminated.

#### **9040.60—Residual Funds (Escheat)**

Unclaimed balances on an SVC at expiration are identified as residual funds and, if possible, are returned to the cardholder systematically by Treasury's

designated financial or fiscal agent. If systematic return is not possible, the federal entity and Treasury initiate good faith efforts to locate and return residual funds greater than \$10 to the authorized SVC cardholder. Should systematic or good faith return not be possible, residual funds greater than one year old are transferred to the Treasury trust fund receipt account "Unclaimed Moneys of Individuals Whose Whereabouts are Unknown" (see 31 U.S.C. § 1322) to be claimed with supporting documentation by contacting Treasury (see Contacts below). Refer to [TFM Volume I, Part 6, Chapter 3000](#), for additional guidance on residual funds.

#### **Section 9050—Accounting Requirements**

Treasury, either directly or through its designated financial or fiscal agents, maintains source data to support each SVC transaction and program expense element. Federal entities comply with Treasury's applicable accounting requirements with respect to the disbursement and transfer of funds in the SVC program. For example, see, [TFM Volume I, Part 2, Chapter 3400](#) regarding requirements for accounting for and reporting on cash held outside of Treasury.

#### **Section 9060—Payment of SVC Program Costs and Fees**

Federal entities and Treasury pay SVC program fees and costs as described in the agreement between the federal entities (see Section 9030) or otherwise agreed upon in writing, in accordance with federal laws, regulations, and policies. Generally, the federal entity funds the costs of cards, card readers, hardware and software installation, certain software development, federal entity-specific SA&A, ATO (or other similar process), program deployment, marketing materials, and marketing peripherals. Treasury generally funds settlement, transaction processing, customer service, standard software development, reporting, program management, and Treasury certification and accreditation costs. The federal entity and Treasury will execute an agreement to effect the payment of these costs and fees.

The federal entity will pay these costs and fees to Treasury promptly when due.

#### **Contacts**

Direct inquiries concerning this chapter and stored value card programs to:

Attn: Nadir Isfahani  
Bureau of the Fiscal Service  
Department of the Treasury  
3201 Pennsy Drive, Building E  
Landover, MD 20785  
Telephone: 202-874-5215   
E-mail: [nadir.isfahani@fiscal.treasury.gov](mailto:nadir.isfahani@fiscal.treasury.gov)

For additional information on SVCs, visit the following websites:

[Bureau of the Fiscal Service](#)

[Stored Value Card](#)

[EZpay](#)

[EagleCash](#)

[NavyMarineCash](#)

For additional guidance for SVC programs used by the U.S. military:

See Department of Defense's Financial Management Regulation ([DoD FMR](#)).

**Summary of Updates in this Release**

Section No.	Section Title	Summary of Change
9000	Stored Value Cards (SVCs)	Added a sentence informing the reader of additional information in <a href="#">TFM Volume I, Part 4A, Chapter 3000</a> .
9020	Definitions	Added verbiage and hyperlink redirecting readers to the TFM Glossary.
All		Changed "agency/ agencies" to "federal entity/ federal entities".