



Treasury Financial Manual

A-2012-02

February 2012

Announcement

Subject: Limitations on Credit and Debit Card Collection Transactions

1. Purpose

This Treasury Financial Manual (TFM) announcement notifies agencies of the revised Financial Management Service (FMS) policy on the transaction dollar-value limit to collect revenue using credit and debit cards for agencies using the Card Acquiring Service. The revised policy, which will be effective June 30, 2012, lowers the maximum dollar amount allowed for a credit card transaction and eliminates the maximum dollar amount limit for a debit card transaction.

2. Background

When participating in the Card Acquiring Service, agencies may accept credit and debit cards for the provision of goods and services, assessed fees, fines, and other monies due to the Federal Government. FMS has an agreement with a financial agent that serves as the acquiring bank and provides card acquiring processing services.

Large-dollar card transactions are costlier for the Federal Government than small-dollar transactions. FMS incurs a variety of fees for each transaction, the largest of which is an interchange fee based on a percentage of the dollar value of the transaction. For example, a 1.5-percent fee for a \$200,000 transaction would cost the Federal Government \$3,000, while a 1.5-percent fee for a \$200 transaction would cost the Federal Government \$3. Paying high fees for accepting credit card transactions is not in the Federal Government's best interest.

Recent legislation enacted by Congress reduces the interchange costs associated with accepting debit card transactions. The legislation also allows Federal agencies to set a maximum credit card transaction amount, as well as a minimum credit card transaction amount not greater than \$10. To reduce the fees that the Federal Government incurs for credit card processing, FMS is further limiting the dollar value allowed for credit card transactions. When collecting large-dollar transactions, agencies should use other less expensive electronic alternatives. FMS does not allow agencies to set a minimum credit or debit card transaction amount.

3. Policy on Credit Card Collection Transactions Effective June 30, 2012

Agencies must limit their credit card collections so that individual transactions are no more than \$49,999.99. This limit has been lowered from the current amount of \$99,999.99 and now applies only to credit card transactions. If the agency's cashflow includes individual credit card transactions

greater than \$49,999.99, then the agency should use other electronic collection alternatives for those transactions. Available electronic alternatives include Automated Clearing House debits or credits and Fedwire transactions.

FMS will instruct its acquiring processor to reject any credit card transaction greater than \$49,999.99.

Agencies may not split individual transactions greater than \$49,999.99 into two or more transactions over one or multiple days. Splitting a transaction violates the credit card network and FMS rules. For a customer that attempts multiple transactions on the same day with the same credit card, those transactions that cause the total charge to exceed the limit of \$49,999.99 will be rejected.

Agencies must change any regulations, policies, or other procedural documents to reflect this policy. Additionally, this policy should be reinforced in agency communications with customers.

FMS will revisit this policy periodically to review the maximum transaction dollar-value limit as well as its application on a cashflow, program, agency, or other basis. FMS will be evaluating various applications of this policy with selected agencies in order to guide any future changes to this policy.

Agencies may not establish a minimum transaction amount as a condition for honoring a card. This applies to credit and debit card transactions. FMS may allow or establish a minimum transaction amount in certain circumstances for system security reasons or to meet an agency business or operating need.

4. Agency Compliance

FMS and its acquiring processor will monitor agency compliance with this requirement and will provide assistance to agencies not in compliance or that request guidance. FMS may charge the agency the cost of any noncompliant transactions in accordance with TFM Volume I, Part 6, Chapter 8000: Cash Management, Section 8080.

Contact the FMS Card Acquiring Service if assistance is needed to evaluate and/or implement other collection alternatives (see paragraph 6).

5. Authorities

The authority for this announcement is based upon 31 U.S.C. § 3301-3303 and 15 U.S.C. § 16930-2

6. Effective Date

This announcement is effective immediately.

7. Inquiries

Direct inquiries about this announcement or credit and debit card collections in general via email to CardAcquiringService@fms.treas.gov.