

the future of benefits payment processing

Electronic Benefits Transfer (EBT) is an effort begun in 1997 by the U.S. Department of Agriculture to electronically track allocations for government cash assistance programs, such as Food Stamp Benefits, Food and Consumer Services and Aid to Families with Dependent Children. A plastic payment card with a magnetic stripe and PIN is issued to the benefit recipient, similar to a traditional on-line debit card. So, instead of receiving checks or food stamps, recipients in participating states can use their payment cards at any EBT merchant.

Paymentech paved the way for EBT processing. Supermarkets and convenience stores were the first to embrace EBT technology, and widespread acceptance followed. All federal payments, including Social Security, were mandated to transfer to electronic means by 2002. This established a more secure, more convenient and more cost-efficient way of issuing, receiving and processing government assistance payments. Merchants who are comfortable with EBT processing today are the merchants who are prepared for tomorrow.

how EBT works:

Transactions are authorized electronically as long as funds are available on the recipient's card. When funds are depleted, transactions are declined until funds are replenished. Surcharging is not permitted on EBT transactions. There are now two types of EBT programs:

- **food stamps** – Merchants equipped to process EBT transactions simply swipe the card and prompt the customer to enter the PIN in the same manner as on-line debit card processing. The terminal then returns an authorization or a denial like a traditional electronic payment card transaction—no actual food stamps to collect and no change to return.
- **cash equivalents** – These are emerging programs for benefit disbursement, where in the past the benefit had been actual cash (a check the consumer could cash). The cards operate similarly to any other PIN-based debit card; purchases and cash-back are supported.

EBT benefits that transfer to you:

- **speed** – Transactions are processed in seconds—just like on-line debit transactions or cash advances.
- **convenience** – Set-up is simple and integrates easily with POS equipment you probably already own.
- **quicker settlement** – No counting, sorting and mailing food stamps or checks. Settlement is made directly to your business checking account, just like your credit card receivables.
- **better service** – Transactions are faster and allow you to focus on customer service for all of your customers. And recipients feel more comfortable in your store since there is less stigma attached to an electronic payment card.
- **competitive advantages** – The simple set-up allows smaller merchants (who may not have accepted or processed government assistance payments in the past) to compete with larger merchants.
- **more customers** – Accepting EBT as a means of payment broadens your customer base. And the advent of EBT means an increasing customer segment for the future of your business.
- **increased profitability** – Processing EBT could lead to more being spent in your store. Plus, since there is no change given on food purchases, every dollar is spent



qualifications:

Retailers must be set up to process transactions electronically, which means at the very minimum a POS terminal, printer and PIN pad. If you already own compatible equipment, getting set up could be as easy as a terminal software download. Either way, accepting EBT requires no more space or additional equipment than traditional debit and credit card processing.

For food sales, retailers must also be authorized by the USDA to accept food stamp benefits. But you needn't be a supermarket or convenience store to accept EBT; the ever-broadening range of EBT cash benefits other than food stamps means an ever-growing base that can purchase non-food items.

Contact your Paymentech representative for complete details on EBT processing and its available states. Make the future a part of your business today.