

A conference sponsored by the Payment Cards Center of the FEDERAL RESERVE BANK OF PHILADELPHIA

Government Use of the Payment Card System: Issuance, Acceptance, and Regulation

July 11-12, 2011



FEDERAL RESERVE BANK OF PHILADELPHIA

AGENDA

Conference Summary

The U.S. General Services Administration's SmartPay program accounts for nearly one in every five dollars transacted on procurement cards. The Government Accountability Office reported that government agencies accepted over \$27 billion in payments made with cards. Over 30 states, as well as federal agencies, have adopted prepaid cards to disburse funds for Social Security payments, unemployment benefits, and income tax refunds. Meanwhile, state legislatures and Congress are enacting card-related legislation that can affect the practices and business models that make these programs feasible.

The Payment Cards Center of the Federal Reserve Bank of Philadelphia is hosting this conference to explore the reasons for public-sector adoption of payment card options, the differing needs and preferences of the various participants, how the resulting strategic boundaries must be navigated to achieve balanced solutions that work for all parties, and how that balance can be affected by disruptive events, including regulatory action.



AGENDA

Monday, July 11

3rd Floor Conference Center
Pennsylvania Room

1:00 p.m.

Opening Remarks

Bob Hunt, *Vice President and Director, Payment Cards Center, Federal Reserve Bank of Philadelphia*

1:30 p.m.

Opening Panel: Finding a 360° Solution

Panelists representing different perspectives will undertake a high-level discussion of why public agencies are interested in using payment card alternatives for making payments, receiving payments, and distributing funds. The discourse will introduce participants to the strategic boundaries that are created when constituents are not in complete alignment and will open a dialogue on the need for negotiating these discordant areas to achieve acceptable solutions for all parties.

Moderator:

Susan Herbst-Murphy, *Industry Specialist, Federal Reserve Bank of Philadelphia*

Panelists:

Jodi Golinsky, *Chief Prepaid Counsel, American Express Company*

Richard Gregg, *Fiscal Assistant Secretary, Department of the Treasury*

Pamela Joseph, *Vice Chairman, Payment Services, US Bank*

Michelle Jun, *Senior Attorney, Consumers Union*

Robert Schmitt, *Manager of Banking Services, Department of Treasury, Commonwealth of Virginia*

BREAK

3:30 p.m.

Panel on Government Acceptance of Cards for Payment

This panel will look at public-sector entities as card-accepting merchants and will examine the reasons considered in the decision to accept cards, the response of and adoption by payers, and special rules and payment intermediaries that operate in this segment.

Moderator:

Dubravka Ritter, *Industry Specialist, Federal Reserve Bank of Philadelphia*

Panelists:

Bill Brushwood, *Director, Settlement Services Division, Department of the Treasury, Financial Management Service*

Greg Gentile, *President, Govolution LLC*

Kevin Phalen, *Commercial Card and Comprehensive Payables Executive, Global Treasury Services, Bank of America*

Tim Spence, *Partner, Oliver Wyman*

5:00 p.m. -

Cocktail Reception

7:15 p.m.

1st Floor - Eastburn Court



AGENDA

Tuesday, July 12

3rd Floor Conference Center
Pennsylvania Room

- 8:00 a.m. **Breakfast**
- 8:30 a.m. **Opening Remarks**
Loretta Mester, Executive Vice President and Director of Research, Research Department, Federal Reserve Bank of Philadelphia
- 8:45 a.m. **Panel on Government as Commercial Card Client**
This panel will discuss the factors considered in the decision to implement a procurement or other commercial card program, along with various programs' experience in achieving cost savings, improving control and reporting, and attaining employee satisfaction.
- Moderator:**
Stephanie Wilshusen, Industry Specialist, Federal Reserve Bank of Philadelphia
- Panelists:**
Paul Kurtz, State Cards Program Manager, Georgia Department of Administrative Services
Gonca Latif-Schmitt, Managing Director, Global Transaction Services, Citi
Rick Malcolm, Head of Prepaid and Commercial Partnerships, Visa Inc.
David Shea, Director, Office of Charge Card Management, Federal Acquisition Service, U.S. General Services Administration
- BREAK**
- 10:45 a.m. **Panel on the Use of Payment Cards to Distribute Public Funds**
Topics will include the rationale for cards as an alternative to checks; the RFP and vendor selection process; the government's role in protecting beneficiaries from excessive fees; customer service and satisfaction issues; cardholder education; and the successes and lessons learned in these programs.
- Moderator:**
Philip Keitel, Industry Specialist, Federal Reserve Bank of Philadelphia
- Panelists:**
Raymond Filippone, Assistant Director Income Support, Rhode Island Department of Labor & Training
Matt Helfrich, Senior Program Analyst, Department of the Treasury, Financial Management Service
Chris Paton, Managing Director, Treasury Services, JPMorgan Chase
Daniel Rose, Vice President, Public Sector Development, MasterCard Worldwide
Rachel Schneider, Vice President, Innovation and Research, Center for Financial Services Innovation
- 12:15 p.m. **Lunch**
1st Floor - Eastburn Court
- 1:15 p.m. **Capstone Panel**
In this finale to the conference, the panelists will review the costs, benefits, interests, concerns, successes, and challenges articulated throughout the conference and consider these factors within the context of legislative and judicial initiatives that may affect the feasibility of current and future public-sector card programs.
- Moderator:**
Bob Hunt, Vice President and Director, Payment Cards Center, Federal Reserve Bank of Philadelphia
- Panelists:**
Michael Barr, Professor of Law, University of Michigan Law School
David Evans, Chairman, Global Economics Group
Ronald Mann, Professor of Law, Columbia Law School
- 3:15 p.m. **Adjourn**

BIOGRAPHIES

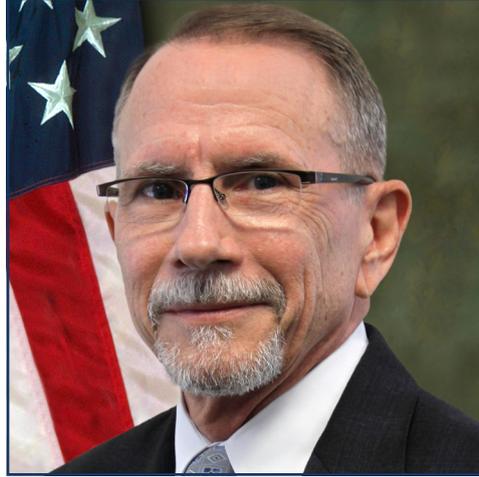


Michael Barr teaches courses on financial institutions, international finance, transnational law, and jurisdiction and choice of law and co-founded the International Transactions Clinic. He was on leave from 2009-2010, serving as the U.S. Department of the Treasury's assistant secretary for financial institutions. He was a key architect of the Dodd-Frank Wall Street Reform and Consumer Protection Act. He is a senior fellow at the Center for American Progress and the Brookings Institution.

Barr conducts large-scale empirical research regarding financial services and low- and moderate-income households and researches and writes about a wide range of issues in financial regulation. Barr recently co-edited *Building Inclusive Financial Systems* (Brookings Press 2007, with Kumar & Litan) and *Insufficient Funds* (Russell Sage 2008, with Blank). Other recent publications include *An Opt-Out Home Mortgage System*; *Behaviorally Informed Financial Services Regulation*; *Third-Party Tax Administration*; *An Inclusive Progressive National Savings and Financial Services Policy*; *Credit Where It Counts*; *Banking the Poor*; *Microfinance and Financial Development*; and *Global Administrative Law: The View from Basel*.

Barr previously served as Treasury Secretary Robert E. Rubin's special assistant, as deputy assistant secretary of the Treasury, as special advisor to President William J. Clinton, as a special advisor and counselor on the policy planning staff at the State Department, and as a law clerk to U.S. Supreme Court Justice David H. Souter and then-District Court Judge Pierre N. Leval, of the Southern District of New York.

Barr received a J.D. from Yale Law School, an M.Phil. in international relations from Magdalen College, Oxford University, as a Rhodes Scholar, and a B.A., summa cum laude, with honors in history, from Yale University.



Bill Brushwood is the director of the Settlement Services Division at the U.S. Department of the Treasury, Financial Management Service. The Settlement Services Division provides payment mechanism presentment and settlement services for collection transactions, using the following transaction types: debit and credit cards, wire transfers, checks, and ACH entries. The division also has responsibility for Treasury's 31 CFR 210 regulation, which governs the use of the ACH Network by federal agencies. Brushwood further serves as the Department of the Treasury's liaison to the National Automated Clearing House Association's (NACHA) Rules and Operations Committee.

Prior to his federal service, he led operational functions and software enterprise-wide projects within the banking industry. Brushwood has spent the majority of his career with SunTrust, where he held responsibilities for its debit card settlement; ACH, wire transfer, and lockbox operations; float management; account analysis; and customer profitability reporting.

Brushwood holds an accounting degree from Auburn University and an M.B.A. from Georgia State University. He is also an accredited ACH professional (AAP) and project management professional (PMP).



David Evans is the chairman of the Global Economics Group in the firm's Boston office. He has broad experience in the economics of antitrust, intellectual property, and financial regulation. Evans has an international practice and has worked on matters in the United States, the European Union, China, Brazil, Australia, and other jurisdictions. He has provided economic advice on a wide range of industries but has special expertise in financial services, Internet-based, media, and information-technology-based businesses. He is one of the world's leading authorities on platform-based ("two-sided market") businesses.

Evans currently teaches economics and antitrust at the University of Chicago Law School, where he is a lecturer and at University College London, where he is a visiting professor. He is the editor-in-chief of *Competition Policy International* and the *CPI Antitrust Chronicles* and is on the editorial boards of *Concurrences* and the *Review of Network Economics*. He has written or edited eight books and more than 100 articles and book chapters.

Evans was a managing director of LECG (2004-2011), where he was the head of its global antitrust practice and vice chairman of LECG Europe. Previously, he was senior vice president at NERA (1989-2004), where he was also a member of the management committee and board of directors. He received a Ph.D. in economics from the University of Chicago in 1983 and subsequently taught at the Department of Economics and the Law School at Fordham University in New York.

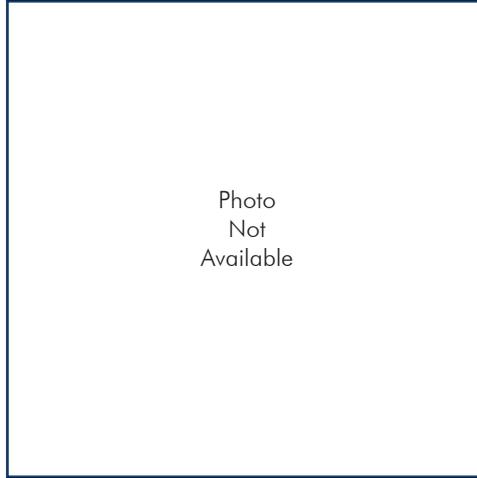
BIOGRAPHIES



Raymond A. Filippone is assistant director, Rhode Island Department of Labor and Training. In his capacity as assistant director of income support at DLT, he serves as director of the Unemployment Insurance Program, director of Temporary Disability Insurance, and administrator of the Police and Fire Fighters Relief Program. Filippone is responsible for setting policy and procedures for the three programs, interpreting and applying federal and state law, drafting legislation, and making technological improvements to the program; he is also the agency's representative on national and state committees.

He has been with the department for 35 years, starting as an intermittent interviewer in unemployment insurance. Previous positions include employment with Workforce Development, previously known as Job Service; as manager of youth employment programs; and Special ES Program Coordinator. In 1998 he returned to the UI side of the agency.

Filippone serves as chairman of the Information Technology Support Center Steering Committee and is a member of the State Information Data Exchange System Executive Committee and of the National Association of State Workforce Agencies.



Greg Gentile has served as president of Govolution LLC since 2008. Govolution is a leading provider of electronic billing and payment technologies to banks and large organizations. Gentile brings over 20 years of payment technology and executive management experience to Govolution. Prior to his current role, he served Govolution as executive vice president for five years.

Prior to Govolution, Gentile was CEO for Unicate S.A. (Netherlands), an identification, authentication, and anti-counterfeit technology company with over 50 international patents. He spent 10 years with XRT S.A., a leading provider of corporate treasury management systems with over 12,000 clients worldwide. At XRT, he served as president and managing director of XRT Europe LLC (London) and senior vice president, sales and marketing, for XRT S.A. (U.S.). Prior to XRT, Gentile spent seven years with First Investors Corporation, a Wall Street-based investment firm with over \$4 billion in assets under management, where he served as division manager and registered investment principal.

Gentile studied economics at Virginia Commonwealth University and has obtained accreditations of certified cash manager (CCM) and certified treasury professional (CTP) from the Association of Financial Professionals.

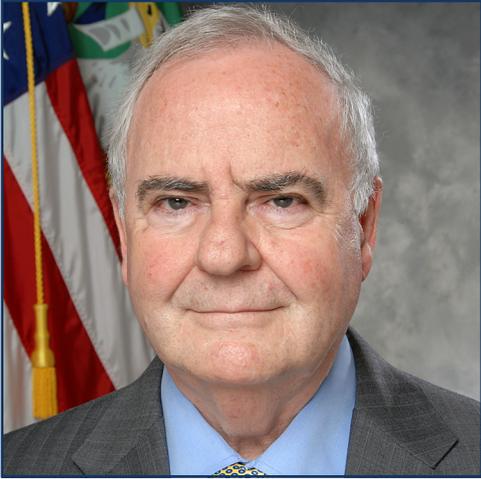


Jodi Golinsky is chief prepaid counsel for American Express. She joined American Express in September 2010. She is responsible for managing all legal work for American Express's global prepaid business and sits on the leadership team for the group. Prior to joining American Express, Golinsky was vice president, U.S. Regulatory & Public Policy Counsel for MasterCard Worldwide, where she was responsible for managing U.S. regulatory affairs and public policy matters, with an emphasis on regulatory and legislative issues affecting financial institutions. In addition to prepaid, she has worked extensively in the areas of UDAP, Credit CARD Act, Regulations Z & E, overdraft, security, privacy, compliance, risk, and payment system integrity. She has also testified before two congressional committees on the subject of commercial child pornography.

In 2008, she was honored by the Westchester Business Council as a "Forty Under Forty Rising Star." She was also recently voted on to the Legal Services of the Hudson Valley Board of Directors. Before going in-house in 2003, Golinsky was an associate at Davis Polk & Wardwell in New York City, where she concentrated on regulatory investigations and securities fraud litigation. Before that, she clerked for the Honorable Denny Chin in the Southern District of New York and the Honorable Ralph K. Winter, Chief Judge of the Second Circuit Court of Appeals.

Golinsky is admitted to practice in New York State, the Southern District of New York, and the Eastern District of New York.

BIOGRAPHIES



Richard Gregg is fiscal assistant secretary, appointed on May 12, 2010, by Treasury Secretary Tim Geithner. Gregg had been acting fiscal assistant secretary since May 2009.

Prior to his previous retirement from the Treasury Department on May 30, 2006, Gregg was the commissioner of the Financial Management Service for nine years and, before that, served as commissioner of the Bureau of the Public Debt for 10 years. Gregg also held numerous other management positions at Treasury during his career.

The fiscal assistant secretary, who reports to the under secretary for domestic finance, is responsible for developing policy on payments, collections, debt financing operations, electronic commerce, government-wide accounting, and government investment fund management. The responsibility also includes managing the government's daily cash position and producing the cash and debt forecasts used to determine the size and timing of the government's financing operations.

The fiscal assistant secretary also oversees the Financial Management Service and the Bureau of the Public Debt. These Treasury bureaus provide the financial infrastructure of the federal government, including payments, collections, cash management, financing, central accounting, issuance of Treasury securities, and delinquent debt collection.



Matthew Helfrich is a senior program analyst for the Department of Treasury, Financial Management Service's Electronic Funds Transfer (EFT) Strategy Division in Washington, D.C. In this role, Helfrich is responsible for developing regulations, policies, and procedures to support the All-Electronic Treasury Initiative for federal payments. He provided research and analysis to support the publication of Treasury's recent interim rule that permits prepaid debit cards to accept federal payments if important consumer protections required by Treasury are afforded the card holder.

Prior to his assignment with the EFT Strategy Division, Helfrich was the manager of the Customer Service Branch in Philadelphia, where he was responsible for serving as a liaison for over 100 agency customers, including the Social Security Administration and the Railroad Retirement Board.

Helfrich joined the Department of Treasury's Financial Management Service in 1999. He is a 1998 graduate of West Chester University in Pennsylvania.



Susan Herbst-Murphy joined the Payment Cards Center as an industry specialist in December 2007. For the previous 20 years, Herbst-Murphy had product management, product development, consumer research, and strategic planning responsibilities at commercial banks with debit, prepaid, consumer credit card, commercial card, and merchant processing portfolios. She also has experience with the Farm Credit System.

Herbst-Murphy earned a B.S. in urban studies from the University of Nebraska at Omaha and has taken professional courses at the University of Chicago Graduate School of Business and the Burke Institute. In addition, she completed the ABA Bank Card School program, the Visa Business School Senior Managers Course, and the Focused Innovation Workshop conducted by Innovation Focus, Inc. Her presentation experience has included conferences of the Institute for International Research, Card Forum and Expo, USAID Partners for Financial Stability Program, and Forward Financial.

BIOGRAPHIES



Bob Hunt is a vice president at the Federal Reserve Bank of Philadelphia. He became director of the Bank's Payment Cards Center in April 2009. Prior to this appointment, he was a senior economist in the Bank's Research Department.

His research has focused on consumer payments, consumer finance, and the economics of innovation. His published research includes studies of the dynamics of the consumer credit reporting industry, credit counseling organizations, the collections industry, and antitrust issues in consumer payment networks. He has also published papers on topics in economic geography and intellectual property.

Before joining the bank in 1998, Hunt worked for the U.S. Congressional Budget Office. Prior to attending graduate school, he was an industry risk analyst for Bank One, Indianapolis.

Hunt received a Ph.D. in economics from the University of Pennsylvania in 1996 and a B.A. in political science and economics from Butler University in 1986.



Pamela Joseph is vice chairman of U.S. Bancorp Payment Services and chairman of Atlanta-based Elavon, Inc., a subsidiary of U.S. Bancorp. As a member of the managing committee at U.S. Bancorp, she is responsible for U.S. Bank Retail Payment Solutions, U.S. Bank Corporate Payment Solutions, Elavon Global Acquiring Solutions (formerly NOVA Information Systems), and Elavon Financial Services, U.S. Bancorp's chartered European financial institution.

Joseph is a 25-year veteran of the financial services industry. Before joining Elavon in 1994, she worked for Visa International as director of new market development, and prior to her tenure with Visa, she worked for Wells Fargo Bank.

Joseph is a member of the board of directors of Paychex, Inc. and a member of the board of directors for Centene Corporation.



Michelle Jun is a senior attorney in the West Coast office of Consumers Union, the nonprofit publisher of *Consumer Reports* magazine. She has been a member of the financial services team since 2005. Jun's current focus is on payment products and payment methods. Her expertise is specifically in mobile payments, prepaid cards, government-issued cards, and gift cards. She staffed the Financial Privacy Now campaign, a multi-state and federal campaign to bring stronger financial privacy and identity theft protections to consumers. Jun first came to Consumers Union as part of the Community Health Assets Project (CHAP) team to provide assistance to community advocates and regulators on ensuring the preservation of community health assets resulting from the sale of nonprofit hospitals. She has worked with a number of legal aid agencies, advocating on behalf of immigrants and survivors of domestic violence.

Jun received a J.D. from the University of San Francisco School of Law and a B.A. in history from the University of California, Los Angeles.

BIOGRAPHIES



Philip Keitel is an industry specialist in the Payment Cards Center of the Federal Reserve Bank of Philadelphia. He is responsible for researching and analyzing emerging issues in consumer credit and payments, particularly legal and regulatory issues.

Keitel's research has focused on consumer testing of disclosures, payments-related information security regulations, data breach notification laws, mobile payments, the dynamics of merchant adoption of electronic payments, and prepaid cards, with a particular focus on federal regulation of the prepaid card industry.

In 2009, Keitel, acting under the Federal Reserve's Interchange Program, served as an attorney in the Division of Consumer and Community Affairs at the Federal Reserve Board of Governors. There, he helped effectuate provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009 by assisting in the drafting of regulations related to consumers' use of prepaid cards and credit cards.

Keitel received J.D. and M.B.A. degrees from Temple University, where he received the Terrence H. Klasky Memorial Award for outstanding achievement in banking, negotiable instruments, and consumer protection. He earned his undergraduate degree, cum laude, from Tufts University, where he serves as an alumnus interviewer of applicants. He received a certificate from the School of Bank Card Management run by the American Bankers Association, is a member of the American Bar Association, and is licensed to practice law in New Jersey and Pennsylvania.



Paul Kurtz is the state cards program manager with the Department of Administrative Services' State Purchasing Division in Georgia. He brings over 17 years of bankcard experience to the position at DOAS, created to manage the three statewide card programs: the P-card, travel card and fuel card programs. Before joining DOAS, Kurtz was a national relationship manager with Chase Paymentech, where he managed a \$4 billion portfolio of national clients, including Tiffany & Co., Timberland, and Foot Locker, as well as the University of California system and LSU. He also has previous experience managing government and university accounts at First Data merchant processing alliances, where he managed relationships with the states of Georgia, North Carolina, and South Carolina, among others.

Kurtz also has experience on the issuing side of the business with companies that include Home Depot, Circuit City, and GE Card Services. His responsibilities have ranged from fraud investigation and management to marketing.

Kurtz earned a certified purchasing card professional (CPCP) designation from the National Association of Purchasing Card Professionals (NAPCP) and holds a bachelor's degree in criminal justice from the University of Georgia.



Gonca Latif-Schmitt is a managing director within the Global Transaction Services (GTS) business at Citi, based in New York. She has responsibility for the nongovernmental segment within the North America public sector. The client base includes supranational organizations (the United Nations and the World Bank) and higher education and not-for-profit organizations. She manages a team of relationship managers and account managers focused on selling and managing cash management, trade, and securities services.

She has focused on the transaction services business during her 16-year career with Citi. Latif-Schmitt has held several positions in the areas of sales, relationship management, quality management, and market research. Her primary career focus has been in managing client relationships across several verticals, including media, electronics, broker/dealer, mutual funds, and the public sector.

Latif-Schmitt holds a B.A. from New York University.

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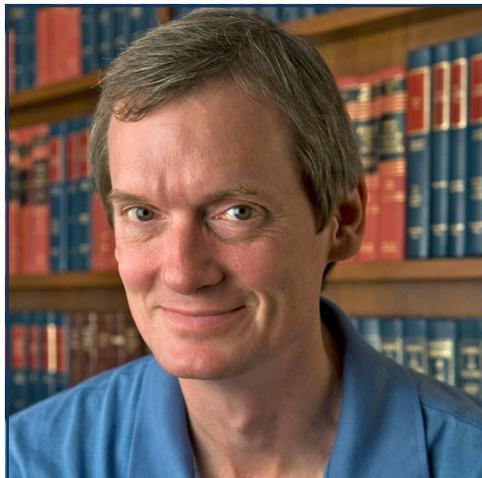


Rick Malcolm is head of Prepaid and Commercial Partnerships for North America with Visa Inc. and is responsible for Visa's prepaid and commercial sales efforts for all public- and private-sector business to business offerings. Malcolm's team is responsible for all sales and relationship management activities with all partners, processors, financial institutions, F1000 companies, and governments.

Prior to this role, he held leadership roles in Visa's B2B sales group as well as managing relationships with several of Visa's top 10 customers.

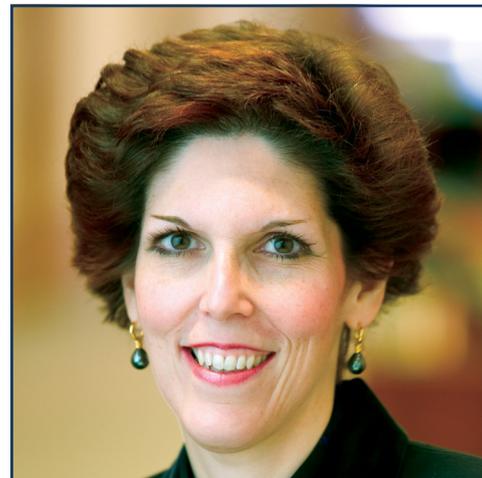
Malcolm has over 19 years of experience in the payments industry, the last 11 of which have been with Visa in various roles. Before joining Visa, he was with Metris Companies, a consumer credit issuer and, before that, Discover Card.

Malcolm holds a bachelor's degree from the University of Iowa.



Ronald Mann is the Albert E. Cinelli Enterprise Professor of Law and co-director of the Charles E. Gerber Program in Transactional Studies at Columbia Law School. He is a nationally renowned scholar in the areas of payment systems and electronic commerce.

In addition to dozens of articles published in leading law reviews and peer-reviewed journals, he is the author of the most widely adopted law-school text on payment systems (5th ed. Aspen 2011) and an award-winning book on the world credit card market (*Charging Ahead*, Cambridge University Press 2006).



Loretta J. Mester is an executive vice president and director of research at the Federal Reserve Bank of Philadelphia. As director of research, she heads a staff of economists and analysts who conduct research on macroeconomics, banking, payments, finance, and the regional economy. She serves as the Bank's chief economic advisor, attends the meetings of the Federal Open Market Committee in Washington, D.C. with the Bank's president, and makes regular presentations on the economy to the Bank's Board of Directors. Mester also oversees the Bank's Payment Cards Center, which conducts research on consumer finance and payments, and the Bank's Financial Statistics Department, which collects data and reports from financial institutions. Mester serves on the Bank's senior management committee. She was a visiting Reserve Bank officer at the Division of Monetary Affairs, Board of Governors of the Federal Reserve System, from August to November 2009.

Mester is also an adjunct professor of finance at the Wharton School, University of Pennsylvania, and a Fellow of the Wharton Financial Institutions Center. She serves on the Finance Department Advisory Council of the Fox School of Business and Management at Temple University. Her research interests include the organizational structure and production efficiency of financial institutions, the theory of financial intermediation, and agency problems and regulatory issues in banking.

Mester earned a B.A. in mathematics and economics summa cum laude from Barnard College of Columbia University and an M.A. and a Ph.D. in economics from Princeton University, where she held a National Science Foundation Fellowship.

BIOGRAPHIES



Chris Paton is a managing director in treasury services at J. P. Morgan and the product executive responsible for J. P. Morgan's benefit payments business. Paton brings 22 years of experience in financial services to his role.

Paton joined JPMorgan Chase in 1997. Most recently, he served as a managing director and chief financial officer for the Trade, Emerging Payments and Card division before he was asked to move into his current role, leading the benefit payments business. During the first seven years of his career in financial services, he was with Ernst & Young in the Financial Services Division, based in both London and Chicago.

Paton graduated from the University of Glasgow, Scotland with a B.S.C. (Honors) in physics.



Kevin Phalen is the commercial card and comprehensive payables product executive for Global Treasury Services. In this role, Phalen is responsible for the end-to-end design, profitability, and performance of a broad array of credit and treasury management solutions. His scope includes the bank's global, industry-leading, and rapidly growing commercial card solutions and working capital management products.

Phalen joined Bank of America in June 2008 and has 20 years of experience providing payable solutions to corporate, government, and financial services industries with JPMorgan-Chase, First Data Corporation, MasterCard International, and Sears Credit. He is on the advisory board of Commercial Payments International.

Phalen graduated from Saint Louis University in 1985 with bachelor of arts degrees in theology and philosophy.



Dubravka Ritter joined the Payment Cards Center as an industry specialist in May 2011. Prior to joining the Bank, she spent four years as an economist at the consulting firm Charles River Associates. While there, she performed fair-lending statistical and econometric analysis as part of regulatory compliance and risk management support for financial institutions with mortgage, payment card, auto loan, and other portfolios. She also conducted econometric analysis in support of litigation alleging antitrust violations and patent infringement, including market definition, demand analysis, and damages estimation. Her research interests include the economics of discrimination and equal access to credit, credit and payments markets for underserved consumers, and consumer payment choice.

Ritter holds an M.A. degree in economics from the University of Toronto, and a B.A. degree in economics, magna cum laude, from Wellesley College.

BIOGRAPHIES



Daniel Rose is vice president, public-sector development at MasterCard Worldwide. In this role, Rose is the team lead, responsible for business development in the public sector, focusing on federal, state, regional, and municipal government, higher education, and public utilities. His responsibilities include strategy development and execution for continued expansion of the use of prepaid and commercial card solutions by public-sector entities. Before joining the MasterCard public-sector team, he was in charge of product management and development of commercial and public-sector card programs for the global market.

Rose joined MasterCard in 2001 after 12 years in the petroleum industry, where his primary focus was on card marketing, operations, and account management. In this capacity, he managed and developed accounts in both the large corporate market and the public sector. He also spent four years with Dun & Bradstreet in a market research role.

Rose received a B.S. in business administration from Duquesne University in Pittsburgh and an M.B.A. in finance from Fordham University Graduate School of Business in New York City.



Robert Schmitt is the manager of cash and banking in Virginia's Treasury Department. Schmitt joined the state government in May 2007 after 28 years in the banking industry. In his current job, he is responsible for managing the Commonwealth's relationships with the 40 plus banks and other financial services providers. This includes ensuring that the state receives high-quality services at reasonable and competitive prices, maximizing cash flow for investment purposes, administering statewide contracts, introducing new services to various state agencies, and coordinating all financial services.

Schmitt's banking experience included time spent at various banks in Pittsburgh, Kansas City, MO, and finally Richmond. He concentrated primarily on cash management and treasury services for large corporate clients and public entities in various sales and product management positions. Schmitt was also an officer in the U.S. Army prior to beginning his banking career.

Schmitt earned a B.A. degree in history with a minor in political science from Indiana University of Pennsylvania and an M.B.A. from Southern Illinois University. He has achieved his permanent certification as a certified cash manager and has successfully completed several sales management programs. He has served on the board and is currently the president of the local chapter of the Association for Financial Professionals.



Rachel Schneider is the vice president, Innovation and Research, for the Center for Financial Services Innovation. In this position, Schneider serves as an industry expert on the underbanked marketplace, identifying new innovations, documenting trends, and managing ongoing consumer research.

Before joining CFSI, she consulted with financial institutions, foundations, and nonprofits, including CFSI, the Ford Foundation, and the Aspen Institute, on innovative strategies and financial products to reach underserved markets.

Schneider began her career as an investment banker at Merrill Lynch & Co., although her interest in the underbanked started during her days as a VISTA volunteer. She holds a J.D. and an M.B.A. from the University of Chicago and a B.A. from the University of California, Berkeley.

BIOGRAPHIES



David Shea currently serves as the director of the Office of Charge Card Management in the U.S. General Services Administration's (GSA) Federal Acquisition Service. As director, he is responsible for the overall direction and operation of GSA SmartPay, the largest government-based charge card program in the world, which supports approximately \$30 billion in customer agency administrative purchases annually. Shea led the highly successful transition of 3 million cardholders to the new GSA SmartPay 2 Program.

Before joining the GSA, he served as chief of procurement policy for the U.S. Department of Agriculture (USDA), director of the Contracting and Acquisition Management Division within the USDA's Agricultural Stabilization and Conservation Service, and as a contract officer/specialist at the Naval Sea Systems Command. In total, he has over 25 years of federal acquisition experience and has managed billions of dollars in contracts. He has worked a broad range of acquisition issues, ranging from operations to policy to system development. He has been involved with charge card issues for over 16 years, including being a purchase and travel cardholder and approving official himself.

Shea is a National Contract Management Association certified professional contracts manager (CPCM) and is certified by the Project Management Institute as a project management professional (PMP). He holds a master of science degree in procurement management from American University's Kogod School of Business.



Tim Spence is a partner in the retail and business banking practice at Oliver Wyman, a global management consultancy, based out of the firm's New York office.

Spence advises senior executives at the largest retail banks, payments firms, and public policymakers on issues, including competitive strategy, innovation, marketing and customer segmentation, customer experience, channel management, operations, and organization design. In recent years, the evolving U.S. card payments industry has been a particular focus of his client work. He has served and continues to serve a number of the leading card issuers, networks, and acquirers, and, more recently, government agencies in navigating the new competitive and regulatory landscape.

In addition to client work, Spence is active in the development of Oliver Wyman's intellectual capital and in the industry dialogue. He serves as chairman of the *American Banker's* annual Financial Services Marketing Symposium, is a regular speaker at other industry events, and is an active contributor to Oliver Wyman's publications. He has been quoted for expert commentary in publications, including the *Wall Street Journal*, the *New York Times*, the *American Banker*, *Chain Store Age*, and the *ABA Banking Journal*.

He received a bachelor's degree in English literature and economics from Colgate University, from which he graduated magna cum laude and was awarded high honors.



Stephanie Wilshusen is an industry specialist in the Federal Reserve Bank of Philadelphia's Payment Cards Center where her research focuses on analyses of consumer credit markets and payment behavior. Before joining the Bank in May 2009, she served as associate director of the Financial Services Research Program at George Washington University and as assistant director and senior research associate at Georgetown University's Credit Research Center. Before that, she worked for Charles River Associates and the Brookings Institution.

Her current research projects include a transaction-based analysis of consumers' use of prepaid cards, a study exploring the relationship between collection activity and the pricing and supply of unsecured credit, and a paper on the use of nontradeline data in the calibration of credit scoring models.

Federal Regulation of the Prepaid Card Industry: Costs, Benefits, and Changing Industry Dynamics

Philip Keitel, May 2011

Summary: On April 8-9, 2010, the Payment Cards Center of the Federal Reserve Bank of Philadelphia hosted a conference that brought together leaders in the prepaid card industry, regulators, consumer groups, law enforcement agents, and industry researchers to discuss the economics of prepaid cards and the benefits and costs of their regulation from the standpoint of several different product categories. In particular, the conference examined ways in which prepaid card products can differ, how the industry has developed over time, ongoing industry dynamics, ways in which the usefulness of prepaid products to criminals might be limited, whether consumers who use prepaid cards are adequately protected, and the challenges facing regulators. This paper summarizes the highlights from the presentations given at the conference and the discussions that ensued.

Getting Down to Business: Commercial Cards in Business-to-Business Payments

Susan Herbst-Murphy, March 2011

Summary: Providing efficiency and cost-savings over paper payments (cash and checks), commercial payment cards are among the fastest growing card segments in recent years. Today, they account for nearly one in every five dollars spent using general-purpose payment cards. And since business and government payments are three times larger than consumer transactions, there is ample room for future growth. Adoption by government and small business has been especially noteworthy. Adoption among large companies, which account for half of commercial expenditures, has been more modest. This paper provides an overview of the commercial card product set, its successes and challenges, and the adaptations that have been made to meet market demands and expectations.

The Electronification of Transit Fare Payments: A Look at the Southeastern Pennsylvania Transportation Authority's New Payment Technologies Project

Philip Keitel, April 2009

Summary: Over the past decade many of the nation's largest public transit providers have gone from fare-payment systems based on cash and coin to more modern electronic systems that implement payment cards, including agency-issued prepaid cards, credit cards, and debit cards. On September 16, 2008, the Payment Cards Center of the Federal Reserve Bank of Philadelphia hosted a workshop to discuss the challenges and opportunities facing the Southeastern Pennsylvania Transportation Authority (SEPTA) as it attempts to redesign its transit-fare payment system to accept payment cards. Jerry Kane, manager of SEPTA's New Payment Technologies Project, led the workshop. This paper summarizes Kane's presentation and the ensuing discussion. In addition, this paper offers some thoughts on why the modernization of transit-fare payment systems has begun around the country; what obstacles still stand in the way of using credit, debit, and prepaid cards to pay fares; and what this movement means for consumer payments generally.

Copies of these papers are available in the Pennsylvania Room or on the center's website at:
<http://www.philadelphiafed.org/payment-cards-center/publications/>.

For more information, including events we sponsor and the research we produce, please visit our website.



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