



Governance Workshop: Public-Private Partnership: NACHA, EBT Council and Governments

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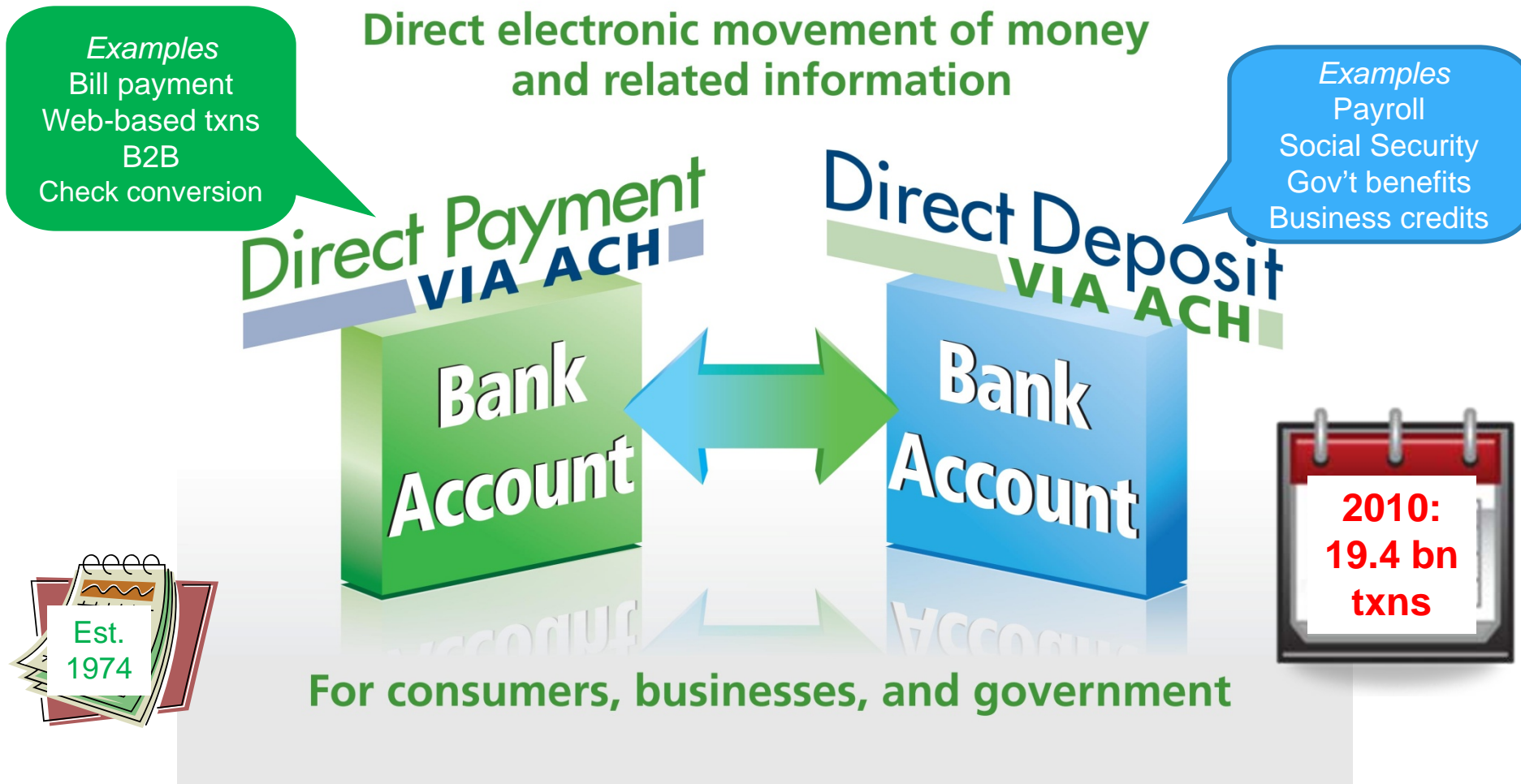
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NACHA – The Electronic Payments Association

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NACHA* - The Electronic Payments Association governs, writes rules for and administers the ACH – *The Direct Network* – Electronic Banking



Scope: EBT Council

- 1993: Federal government formed Federal EBT Task Force to assess feasibility of national EBT (Electronic Benefits Transfer) program (covering food stamps).
- 1994: Task Force recommended development of national EBT system.
- 1996: PL 104-193 mandated all states convert food stamp benefits from paper coupons to electronic benefit transfer systems.
- The challenge: How to manage the conversion, develop rules, and govern and operate the system?
- The response: Gov't turned to NACHA, long established in governance of multi-stakeholder activities, for assistance due to experience and reputation: disciplined, experienced, fair and neutral, brings all stakeholders together.

NACHA's core competency:
Developing rules to govern electronic payments that balance needs of all stakeholders.

Scope: EBT Council

- NACHA invited representatives of all key stakeholders in both the public and private spheres to participate in organizational meetings:
 - Governments – state and federal
 - Financial institutions
 - Transaction processors
 - Merchants/retailers
 - Trade associations (including NASACT, NACS)
 - Payment networks
- This group created the EBT Council “to obtain input and develop consensus from all EBT stakeholders in the establishment and maintenance of uniform operating rules and standards for the processing of EBT transactions.” (NACHA news release, 8/28/95)
- The EBT Council wrote, implemented and updated the Quest® Operating Rules for interoperable EBT, voluntarily adopted by 43 states, two territories and the District of Columbia.



Scope: Ensuring Public-Private Partnership Through the EBT Council Charter

- Specified that the membership includes all “stakeholders that are interested in Electronic Benefits Transfer (EBT)”
- Identified the types of organizations that could participate
- Defined the purposes
- Established categories of membership
- Defined voting powers and rights – included Government right to veto any amendments and variances
- Established a representative board that served as Council leadership
- Established an Operating Rules Committee and work groups to draft, revise and finalize EBT rules
- Established a Consumer Advisory Group



Start: Financial and Operational Considerations

- EBT Council established as an emancipated group within NACHA**
- Dues assessed annually of Council members to defray NACHA's costs of operating the council
- Dues assessments varied by category and nature of member
- NACHA provided nearly all resources to operate the council, thus providing the Council, from the start, cost efficiencies and experience of a larger organization than Council alone would have been able to achieve
- NACHA also shared its extensive rule-writing experience to help the Council :
 - Identify issues and topics to be covered under the rules
 - Develop rule-writing procedures
 - Draft and write rules
 - Gain industry-wide consensus and support
 - Implement approved rules



** NACHA operates many other councils as emancipated groups.

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Sustainability: Market and Government Dynamics

- The EBT Council monitored developments in legal and regulatory spheres as well as in technology and standard governance procedures to determine when rules needed to be created, updated or even deleted.
- The Council ensured that all types of stakeholders were represented in Council activities, and reached out to groups of stakeholders that were needed for a one-time project or that became under-represented over time.
- The roles of the public and private organizations involved in EBT rule-making, governance and participation became well defined over the years.



Sustainability: Financial Issues and Challenges

- Over time, a growing number of stakeholders viewed the Quest ® Operating Rules as a relatively finished product that no longer required diligent oversight, resulting in decreased membership and interest in Council activities.
- The EBT Council thus faced financial challenges to remain self-sustaining.
- Challenge: Still needed to maintain the Rules.
- Solution: In 2008, formally dissolved the EBT Council and formed a new industry council by combining NACHA's council members with EFTA's EBT Council members.
- NACHA retains the authority to promulgate, administer, and enforce the Rules.
- EFTA administers the new group: **The eGovernment Payments Council.**
- Successful solution viewed by all stakeholders!



Thank You – Questions?



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