



Fielding customer phone calls is a 24-hour, seven-day-a-week job for Pay.gov representatives, shown here at the Cleveland Fed.

THE CONSUMER'S FED

For nearly a century, the employees of the Federal Reserve System have provided financial services to the U.S. Treasury, government agencies, and ultimately, the American public. With the evolution of technology, payments systems, and consumer preferences, an inconspicuous relationship between Fed employees and you, the consumer, was born—and you may not even know it.

Let's start with the big picture: If the largest corporate entity in the world is the United States (as many financial experts attest), then the U.S. Treasury—the steward of the nation's economic and financial systems—is certainly one of the single most important players in the global economy.

The Treasury's operations reach virtually everyone, everywhere—from the U.S. economy to foreign governments and central banks, world financial markets, and customers all around the globe. An institution as large, complex, and influential as this needs an agent to manage its bank accounts, collect and disburse funds for the federal government, deliver efficient fiscal services, and perform behind-the-scenes support for its daily operations.

This is where we, the Federal Reserve System, step in. While we are known for monetary policy, much of our work focuses on helping consumers find more efficient ways of accessing government services—and how we accomplish this might surprise you.

SERVING CUSTOMERS ACROSS THE NATION

You may not recognize the names “eGovernment” or “Treasury Retail Securities,” but you've probably heard of what these Federal Reserve Bank of Cleveland functions support: payments and debt management for the Treasury. And even if those aspects of the financial system are off your radar screen, eGov and TRS (as employees refer to them) most likely touch you in some way.

Services provided by these two functions have a broad consumer reach. For instance, have you applied for a passport recently? If so, an eGov employee processed that payment for you. Do you watch TV? Someone in eGov facilitated your favorite station's licensing fee. Have you bought savings bonds or secured an FHA home loan as a first-time borrower? Our employees helped make those transactions possible, too—and many others.

Recently, both eGov and TRS have undergone significant enhancements, driven primarily by advancements in technology, the Treasury's evolving needs, and shifting consumer preferences. While these enhancements can change the way we perform our services, our goal hasn't changed: to make government more efficient while improving consumer experiences. Whether we are processing student loans, nuclear regulatory fees, or a donation to the Disaster Relief Fund, we always keep in mind whom we ultimately serve — the American people.

A WELL-OILED MACHINE

The Federal Reserve Bank of Cleveland exclusively leads, manages, and operates the eGov function. Housed and staffed entirely within the Cleveland Fed, eGov is responsible for two areas within the Treasury's Collections and Cash Management Modernization (CCMM) initiative. One visible side is Paygov, the Treasury's online platform for nontax payments made to federal agencies and one of the faces of the initiative for Treasury customers. Working behind the scenes is the Debit Gateway, the Treasury's system for settling all check and electronic (ACH) payments made to those agencies. The Treasury's goals for CCMM? To eliminate redundancy, improve speed and efficiency, and ultimately save the Treasury millions of dollars annually.

Technology must keep pace with shifts in consumer preferences. Whether you're a military veteran or a college student or both, you might find yourself rapidly abandoning cash and checks in favor of paperless transactions. With Paygov, the channel through which your VA medical care copayment or student loan passes, you can directly pay fees, fines, and taxes, as well as initiate other payments—such as purchasing commemorative coins or a gift from a U.S. Embassy—online.

For more than a decade, customers have used Paygov to make secure electronic payments to federal government agencies directly from their bank accounts and credit and debit cards.



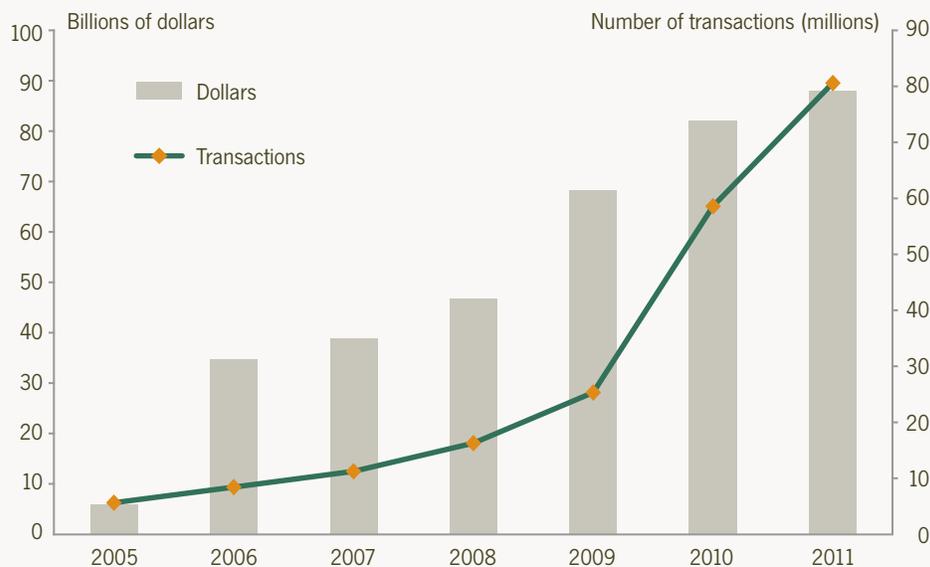
IN 2011, PAY.GOV PROCESSED A
47 PERCENT HIGHER TRANSACTION VOLUME
THAN IN 2010, AND MORE SIGNIFICANT
GROWTH IS ANTICIPATED.



Cleveland Fed technicians support the portal 24 hours a day, seven days a week, and any customer—be it a hiker who needs a back-country use permit or a small-business owner with a monthly SBA loan payment—can contact a member of the support team directly for assistance in making online payments, resolving password issues, locating forms, or checking on the status of a payment. eGov's analysts and technicians work with government agencies to ensure that all their transactions are processed quickly and accurately, while an application security team protects their privacy.

In 2011, Paygov collected more than 80 million payment items worth more than \$88 billion for 162 government agencies, including the Departments of Education and Veterans Affairs, the Small Business Administration, the National Park Service, Customs and Border Protection, and many more. The portal processed a 47 percent higher transaction volume than in 2010, and more significant growth is anticipated.

The Rise of Pay.gov



Source: Federal Reserve Bank of Cleveland.

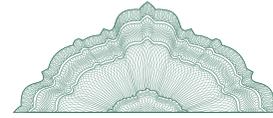
A GATEWAY TO GREATER EFFICIENCY

Unlike Pay.gov, the support provided by the Debit Gateway is mostly invisible to its customers. Even so, it's highly likely that your IRS payment or national park cabin reservation fee, to name just two, has passed—or will soon pass—through the gateway.

By late 2013, every check and automated clearinghouse (ACH) payment to the federal government is projected to pass through the Debit Gateway. Payments can be made in various ways, and the Debit Gateway determines the most efficient way to collect the payment and what form it should take, eventually streamlining all payments into a single system. This system allows multiple types of payments to be processed and settled quickly, economically, and on a much larger scale.

The Debit Gateway was launched in 2010 and became the first new application implemented as part of the Treasury's strategic vision for the future of collections. The Cleveland Fed's behind-the-scenes work on the platform has satisfied the Treasury's requirements for greater versatility and efficiency by offering an extensive enterprise for settlement services (the processes that ensure electronic payments reach their intended destinations—one of which could be your bank account).

In 2011, the system processed more than 126 million transactions totaling \$161 billion and some change—approximately 32 percent greater volume than in 2010, and accounting for 36 percent of total payments made to the U.S. government that year. By 2013, the Debit Gateway is projected to process 72 percent of all payments to the federal government.



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A CUSTOMER-FOCUSED CONSOLIDATION

Anyone familiar with savings bonds or Treasury bills is also familiar with the other work the Federal Reserve does for the Treasury—helping to facilitate the sale of retail securities to individuals, institutions, and government agencies so the federal government has enough money to operate: otherwise known as debt management. From 1985 to 2011, TRS at the Pittsburgh Branch of the Cleveland Fed was integral to this work: It continually sought and implemented operational efficiencies for the retail program to improve the overall customer service experience.

The retail securities business is a customer-focused one, and Pittsburgh Branch employees have historically been on the front lines. Just in 2011, for example, the TRS operations employees processed customer orders resulting in the issuance of 1.2 million savings bonds, managed the flow of millions of redeemed savings bonds, and, with impeccable quality and accuracy, fielded 240,000 customer calls and serviced thousands of transactions.

In 2011, the Pittsburgh Branch was one of only two offices providing processing services for Treasury Retail Securities. To focus on the electronic future, decrease program costs for the Treasury, and reduce the expense to taxpayers, the two sites were consolidated into one by the end of 2011, with the Pittsburgh Branch transferring its work to the main office of the Federal Reserve Bank of Minneapolis. In addition to lowering program costs, the consolidation streamlined infrastructure and reinforced a uniform customer experience for retail investors. Up until their final day of service for the Treasury, Fourth District TRS employees maintained the highest level of dedication to the public by exceeding the Treasury's service-level objectives for operational and customer service commitments.



eGov employees at the Cleveland Fed convene daily to collaborate on Debit Gateway software updates.

**IMPROVING CUSTOMER SERVICE—
NOW AND IN THE FUTURE**

As the financial services industry grows progressively high-tech (as of January 1, 2012, for example, you can no longer buy paper savings bonds at financial institutions), the Treasury will require even more agility, innovation, and responsiveness from employees of the Federal Reserve and all of the other agencies that support its vast operations. The Federal Reserve will continue to play a critical role in developing and executing the Treasury’s all-electronic initiative by collaborating on a

comprehensive e-commerce strategy, which will include expanded billing services as well as the development of customer-focused online banking and mobile payments applications.

While planning for this next generation of fiscal support is just getting underway, Cleveland Fed employees eagerly look toward the future and what’s on the horizon: additional opportunities to anticipate and serve the complex, ever-changing needs of the Treasury and its customers, and improve the experiences of consumers like you.

The Rise of the Debit Gateway

