

NYC Direct Deposit Program: Responses to RFQ Questions

Marketing

- **Will the City allow the participating financial institution approval of any marketing campaign that uses the financial institution's name or describes its products and services?**
- **Section B.2 Bullet Number 4: Will financial institution have final approval of materials which will utilize its name and logo? If financial institution opts out of the use of their name and logo on marketing materials, how will it affect their ability to participate?**

Answer: The City is hereby amending Section B.2 "Recommended Features," bullet number 4 to read as follows.

"If City engages in marketing program identifying type of account and services that are being offered under Direct Deposit Program by name, logo and/or tagline, financial institution's willingness to use such name, logo and/or tagline for offering such accounts and services to customers. In addition, financial institutions will be asked to give the City permission to include their logos and name in marketing materials developed for the program. The City will in good faith consult with financial institutions on marketing materials featuring financial institution logos and names."

Financial Institutions may participate in the Direct Deposit Program even if they choose to opt out of giving the City permission to use their name and logo on any marketing materials. As indicated in the RFQ, Section B.2, bullet number 4 falls under the list of recommended features and is not a requirement to participate in the program.

The City plans on developing several marketing pieces to promote the program and will prominently feature logos and names of participating financial institutions who have given permission to use those logos and names.

- **Will the marketing distribution to those targeted under the Direct Deposit Program be a centralized effort with your organization or will the banks be responsible to receive the employee mailing lists and distribute the mutually agreed upon marketing collateral for that particular communication effort?**
Answer: All marketing and promotions for this initiative will be spearheaded by the City. Financial Institutions may be asked for limited assistance, e.g. account opening events. Any such activities will be discussed in advance of the program launch.
- **When do you expect the marketing campaign to commence after selection and what is the proposed frequency for the in-person and mailings to employees?**
Answer: The City is planning for the program's launch in October 2011 and will coordinate several promotional activities around the program's launch, including in-person presentations, mailings, e-mail blasts, etc. The City will be developing a process to track efforts and will determine continued promotion of the program based on progress.

NYC Direct Deposit Program: Responses to RFQ Questions

- **Is it possible to have additional specifics around the selected agencies that will be targeted for the marketing campaign? Will there be any aggregate or specific employee metrics provided (average salary, average tenure, etc.)?**
Answer: The City will target agencies based on the number of paper checks being issued per pay period in addition to promoting the Direct Deposit Program to all NYC employees. As the RFQ stated, approximately 60,000 employees receive their standard pay by check and more than 10,000 additional employees receive part of their pay by check. The vast majority of these employees are paid 26 times per year.
- **Will the payroll stuffers and e-mail blasts about the program, for example be distributed to all NYC employees eventually over a period of time or solely for the agencies that are focused to increase Direct Deposit participation under the marketing campaign?**
- **Will all the agencies with the largest concentration of employees be targeted all at once or will there be a phased introduction to groups of targeted agencies upon initial launch.**
Answer: Along with the targeted agency promotional campaign, the City will be promoting the program to all NYC employees as well during the launch in October. The City envisions all-employee promotions to be limited at the start, focusing on light-touch activities, such as e-mail blasts; and may extend to other efforts following an assessment of efforts.
- **If we are able to create and provide an online portal experience for employees to review the benefits and sign-up for the agreed upon Direct Deposit Program as an alternative means of enrollment, would that link be housed along with all the other marketing information at the nyc.gov/OPA website, at each of the individual agencies levels, or both.**
Answer: A link to a financial institution's online portal dedicated to this program can be housed on a separate direct deposit web page established by the City.

Training

- **In section B.1, please clarify scope, time frame, and terms/conditions for City's proposed training of tellers and account opening staff about City's Direct Deposit Program. Is participation at the discretion of the financial institution?**
- **Would it be possible to provide further clarification on the training information to be provided to the tellers and account opening staff at our institution about the City's Direct Deposit Program?**
- **Section B.1 Bullet Number 7: Can you offer more details about the proposed training program for tellers and account opening staff? Would access to a central training group that would then communicate to the large branch network suffice?**
Answer: As indicated in the RFQ, training of bank staff is a required condition for the financial institution to qualify for the Direct Deposit Program. The City is open to working with participating financial institutions to identify the appropriate group of staff (managers or branch staff) to attend a short training session in September. The goal of such training will be to ensure that financial institution personnel are aware of the program's unique terms and conditions.

NYC Direct Deposit Program: Responses to RFQ Questions

Data Collection/Tracking

- **Is there an expected frequency that you prefer to schedule meetings and relationship reviews on the progress of enrollments into the banking programs involved in the NYC Direct Deposit Program?**
- **Section B.2 Bullet Number 8; What is the frequency expectation for reporting of the tracked information? What type of information will be required for tracking?**

Answer: The City will work with participating financial institutions to develop a data tracking process and timeframe. A key data point will be the number of accounts opened under the NYC Direct Deposit Program.

Data Request

- **Would it be possible to provide an estimate and breakdown of the numbers of other individuals (non-employees) that receive recurring payments from the City to be involved in this Direct Deposit Program?**

Answer: At present there is no estimate of the number of non-employees who receive a recurring payment through the City.

- **Is there a specific department or geography of the 60,000 employees that would be specific to our]bank or are all 60,000 eligible to bank with us under our program? How is this determination made?**

Answer: As the RFQ stated, approximately 60,000 employees across all agencies receive their standard pay by check and more than 10,000 additional employees receive part of their pay by check. The vast majority of these employees are paid 26 times per year. All of those employees are free to choose with whom they bank.

Overdraft

- **In section B.1, please clarify City's Overdraft protection terms and conditions as it relates to Federal law that requires financial institutions to provide a notice about its overdraft procedures to customers, overdraft protection that a customer can "opt-in" to for a fee, and proposed monitoring of compliance to the condition that no future solicitations will be directed to account holders.**
- **Regarding the automatic opt-out for overdraft protection, if an employee or individual (non-employee) under the program inquires on their own in person, online or via phone about overdraft protection and wants to apply, is that permitted under the guidelines? Are we permitted to address their inquiries on overdraft protection?**
- **Section B.1 Bullet Number 4: Are references to Overdraft Protection meant to specifically refer to courtesy overdraft services for debit card purchases or all transactions? Does it exclude traditional savings accounts or lines of credit the customer links to their checking account to protect them from overdrawing their checking account?**
- **We just want to be clear that even when abiding with the above, a customer still has the right to Opt-in, even if NOT solicited. We are required by Reg-E to provide overdraft protection (which has related fees) if they so choose to OPT-IN. We want to clarify that although unsolicited, that these accounts might have an OPT-in feature. Is this a correct presumption?**

NYC Direct Deposit Program: Responses to RFQ Questions

- Like many banks, we offer customers the choice to opt-in or opt-out to overdraft protection. We have found this to be most successful with our customers who would like to be given the choice on this election. Our approach is to objectively educate the customer on all of the ways a customer can handle overdraft situations. Would this approach be acceptable?
- Is overdraft protection the only credit product we are not allowed to market through the Direct Deposit Program?

Answer: **The RFQ addresses only fee-based overdraft protection services (often referred to as “courtesy overdraft”).** Section 205.17 of the Regulation E defines this type of overdraft service as service under which a financial institution assesses a fee or charge on a consumer’s account held by the institution for paying a transaction (including a check or other item) when the consumer has insufficient or unavailable funds in the account. This does not include any payments of overdrafts pursuant to: (1) A line of credit subject to the Federal Reserve Board’s Regulation Z (12 CFR part 226), including transfers from a credit card account, home equity line of credit, or overdraft line of credit; (2) A service that transfers funds from another account held individually or jointly by a consumer, such as a savings account; or (3) A line of credit or other transaction exempt from the Federal Reserve Board’s Regulation Z (12 CFR part 226) pursuant to 12 CFR 226.3(d).

The RFQ only covers requirements for institutions offering fee-based overdraft protection services for ATM or one-time debit transactions. Offering or marketing overdraft protection services to cover check or ACH transactions are not governed by the RFQ.

In order to meet the expectations in the RFQ, accounts at participating financial institutions cannot automatically include fee-based overdraft protection services for ATM or one-time debit transactions. Consistent with Regulation E, consumers may not be defaulted into fee-based overdraft protection services. Regulation E requires that any institution offering overdraft services for ATM or one-time debit transactions must obtain a consumer’s affirmative consent, or opt-in, **prior to charging a fee for such service.** See Regulation E, § 205.17 (c)(2), which states that:

[T]he financial institution must comply with § 205.17(b)(1) and obtain the consumer’s affirmative consent before the institution assesses any fee or charge on the consumer’s account for paying an ATM or one-time debit card transaction pursuant to the institution’s overdraft service.

The RFQ also prohibits the direct offer or marketing of overdraft protection services at account opening and through future solicitations to accountholders. The City has determined that this is an appropriate requirement, and although this goes beyond the standards set by Regulation E, nothing in Regulation E requires a financial institution to offer or market overdraft protections, as described above. The standards only govern the requirements a financial institution must follow before charging a consumer an overdraft protection fee if that institution makes the choice to cover an overdraft.

Under the RFQ, financial institutions may not include fee-based overdraft protection on accounts even if the consumer proactively requests overdraft

NYC Direct Deposit Program: Responses to RFQ Questions

services. If a consumer proactively requests overdraft protection services, the financial institution would be required to state that this Direct Deposit Program account does not offer fee-based overdraft protection services. The consumer can be informed of other non-fee overdraft options, such as a line of credit

The City contemplates that the participating financial institutions develop and implement policies and procedures to ensure compliance with the terms of the RFQ. Such policies and procedures should include at a minimum training for relevant employees and vendors and regular self-monitoring/audits.

Launch/Enrollment

- **Is it expected that we would cash the checks for those employees that only have partial direct deposits?**
Answer: All check cashing policies should remain consistent with the financial institutions standard process.
- **Will we be provided an opportunity to host on-sites at City facilities? Please clarify what is meant by “in-person off-site” Does this mean a City location?**
Answer: The City is planning for account-opening events, where bank staff is invited to open accounts remotely. City agencies will host such events.
- **Do the employees or other individuals that receive recurring payments have proper ID?**
- **Section B.2 Bullet Number 9: Does this requirement assume with appropriate identification? – Eligibility pertaining to immigration status**

Answer: NYC employees will be informed of all the necessary forms of identification required to open a banking account. Individual financial institution identification requirements will be followed.

- **Section B.1 Bullet Number 2: Is the reference to a minimum balance requirement to open the account or to keep the account open long term?**
Answer: The minimum balance requirement refers to the recurring balance in the account – not just the opening deposit.

Legal/Administrative

- **In section B.1, while our financial institution is not a predatory lender, we are not subject to State law. Therefore is the City willing to eliminate the provision “(b) neither the financial institution nor any of its affiliates is or will become a predatory lender or an affiliate thereof, as such terms are defined in section 6-128 of the Administrative Code of the City of New York”?**

Answer: The Administrative Code provision cited is a local law of the City of New York, not a State law. The financial institution is required to certify that neither the institution nor its affiliates is or will become a predatory lender or an affiliate thereof, as such term is defined in the local law (Section 6-128 of the Administrative Code of the City of New York).

- **In section B.1, please clarify in what format and procedure by which the City will monitor, the requirement the financial institution give thirty (30) days advance notice to the City of any proposed changes to be implemented that**

NYC Direct Deposit Program: Responses to RFQ Questions

differ than what was presented in the Statement of Qualification submitted in response to this RFQ.

Answer: The City will rely on the financial institution to notify it of any changes that would result in the financial institution or product offering not being in compliance with the required terms and conditions in Section B. 1. The City may also become aware of such changes without a formal notification, such as by being in contact with representatives of the financial institution. In either case, if the City determines that the financial institution or product offering is no longer in compliance with the required terms and conditions, it will notify the financial institution in writing of the reasons for such determination.

- **If upon review by the City, there are minor items that determine that a financial institution is not qualified; will the financial institution have the opportunity to review, reassess and reconsider to be within participation guidelines?**

Answer: The financial institution must meet the criteria for participation in the Direct Deposit Program stated in the RFQ. Your submission should indicate that you clearly satisfy the criteria. If the City determines that your institution does not meet the criteria, the City will state the reasons upon which a determination is based. You should not assume that you will be able to submit a revised response. So your first response should address and fully meet all of the required criteria.

- **Section B.1 Bullet Number 8 (President or other duly authorized officer of financial institution certifies in writing....) -- Will existing EEOC and CRA under the current Vendex suffice for this requirement?**

Answer: The financial institution will be required to make the certification set forth in paragraph (a) of bullet eight. No existing certification (other than a certification which is the same in substance to paragraph (a) of bullet eight) will suffice.

- **Section B.1 Bullet Number 9 (Financial Institution has a satisfactory record of business integrity) -- What metric will be used to judge the financial institution's business integrity?**

Answer: There is no single metric for determining whether a financial institution has a satisfactory record of business integrity. The City will take into consideration publicly-available information on the institution's compliance with laws applicable to and relevant to its business practices.

Miscellaneous

- **Will the qualified banks be allowed the opportunity to conduct financial education seminars (either in-person or via online) and also be included in informational packages for new hires in addition to the core elements of the Direct Deposit Program?**

Answer: At present there will be no financial education component as part of the Direct Deposit Program.

NYC Direct Deposit Program: Responses to RFQ Questions

- **Is the City open to the discussion and placement of ATM's onsite at some of their larger locations for employees to access their banking needs?**

Answer: Having on-site ATMs is not the focus of this RFQ. The City may in the future explore with agencies whether there is any interest in on-site ATMs.

- **Are there any additional compliance requirements that the Bank should be aware of if we participate in the direct deposit program?**

Answer: All requirements for participation in the Direct Deposit Program are listed in the RFQ.

- **Section B.2 Bullet Number 5: What does competitive mean for international remittances: similar to other Banks in the market?**

Answer: "Competitive" under this clause is defined as being in line with offerings of comparable financial institutions.