

Appendix L. EBT Vendor Interview Guide: Data Collection Instrument



OMB BURDEN STATEMENT: According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0584-XXXX. The time required to read the invitation letter is estimated to average 3 minutes. The time required to complete this interview is estimated to average 1.5 hours per response, including the time for reviewing instructions, searching existing data sources, and completing and reviewing the collection of information.

U.S. DEPARTMENT OF AGRICULTURE
FOOD AND NUTRITION SERVICE

**Supplemental Nutrition Assistance Program (SNAP)
Third-Party Processor Services, Fees, and Business Practices**

SNAP VENDOR INTERVIEW GUIDE

DATES:

Interview Commencement Date: XXX (9:00 a.m. Eastern Time)

Interview Completion Date: XXX (5:00 p.m. Eastern Time)

This interview guide is available on-line at: <http://www.fns.usda.gov/XXXX>

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Respondent Name:

Respondent Title:

Respondent Email:

Date of Interview:

Interviewers:

TPP/ISO/Both:

Processor/Equipment Provider:

INTRODUCTION

Thank you for agreeing to participate in this interview for the Study of Third-Party Processors (TPP) Services, Fees, and Business Practices. The Food and Nutrition Service (FNS) has contracted with Manhattan Strategy Group (MSG), an independent research firm, to conduct a study about the business practices of vendors providing Electronic Benefits Transfer (EBT) processing services and equipment to Supplemental Nutrition Assistance Program (SNAP)-authorized retailers. This information will also inform how retailers select companies when procuring EBT equipment and services. Study findings will inform future FNS policies regarding requirements for companies providing EBT equipment and services to authorized retailers.

The information you provide will remain private. Study findings will not be reported in ways that can identify you or your organization. We appreciate having the opportunity to interview you regarding these topics.

INTERVIEW PROCEDURES

The interview will take approximately 90 minutes. The interview consists of a series of open-ended questions and is organized by topic. It focuses on the EBT products and services you provide to SNAP retailers. We will be inquiring about your business operations, products and services, pricing, contractual agreements, and customer service and support. After this interview, if needed, we will follow up with you for clarification on select topics.

[If the participant consented to recording via email] I have received your permission to record the interview. The recording is to accurately record the information you provide and will be used for transcription purposes only. We will maintain the recording in a secure electronic environment with access limited to a small number of authorized study team members. If you feel uncomfortable at any time during the interview, I can turn off the recorder at your request.

[If participant declined to consent to recording] You chose not to have the interview recorded, so my colleague will take notes instead.

Do you have any questions before we begin? Let's get started.

I. Business Operations

In this section, we will ask about basic background information about your company.

- VQ1. How long has your company been in business?
- a. PROBE: How long has your company been serving SNAP retailers?
 - b. PROBE: Does your company serve SNAP retailers directly, through a third-party, or both?
- VQ2. What is the size of your operation?
- a. PROBE: How many employees does your company have?
 - b. PROBE: Approximately how much does your company do in annual sales?
- VQ3. [\[If serving retailers directly\]](#) How many merchant accounts does your company support annually?
- a. PROBE: What is your company's annual client retention rate on merchant accounts?
 - b. PROBE: Approximately how many of these merchants use SNAP EBT?
 - c. PROBE: How many EBT transactions does your company process annually?
- VQ4. What types of merchants/industries does your company serve?
- a. PROBE: Are your clients local, regional, statewide, or national? Please elaborate.
 - b. PROBE: Convenience Stores (CS), Combination Grocery/Other (CO), Super Store, (SS), Supermarket (SM), Smaller Grocery Store (SG), Medium Grocery Store (MG), Large Grocery Store (LG), Meat/Poultry Specialty (ME), Bakery Specialty (BB), Seafood Specialty (SE), and Fruits/Vegetable Specialty (FV).

II. Products and Services

In this section, we will ask about EBT-related products and services you sell to retailers or other vendors. The sections below will be adjusted based on the responder's response.

- VQ5. What products and services are available to SNAP EBT retailers?
- a. PROBE: Does your company provide equipment that reads EBT cards?
 - b. PROBE: Does your company provide payment processing services for EBT transactions?
 - c. PROBE: Does your company service equipment sold or leased by a different company?
 - d. PROBE: Does your company provide software integration?
 - e. PROBE: What about other software and hardware products?
 - o Inventory software or optical scanners?

EBT EQUIPMENT

- VQ6. Please describe the types of EBT card readers your company sells.
- a. PROBE: Are these standalone devices that only process EBT transactions or are they integrated with the credit/debit card point-of-sale (POS) system?
 - o Are these devices locked? Can these devices be used with different processors?
 - o Do the standalone devices require a separate PIN pad or printer?
 - b. PROBE: Does your company sell their own branded EBT equipment?
 - o Is this equipment sold directly to retailers, other vendors, or both?
 - o What are the names of other vendors who resell your company's equipment?
 - c. PROBE: [\[If selling other manufacturer's branded equipment.\]](#) Why did you decide to sell

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| EBT equipment from these manufacturers specifically? |
| VQ7. How much does it cost to lease or purchase the EBT equipment? a. PROBE: How many units does your company lease or sell annually? b. PROBE: What percentage of these card readers are leased by the retailers versus purchased? |
| VQ8. What is the typical life cycle of the EBT device? a. PROBE: On average, how often do retailers upgrade their EBT devices? b. PROBE: Is there a warranty on the devices? o What does the warranty cover? |
| VQ9. How does your company verify that the EBT equipment works properly before it is shipped out to the merchant? a. PROBE: Is there a period set aside to test transactions? What steps are involved? b. PROBE: How does your company set up the merchant to test the processing of a transaction? c. PROBE: Is this work performed by internal staff or outside a vendor? |
| <i>EBT PAYMENT PROCESSOR</i> |
| VQ10. Describe what type of processor your company is. a. PROBE: Does your company sell services for a portfolio of processors? b. PROBE: Does your company provide services but depend on the infrastructure of other processors to handle the transaction? c. PROBE: Does your company own the infrastructure but rely on partnerships with banks to complete the transaction cycle? d. PROBE: Does your company process payments on behalf of other processors? o If yes, what fees do you charge to process transactions? e. PROBE: Does your company have special industry expertise? |
| VQ11. Please describe your company's role in the EBT payment process from when the SNAP customer swipes the EBT card into the card terminal until the money appears in the merchant's bank account. a. PROBE: What other organizations are involved in these steps? b. PROBE: What are their roles? What fees do they charge? c. PROBE: Please explain where all of the costs originate and how funds are paid to each of the parties involved. |
| VQ12. What is the processing time for funds to appear in the merchant's account? a. PROBE: Do batches have to be processed during business hours to receive the fastest disbursement? |

VQ13. What is your company's processing uptime?

- a. PROBE: Does your company have backup servers?
- b. PROBE: Does your company have dial backup solutions?
- c. PROBE: Does your company have a stand-in authorization service?

VQ14. Aside from payment processing, do you offer specific services for retailers that just want to process EBT transactions?

- a. PROBE: What services are the most commonly purchased?
 - o Hardware/software upgrades
 - o Maintenance
 - o Insurance
 - o Warranty
- b. PROBE: Do you support EBT refunds?
 - o When an EBT transaction is refunded, are the original fees refunded as well?

III. Contractual Agreements

In this section, we will ask about contractual agreements you establish with merchants or other third-party vendors.

RETAILER CONTRACT

VQ15. What is the typical length of the retailer contracts?

- a. PROBE: What is the maximum and minimum length of your contracts?
 - o Are the terms different for leased and purchased equipment?
- b. PROBE: Do the contracts renew automatically?

VQ16. Is there a penalty for early termination?

- a. PROBE: Does this fee vary based on how much time is left on the contract?

VQ17. What type of information must your company regularly report to the payment processor? Is this done automatically?

- a. How is the data stored? (Merchant's terminal, vendor's database, processor's database, etc.)

VQ18. What fraud protection services does your company offer?

- a. PROBE: How does your company protect sensitive data?
- a. PROBE: Does your company offer data encryption?
 - o Is it end-to-end encryption?
 - o Is it encrypted at rest and in motion?
- b. PROBE: Does your company have professional fraud analysts and software that allows you to proactively manage fraud?
- c. PROBE: What happens if sensitive data is breached?

VQ19. Are the U.S. Department of Agriculture’s EBT terms and conditions included in the addendum of the contract your company provides to retailers?

- a. PROBE: How is the EBT terms and conditions addendum used?

PARTNER (THIRD-PARTY VENDOR) CONTRACT

VQ20. What EBT products and services does your company outsource or contract out to partners (third-party vendors)? Who are these partners?

- a. PROBE: EBT Payment Processing
- b. PROBE: EBT Equipment Sales
- c. PROBE: EBT Installation/Integration
- d. PROBE: EBT Equipment Maintenance
- e. PROBE: Fraud Services

VQ21. What EBT products and services does your company resell or contract from partners (third-party vendors)? Who are these partners?

- a. PROBE: EBT Payment Processing
- b. PROBE: EBT Equipment Sales
- c. PROBE: EBT Installation/Integration
- d. PROBE: EBT Equipment Maintenance
- e. PROBE: Fraud Services

VQ22. What is the relationship between your company and these partners (third-party vendors)?

- a. PROBE: Why did your company engage in the services of these partners?
- b. PROBE: How long has the relationship been in place?
- c. PROBE: What requirements did your company or the partners have to meet to establish this relationship?

VQ23. How was the relationship between your company and the partners (third-party vendors) formalized?

- a. PROBE: In terms of business titles/roles, who in your organization is authorized to enter into these contracts?
- b. PROBE: Why would a merchant work with a partner and not directly with your company?

VQ24. [For resellers of payment processing and equipment.] What are the terms of service for this contract between your company and the reseller?

- a. PROBE: Training
- b. PROBE: Marketing resources
- c. PROBE: Sales support
- d. PROBE: Helpdesk support
- e. PROBE: Revenue sharing

VQ25. What risk management/control measures are in place to monitor these partners (third-party

vendors)?

- a. PROBE: What type of information must your company regularly report to the payment processor? Is this done automatically?
 - o How is the integrity of the data maintained?
- b. PROBE: What types of fraud-detecting activities does your company have in place?
 - o How does your company follow up on suspicious activities?

IV. Price

In this section, we will ask about the prices for EBT products and services.

VQ26. What is the fee or pricing structure?

- a. PROBE: What pricing options are available? Interchange Plus? Tiered/Bundled Pricing?
 - o Can you provide a price list?
- b. PROBE: Do you separate the actual cost of the transaction from the mark-up on the monthly bill?
 - o Can you provide a sample statement?

VQ27. What would the price be for each retailer below?

| | A Small Retailer | B Small Retailer | C Medium Retailer | D Large Retailer |
|---|---------------------------------|-----------------------------|----------------------------------|---------------------------------|
| Equipment | EBT-only | Commercial POS | Commercial POS | Commercial POS |
| Connectivity type | Internet/ backup dial-up | Internet/ backup dial-up | Internet/ backup dial-up | Internet/ backup dial-up |
| # of locations | 1 | 1 | 5 | 20 |
| Annual sales | \$30,000 | \$100,000 | \$800,000 | \$12M |
| # of transactions per month (per location) | 250 | 250 | 500 | 2500 |
| Average value of a transaction (per location) | \$25 | \$25 | \$50 | \$50 |
| # of cash registers (per location) | 1 | 1 | 10 | 20 |
| # of devices needed¹ (per location) | 1 | 1 | 10 | 20 |
| Transaction fees | | | | |
| a. Transaction fee(s)? | | | | |
| Up-front and one-time fees | | | | |
| a. Application processing | | | | |
| b. Initial setup or activation | | | | |

¹ Device set includes one terminal and one PIN pad.

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| <p>Recurring Fees</p> <ul style="list-style-type: none"> c. Equipment maintenance d. Direct deposit e. Monthly statement f. Customer service or technical support g. Access to online transactions | | | | |
| <p>Processing Fees</p> <ul style="list-style-type: none"> h. PCI compliance i. Interchange j. Gateway k. Settlement l. Batch m. Address verification | | | | |
| <ul style="list-style-type: none"> a. PROBE: Are there other fees that haven't been discussed? b. PROBE: Do you charge a different rate or fee when the card is swiped versus manually entered (key-enter)? | | | | |
| <p>V. Customer Service and Support</p> <p><i>In this section, we will ask about the customer support and maintenance for EBT products and services.</i></p> | | | | |
| <p>VQ28. What types of customer service options are available to your clients?</p> <ul style="list-style-type: none"> a. PROBE: What support features are available as part of the contract? <ul style="list-style-type: none"> <input type="radio"/> Equipment repair? <input type="radio"/> Is one-day shipping available? <input type="radio"/> Other? Please describe. b. PROBE: What features are available for an additional cost? | | | | |
| <p>VQ29. How does your company handle customer support and troubleshooting?</p> <ul style="list-style-type: none"> a. PROBE: Do you have a customer support helpdesk? <ul style="list-style-type: none"> <input type="radio"/> Is it available 24/7? <input type="radio"/> Is the support live or through email? b. PROBE: What type of assistance is typically requested? c. PROBE: What is your return policy? | | | | |
| <p>VQ30. Describe the typical concerns that merchants raise with your organization.</p> <ul style="list-style-type: none"> a. PROBE: Are there any concerns specific to SNAP retailers or EBT products and services? b. PROBE: Are these concerns different for new vs established SNAP clients? | | | | |

V. Marketing and Best Practices

In this section, we want to know how the vendor markets its products and services.

VQ31. What is the size of the independent reseller market for EBT products and services?

- a. PROBE: What are the annual sales of the national independent reseller market for EBT products and services?

VQ32. How do you market your products and services to SNAP retailers?

- a. PROBE: How do SNAP retailers find out about you?
- b. PROBE: Do you offer a referral program?
 - o What kind of rewards are the referring organization eligible for?

VQ33. What factors should merchants consider when selecting EBT equipment and payment processors? Why?

- a. PROBE: Possible equipment factors
 - o Equipment installation
 - o Software installation
 - o Troubleshooting help
 - o Equipment replacement
 - o Integration with credit/debit card reader
 - o Integration with inventory software
 - o Equipment cost
 - o Up-to-date technology
 - o Reliability (processing uptime)
 - o Equipment size
 - o Ease of use
- b. PROBE: Possible payment processing factors
 - o Transaction fees
 - o Monthly fees
 - o Processing time for fund to appear in store account
 - o Analytic tools
 - o Payment cycle
 - o Reliability (processing uptime)
 - o Internet connection requirements
 - o Length of contract
 - o Technical support
 - o Fraud protection
 - o Other (please specify) _____

VQ34. What advice would you give new SNAP retailers on choosing reputable vendors for EBT equipment and processing services?

- a. PROBE: What advice would you give existing SNAP retailers about renegotiating contracts or switching EBT processing services and equipment?

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| b. PROBE: Are there future trends in the provision of services and equipment for EBT that retailers should be paying attention to? |
| VQ35. Why should a merchant work with your company? |
| a. PROBE: Do you have any references? |

Privacy Act Statement

Authority: Section 4011 of the Agricultural Act of 2014 (P.L. 113-79; “2014 Farm Bill”) ended the provision of EBT equipment and services free of charge to retailers participating in SNAP and authorizes collection of the information on this application.

Purpose: Information is collected primarily for use by the Food and Nutrition Service to inform future FNS policies regarding requirements for vendors providing EBT equipment and services to authorized retailers and TPP services-related guidance for retailers.

Routine Use: Information may be disclosed for any of the routine uses listed in the published System of Record notice <https://www.federalregister.gov/documents/2010/12/27/2010-32457/privacy-act-revision-of-privacy-act-systems-of-records#p-30>

Disclosure: Study results will not share individual respondent information but will be analyzed and reported aggregately. Individual responses will not be shared outside the research team.