

USDA FOOD AND NUTRITION SERVICE

Supplemental Nutrition Assistance Program (SNAP)

Electronic Benefits Transfer Mobile Payment Pilot – Request for Volunteers (Final)



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Expiration:

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Definition of Terms

Term	Definition
ANSI	The American National Standards Institute promotes voluntary consensus and conformity to standards and systems, across and within various industries and sectors of the economy, in the United States.
Applicant	State or States proposing to volunteer for the Mobile Payment Pilot, by submitting a formal response to this request for volunteers (RFV).
Eligible Food	Defined by the Food and Nutrition Act of 2008 as any food or food product for home preparation and human consumption and includes seeds and plants which produce food for consumption. The Act prohibits the following items from being purchased with SNAP benefits: alcoholic beverages, tobacco products, hot food, and any food sold for on-premises consumption. Additional information can be found at http://www.fns.usda.gov/snap/eligible-food-items .
EBT	Electronic Benefits Transfer is the card system for Government food assistance and cash benefits that functions like a debit card system.
EBT Processor	Company contracted by a SNAP State agency to run a turnkey transaction processing system for EBT.
EMV	EMV is a payment method based upon a technical standard for smart payment cards and for payment terminals and automated teller machines which can accept them. EMV originally stood for "Europay, Mastercard, and Visa," the three companies which created the standard.
2018 Farm Bill	Common name for the Agricultural Act of 2018 (PL-115-334).
FNS	The Food and Nutrition Service is the agency within USDA that administers domestic Government food assistance programs, including the Supplemental Nutrition Assistance Program (SNAP).
IEC	The International Electrotechnical Commission is an international standards organization that prepares and publishes international standards for all electrical, electronic, and related technologies – collectively known as "electrotechnology."
ISO	The International Organization for Standardization performs the same functions as ANSI, but at the international level.
Mobile Payment	A contactless transaction where a personal mobile device is used to initiate and accept payment.
Mobile Payment App	An application housed on a personal mobile device, which an individual can use to access an alternative payment method, instead of paying with cash, check, debit, or credit cards (e.g., mobile wallet).
Mobile Payment Technology	A broad term referring to the technology used to support mobile payments, payment applications, and mobile payment transactions.
NFC	Near Field Communication is a method of contactless payment that uses radio frequency to conduct a payment transaction, in a physical retail environment (e.g., between a customer's mobile device and retailer's point of sale device).

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Term	Definition
PAN	A Primary Account Number is the 16- to 19-digit EBT card number that is used to process payment for purchases.
PII	Personal Identifiable Information is any information that can be used to uniquely identify, contact, or locate a single individual, or can be used with other sources to uniquely identify, contact, or locate a single individual.
PIN	A Personal Identification Number is a cardholder selected four-digit identifier required to be entered for all EBT transactions, and thereby serves an authentication/security function.
POS	Point of Sale usually refers to the terminal or other device used by retailers to generate transaction requests at the time a purchase is made.
QR Code	Quick Response Code is a method of contactless payment that uses a unique image or 'code' to conduct a payment transaction, in a physical retail environment (e.g., between a customer's mobile device and retailer's point of sale device).
Retailer	Firm authorized by FNS to redeem SNAP benefits, which they do by accepting EBT cards to process payments.
RFV	Request for Volunteers is a document to solicit partners to voluntarily participate in a pilot program, at no cost to the Government.
RIPID	Retailer and Issuance Policy and Innovation Division is the division within FNS that is responsible for EBT, as it relates to SNAP, including policy development, system support, and program innovation.
SNAP	Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program, is a domestic Federal nutrition assistance program that provides a basic safety net to ensure that low income Americans receive adequate nutrition.
SNAP State agency	Organization within State government responsible for operating SNAP, which includes contracting with an EBT processor that handles SNAP and cash assistance programs.
Tokenization	The process of replacing a customer's personal account information with a randomly generated number that acts as a surrogate to safeguard a transaction.
TPP	A Third-Party Processor is a commercial entity contracted by merchants to route transactions for card issuer approval and to manage settlement.
USDA	United States Department of Agriculture is the Federal department responsible for food assistance programs, agricultural programs, and rural services.
Virtual Card	A randomly generated 16-digit card number, expiration date, and security code issued by a bank or pay source that are tied to an existing payment account.

1 Introduction

1.1 Overview

The United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) administers the Supplemental Nutrition Assistance Program (SNAP), in cooperation with SNAP State agencies. Through the State agencies, FNS issues approximately \$56 billion in SNAP benefits to more than 18 million eligible households (data for FY 2019). SNAP benefits are currently issued electronically, through a technology called Electronic Benefits Transfer (EBT), which works similar to debit card technology. This technology allows SNAP recipients to redeem benefits for eligible food at retailers authorized to accept SNAP.

Section 4006(e) of the Agriculture Act of 2018 (2018 Farm Bill) requires the Secretary of Agriculture to allow SNAP recipients to use mobile payments – that is, to allow the use of personal mobile devices, such as cellular phones, tablets and smart watches - in place of physical SNAP EBT cards -to conduct SNAP transactions, subject to the result of five (5) mobile payment pilot projects. FNS will conduct these projects to evaluate whether allowing mobile payments is in the best interest of the Program, and to therefore, recommend allowing their use to the Secretary.

FNS intends to select SNAP State agencies to participate in up to five (5) mobile payment pilot projects. Applicant States should develop partnerships with necessary stakeholders (identified in section 2.1.2) and obtain commitment agreements. The pilot projects will require significant technical development (e.g., EBT system development), implementation support, and a formal evaluation to inform the feasibility of this technology for eventual use by all SNAP State agencies. Volunteering for these pilot projects will require resources, including, but not limited to, financial, technical, and staffing from all stakeholders. FNS will collect and analyze data from the pilot projects and analyze the requirements and resources that would be necessary to implement across all SNAP States. The FNS evaluation will inform the recommendation to the Secretary and, if ultimately necessary, the regulatory framework for mobile payments in SNAP.

There are potential benefits for SNAP recipients in utilizing mobile payments for SNAP transactions. According to the 2019 Pew Research Mobile Fact Sheet¹, “Seventy-one percent (71%) of Americans that earn less than \$30,000 each year own a smartphone (a personal mobile device capable of supporting mobile payment technology).” When a customer uses mobile technology to pay, the method of payment is not identified at the time of a mobile payment transaction. Therefore, the customer is not easily identified as a SNAP recipient, which can reduce stigma at the point of purchase. Mobile technology offers widely used payment options for recipients that can offer high levels of fraud protection through multi-level authentication strategies, recipient budget and management support because of real-time access to benefit information, and safe storage of receipts. A final benefit for SNAP recipients identified during the research phase of this project is convenience, as the use of a mobile device to pay for goods and services leaves the customer with one less card to keep track of and carry around.

¹ Demographics of Mobile Device Ownership and Adoption in the United States (2020, June 05). Retrieved July 23, 2020, from <https://www.pewresearch.org/internet/fact-sheet/mobile/>

While offering potential benefits, mobile payment options also introduce potential challenges for SNAP recipients. These include possible data charges for mobile payment transactions, staying informed about general fraud protection practices and taking measures to avoid digital scams, understanding the importance of and enabling proper security measures, such as a mobile device passcode, and establishing of trust in a new method of payment. SNAP recipients may require new training or education in areas like managing security on their mobile device and what to do when a device is replaced, lost, or stolen.

1.2 Market Research Workgroup

To explore the landscape of mobile payment technology, FNS established a market research team consisting of Federal staff from FNS and a contractor. The objective was to explore the history of mobile payment technology, identify trends, and determine key elements that need to be considered when evaluating whether mobile payments will work for SNAP EBT.

The market research team identified and reviewed more than 30 documents. The documents included publicly available items such as: white paper expert analyses, regulations and standards, web articles and industry blogs, and pilot reports from previous mobile technology pilots executed in other industries. The market research team found that mobile payment technology has been tested and successfully implemented in the transit, retail, travel, and credit card industries. The information gathered throughout the document analysis informed the agendas of the stakeholder listening sessions, as well as the Scope and Requirements detailed in this request for volunteers (RFV).

Following the document review, the team conducted four (4) Listening Sessions with various potential stakeholders. Two of the listening sessions were held with SNAP State agencies, one with Industry Experts (e.g., processors, mobile application providers), and one with retailers and retailer association representatives. During the listening sessions, FNS described the origin and intended purpose of the mobile payment pilot. FNS also provided an overview of the process, specific to proposing and implementing pilot projects. Stakeholder representatives were encouraged to offer input and ask questions about the landscape of mobile payment technology and about the potential for mobile payments to be made available for SNAP EBT transactions.

1.3 Mobile Payment Technology Landscape

“Mobile payment” is a general term that can be used to describe the different methods used to initiate and accept payment. The mobile payment landscape includes varying technologies and has been formed over time through global efforts across many industries.

1.3.1 Global Market

Mobile payment is a method of payment that has emerged from the concept of “contactless payment,” which is a general term referring to payments performed without the use of a magstripe payment card. Transit authorities across Europe and Asia were the first to explore mobile payment capabilities in the early 2000s. A few years later, retailers from those regions began to explore how this technology would work in stores.

Mobile payment technology is spreading in the global market.

- In 2018, approximately 49.6% of the population in China (and 81.1% of smartphone users) used mobile payments.

- 19.1% of smartphone users in the UK are using mobile payments.
- In Canada, nearly 21% of the population use mobile payments.
- 10% of adults in Africa are active users.

Regions that have found the most success adopting mobile payment technologies focused on one or two universal processing options, had support via government initiatives, and offered a diverse retail base where customers could use the technology.

1.3.2 United States Market

Use of mobile payment technology continues to grow in the U.S. Early versions of mobile wallets, beginning in 2007, were designed to enable in-app and ecommerce payments. In 2010, Near Field Communication (NFC) technology was paired with mobile technology to further the payment capabilities of mobile wallets. Merchant-based mobile wallets closely followed in 2012. The contactless payment landscape has broadened from card-dependent functionality (e.g., ‘tap’ payments using EMV chip cards) to contactless methods of payment that no longer need a physical card (payment supported by a smartphone application).

The current U.S. landscape, specific to mobile payments, includes (among others) mobile applications that support retail transactions in-store and online, person to person (P2P) technology for individual exchange, bank-centric wallets for ‘anywhere’ access to financial services, and merchant-specific applications or wallets that facilitate payment and offer benefits to customers within the mobile application. Overall, mobile payments experienced a slow start in the U.S., with only 6% of mobile phone owners reporting use of a mobile wallet in 2014. This number has been steadily growing, with 27.3% of mobile phone owners reporting use of a mobile wallet in 2018.

2 Pilot Scope

FNS hopes to incorporate mobile payments as a transaction method available to SNAP recipients. However, due to the differences between the current card-based issuance of SNAP benefits and the nature of mobile technology, FNS would need to test the functionality of mobile transactions, revise regulations, develop standards, and analyze and strengthen the processes for monitoring and detecting fraud to successfully make mobile payments available as a means of redeeming SNAP benefits. FNS expects this pilot, which may include up to five (5) separate projects, as stated in the overview, will provide the data needed to inform these activities. Because this is a pilot, it is being conducted within the confines of the current EBT system.

2.1 Participants

Primary project stakeholders will be FNS and Applicant SNAP State agencies that are selected to participate. Additional partner stakeholders will be selected by applicant SNAP State agencies. Each stakeholder group must offer dedicated resources to the pilot project. Participating in this Government initiative offers selected SNAP State agencies and partner stakeholders the opportunity to play an integral role in the growth of mobile payment technology, by introducing it as an option for SNAP transactions. Each pilot project may involve different stakeholders, depending on the transaction method selected and the State agency’s contracted EBT Processor.

The project stakeholders will require agreements (e.g., contracts, Memoranda of Understanding [MOUs]) between them to participate in the pilot project.

It is possible that some partner stakeholders may be the same body or organization (e.g., one entity as both mobile application provider and EBT processor). Some may need to connect directly with other partner stakeholders and form agreements to participate in the pilot project (e.g., retailer and SNAP State agency). There may be other partner stakeholders that will be brought in as a third party (e.g., token service provider). The following sections further define the project and partner stakeholders.

2.1.1 FNS

The FNS SNAP Retailer and Issuance Policy and Innovation Division (RIPID) is responsible for SNAP, as it relates to EBT issuance, EBT and retailer policy, retailer systems support, and program innovations, such as this Mobile Payment Pilot.

2.1.2 States

FNS administers SNAP in cooperation with State agencies. The Federal Government pays the full cost of SNAP benefits and splits the cost of administering the program with the States, which operate the program at the State level. SNAP eligibility rules and benefit levels are, for the most part, set at the Federal level and uniform across the nation. However, States have flexibility to tailor aspects of the program (e.g., reporting requirements for ongoing eligibility certification). Each State designs its own SNAP application process, following Federal guidelines.

2.1.3 Partner Stakeholders

2.1.3.1 EBT Host Processors

EBT Processors contract with State agencies to provide EBT services, such as EBT account setup and maintenance, issuing benefits, acquiring and authorizing transactions, retailer settlement, and providing EBT cards. EBT processors provide technical services, including data processing, database systems, financial settlement, and administrative interfaces, as well as card and call center services.

2.1.3.2 Other Payment Processors

There are mobile payment processors operating in the U.S. that support point of sale and in-app mobile payment solutions who currently do not provide EBT services. These processors provide technical services specific to the mobile payment methods outlined in this solicitation and could bring value to a State's pilot project.

2.1.3.3 Retailers

Retailers are firms authorized to accept SNAP payments by FNS. As of September 30, 2020, there were 250,920 SNAP authorized retailers. SNAP redemptions totaled approximately \$78 billion in Federal fiscal year 2020². Per the results of our document review, as of 2018, approximately 50% of all retailers in the U.S. accepted some form of mobile payment, while approximately 25% of smartphone users used a form of mobile payment.

² Includes both SNAP and Pandemic EBT (P-EBT) redemptions.

2.1.3.4 *Mobile Application Providers*

There are key mobile application providers who are successfully offering their mobile payment application (app) to consumers around the globe. Each payment app option has unique authentication processes, operating system requirements, and payment methods.

2.1.3.5 *Token Service Providers*

Certain methods of mobile payment require a process called tokenization. A token replaces a customer's personal account information with a randomly generated number. The token provider assigns the token(s) and can securely map the token back to the customer's original account information. To any other entity, a token is not useful and cannot be traced back to the customer. Tokens may be maintained in a vault (such as one housed on the mobile device or on a cloud server).

2.2 Requirements

Section 4006(e) of the Agriculture Act of 2018 (2018 Farm Bill) requires the Secretary of Agriculture to approve not more than 5 demonstration project proposals submitted by State agencies that will pilot the use of mobile technologies for SNAP benefits access. One of the associated requirements is an evaluation of the demonstration projects.

The pilot evaluation must include analysis of additional transaction, user account and customer service data, and statistics submitted to FNS (or an FNS-selected evaluation contractor) from the State agencies, EBT processors, retailers, and/or any partner stakeholder. It will also include interviews State agency staff, EBT processors, retailers, and/or any partner stakeholder. Pilot stakeholders, aside from SNAP recipients, must cooperate with FNS to evaluate the pilot, including, but not limited to, evaluation of household access to benefits and providing data to FNS on a regular and ad hoc basis. The process for submitting such data will include appropriate restrictions on the exchange of personally identifiable information (PII). FNS will use the collected information to assess the impact of a mobile payment option for the various parties involved in the pilot, identify implementation issues, and analyze program integrity concerns.

Pilot projects must:

- Provide SNAP recipients with protections regarding privacy, ease of use, household access to benefits, and support like that provided under current EBT systems.
- Ensure that all recipients, including those without access to mobile payment technology and those who shop across State borders, have a means to access their benefits.
- Be voluntary for participating retailers.
- Require adequate documentation for each authorized transaction, adequate security measures to deter fraud, and adequate access for SNAP recipients to retailers that use mobile payment technologies.
- Require that clients participating in the pilot are also provided with a traditional EBT card, thereby ensuring that such clients will have access to their benefits.

2.2.1 Participant Requirements

2.2.1.1 *SNAP State Agency*

Section 4006(e) of the 2018 Farm Bill requires Applicant State agencies to submit a detailed work plan that clearly describes how the project will meet all requirements.

Prior to submitting their application to participate in the pilot, Applicant State agencies must discuss the mobile payment pilot with their EBT vendor, and work with the vendor to develop a change request that details the necessary system changes, work, resources, timeline, and costs. The change request will be executed if/when the State is selected. The change request must contain a development plan to address requested changes, operational specifications, transaction messaging specifications, and/or waivers needed and their conditions. Applicant States will also need to discuss the mobile payment pilot with potential participant retailers, clearly relay participating retailer requirements, and obtain their written commitment to participate.

Applicant States must form written agreements with partner stakeholders (e.g., contracts, MOUs) to participate in the pilot project. Once agreements are formed, applicant States must submit a description of the resources they and their partner stakeholders have committed to the project. Agreements must thoroughly describe each partner stakeholder’s responsibilities and may be written so that they only become effective if and when the Applicant State is selected to participate in the pilot.

The detailed work plan must include a clear implementation timeline. The work plan will identify the scope and parameters of the pilot (e.g., will mobile technology apply to Cash benefits?). Applicant States must clearly outline the strategy to recruit, educate, and prepare SNAP participants to use the selected mobile technology. A description of any supporting technology they may use for the purpose of the pilot (e.g., virtual card, online portal, or SNAP mobile application) must be included in the work plan. The work plan must include a summary of changes, transaction specifications, and messaging codes necessary to support the proposed mobile payment solution.

Applicant States must commit to participation in the FNS evaluation of the pilot, including the provision of data required by FNS. There must be comprehensive testing of the mobile payment solution, including (but not necessarily limited to) EBT system testing, certification testing, and end-to-end testing. FNS expects to collect the following administrative data from State SNAP agencies for a formal evaluation of the pilot. Based on recommendations from the evaluator or pilot stakeholders, FNS reserves the right to collect additional information.

- Household identifier
- Household gross income
- Household SNAP benefit allotment
- Household member TANF receipt
- Household member age
- Household member disability status

2.2.1.2 State EBT Processor

Per the terms of their contract, the EBT processor must work with the Applicant State agency to scope the project, determine necessary system changes, develop requirements, commit resources, and develop a project plan and timeline. During project planning, EBT processors must work with the Applicant State agency to identify any additional or supporting technologies required to execute the mobile payment pilot. Processors must support the

Applicant State agency and collaborate with other industry stakeholders to identify or develop a payment app, file specifications, and connections that will enable EBT mobile payment authorization. Collaboration will include identifying a Token Service Provider, if applicable, to protect and secure EBT mobile payments.

In support of a comprehensive work plan, processors must work with the Applicant State agency to acknowledge and follow any applicable industry standards, as well as adhere to any regulatory requirements associated with offering a mobile payment option. Processors must offer expertise to identify any coding and message specification changes necessary for EBT to accommodate the proposed mobile payment solution. Processors must offer support in developing the plan for, and participating in, comprehensive testing of the mobile payment solution, including (but not necessarily limited to) EBT system testing, certification testing, and end-to-end testing.

2.2.1.3 SNAP Retailer

Retailers planning to participate in the pilot must work with the Applicant State agency to scope the project, develop requirements, commit resources, and develop a project plan and timeline. Participating retailers must be an FNS Authorized Retailer upon application for the pilot and will be removed from the pilot if they lose their authorization. Retailers must agree to be responsible for the cost of any system or equipment changes and upgrades necessary to implement the pilot. Section 4006(e) of the 2018 Farm Bill requires “retail food stores, unless exempt under section 2016(f)(2)(B) of this title, to bear the costs of acquiring and arranging for the implementation of point-of-sale equipment and supplies for the redemption of benefits that are accessed through mobile technologies.”

Participating retailers may promote the payment method to educate and encourage customers. Promotion should include posting acceptance of the payment method in conspicuous locations. To support the pilot project and its customers, retailers must ensure foods purchased with benefits issued through mobile technologies are purchased at a price equal to the price of the same food purchased by other methods used by the retail food store.

Retailers must offer support in developing the plan for and participating in comprehensive testing of the mobile payment solution, including (but not necessarily limited to) certification testing, and end-to-end testing.

2.2.1.4 Other Contractors (e.g., MP application provider, token service provider)

Contractors selected by the Applicant State agency to support the pilot project must work with the Applicant State agency to scope the project, develop requirements, commit resources, and develop a project plan and timeline. During project planning, contractors must work with the Applicant State agency to identify any additional or supporting technologies required to execute the mobile payment pilot. In collaboration with other pilot stakeholders, contractors must support identifying any additional stakeholders necessary to execute, protect, and/or secure EBT mobile payments.

In support of a comprehensive work plan, contractors must work with the Applicant State agency to acknowledge and follow any applicable industry standards and regulatory requirements associated with offering a mobile payment option. Contractors must offer

support in developing the plan for and participating in comprehensive testing of the mobile payment solution, including (but not necessarily limited to) EBT system testing, certification testing, and end-to-end testing.

2.2.2 Transaction Methods

In the current mobile payment landscape, there are two predominant methods used to conduct mobile payments: Near Field Communication (NFC) and Quick Response (QR) Code transfers. QR processing involves the use of optical scanning 'QR-code' techniques at the point of sale, while NFC payments generally run through the same networks and connections that traditional plastic card payments use. Additional information on these two transaction methods is presented below.

Mobile Wallet – NFC Payments

NFC involves a mobile phone using a radio frequency to communicate with an enabled Point of Sale (POS) terminal. An NFC payment is a device-centric method of making a payment while the customer is in a physical retail environment. In this type of transaction, a retail clerk scans the customer's items and the customer notifies the retail clerk that they would like to pay using a smartphone or wearable device (e.g., smart watch). The customer then opens the mobile wallet app on their device, selects the desired pay source, and places the device about an inch from the POS terminal. The payment credentials are retrieved from the device and transmitted to the POS terminal. The transaction information is then tokenized and sent to the issuing bank for validation. Once the bank determines whether funds are available, a tokenized message is sent back to the POS terminal, notifying the retail clerk and customer whether the transaction was approved or declined.

For a successful transaction, the following must occur:

- The devices need to be within 1-3 inches of each other.
- The customer will need to verify their identity on the device to access their installed mobile wallet app. Identity verification on the mobile device occurs via fingerprint, passcode, facial recognition, or answering specific security questions set up in advance by the user.
- The transaction requires secure transmission for authorization using tokenization, which is a security process of replacing the primary account number (PAN) with a different value. This process reduces the chance of theft and fraud.

The mobile wallet NFC payment is a preferred method of payment in many systems due to customer convenience. NFC payments are not exclusive to mobile wallets and are already being used in the retail environment. This is a benefit, since many retail stores already have the equipment to execute such transactions, and current payment methods run through the same processing channels as NFC mobile transactions. An NFC payment does not require the use of Wi-Fi or a data service to complete the transaction. There are reported benefits related to security as well. These security measures include:

- Encryption or tokenization of payment account information on the mobile device.
- Using the payment data (token) only once.

- Device-specific methods of identity verification supported by embedded security elements such as a tamper-proof chip embedded in the device that protects from malware attacks.
- Use of non-device specific methods that store the security elements in the cloud to prevent sensitive information from being stored on the device’s hardware.
- The mobile device never leaving the consumer’s hand.

Mobile Wallet – QR Codes

QR code capability resides on a mobile device. In this type of transaction, a retail clerk scans the customer’s items and the customer notifies the retail clerk that they would like to pay using a smartphone or wearable device. Once all items are scanned, the customer opens the mobile payment app, which generates and displays a code on their device. The customer then places the device about an inch from the POS terminal, and the POS terminal optically scans the customer’s device, allowing for the exchange of payment credentials. The transaction information is then tokenized and sent to the issuing bank for validation. Once the bank determines whether funds are available, a tokenized message is sent back to the POS terminal, notifying the retail clerk and customer whether the transaction was approved or declined.

There is also an alternative QR code transaction process similar to the one described above. However, instead of the mobile device generating the code and the POS terminal scanning it, the terminal generates and displays the payment code, which is then optically scanned by the customer’s device. Regardless of which device scans the code, the transaction information is processed in the same way.

For a successful transaction to occur,

- The QR code is generated by an external source whether it be a brand, merchant or mobile payment processor.
- The scanning device (POS or customer device) requires a network connection to send and receive transaction information, such as internet or a data service.
- The customer scans the code at an enabled POS terminal. QR code transactions, like EBT transactions, occur within a closed loop. “Closed loop” refers to payments that can only be used in a defined store or group of stores. The existing SNAP EBT system is a closed loop system. QR codes are not device-specific but rather specific to a merchant, brand, or transaction.

QR codes are a preferred method of payment due to fewer costs associated with the transaction itself. The average QR code processing fee is around 1% of each transaction, compared to 2-3% for traditional credit card transactions. The QR code transaction operates in the cloud, and often no customer-specific information is required from the device to use the code. Like the NFC payment method, the mobile device never needs to leave the consumer’s hand.

2.2.3 Data Security and User Authentication

The mobile payment pilot will explore new methods of housing and exchanging account information that belongs to SNAP recipients. Specifically, this includes entry, storage and/or encryption, or tokenization of EBT account information and PINs on an application that is installed on a SNAP recipient’s personal mobile device. Pilot projects must provide SNAP

recipients with a safe and secure method of conducting SNAP transactions using their personal mobile devices. Each pilot project must address the following considerations:

- The EBT personal account number (PAN) will require protection both if stored by the mobile payment app and/or as it is transferred from the mobile device to the POS.
- SNAP households may have multiple members who access and use benefits. This is an important consideration when exploring relevant authentication methods for mobile transactions.
- SNAP household members will need a method to verify that they are authorized to use the benefits. This is currently done by use of a PIN. Use of a PIN to perform transactions is not a requirement of the mobile payment pilot project. However, any PIN alternatives proposed by Applicant State agencies must provide at least equal levels of account security and ease of access for all authorized users.
- Pilot applications submitted by States must address fraud concerns specific to mobile payment methods, and clearly explain how the pilot project plans to deter potentially fraudulent activity.

Tokenization

Proposed mobile payment methods may require tokenization. Tokenization can occur when the SNAP recipient loads the pay source (the SNAP PAN) onto a mobile app. Alternatively, it can occur at the time of the transaction, where a dynamic token packages the entire transaction (all valid routing information) in a token and sends it for authorization. The method of using dynamic tokens is not exclusive to mobile payments. Both online and in-store transactions currently use tokenization to protect physical card transactions during manual, mag-stripe, and chip transactions.

User Authentication

Currently, during a SNAP EBT transaction, the customer will authenticate as an authorized household member using either the physical card or the PAN in conjunction with a four-digit personal identification number (PIN). The mobile payment method introduces alternative methods of authentication.

To enable mobile payments on a device, the user must download a payment app. When a user downloads a mobile payment app on their mobile device, a password is required to authorize the download. This password authenticates the user is an individual that is authorized to update the mobile device.

For mobile payments, the original process of providing account information is known as ‘provisioning.’ When a user provisions a payment card onto the payment app, authentication is required by the app to verify that the user is authorized to access the account. Thereafter, authentication is required each time a user attempts to access the payment app.

A SNAP EBT transaction currently requires the recipient to enter a PIN, providing verification that he or she is an authorized household member. Mobile payment pilot project applications may offer an alternative to PIN technology with one or more of the customer verification methods mentioned above. If the pilot project proposes an alternative technology to PIN entry, the new method must allow all household members access to SNAP benefits, while protecting

the benefits from unauthorized users (e.g., a non-household member who has taken the mobile device and managed to access the payment app).

2.2.4 Rules and Standards

Pilot projects are expected to adhere to all applicable laws, regulations, standards, and policy. Examples of these governance requirements are described below. State agencies should document in their applications their commitment to adhere to all governance requirements as applicable, and their specific plans for so doing.

State agencies applying for the mobile payment pilot project must also include the requirement to adhere to applicable governance requirements in all agreements, contracts and/or memorandums of understanding (MOUs) with partner stakeholders.

2.2.4.1 *FNS SNAP Law, Rule, and Policy*

SNAP is governed by the Food and Nutrition Act of 2008 and the United States Code of Federal Regulations (CFR) Title 7 Parts 271 – 285. Section 4006(e) of the 2018 Farm Bill requires that FNS conduct a mobile payment pilot for SNAP. States are expected to operate a mobile payments pilot within the bounds of the law and Federal regulations detailed in: 7 CFR, Ch. 2, Subchapter C, Part 274, and more specifically the following sections:

- 274.2 (f) EBT Cards and PINs (including adjustments)
As noted elsewhere in this RFV, entry of a PIN to perform transactions is not a requirement of the mobile payment pilot project, however, any alternatives to PIN transactions proposed by Applicant State agencies must demonstrate at least equal levels of security provisions and ease of access for all authorized users.
- 274.7 Benefit redemption (e.g., eligible food, equal treatment, which are further described in Section 2.2.5)
- 274.8 Functional and technical EBT system requirements (e.g., PINs, receipt requirements, which are further described in Sections 2.2.4.3 and 2.2.5).

Where appropriate or necessary for operation of the mobile payments pilot, States may request regulatory waivers.

2.2.4.2 *State Law and Regulation*

Cash programs that use EBT systems are administered by State agencies, not by FNS. Applicant States must indicate whether their mobile payment pilot project will include EBT Cash, and if so, describe how this will be implemented. While each State has its own eligibility rules and payment levels, cash EBT accounts and transactions are handled in a very similar manner to SNAP accounts. Some States have features to block certain types of merchants to limit card usage to what Federal and State laws deem suitable for cash recipients. However, SNAP-authorized food retailers do not generally fall into those categories. States that provide food benefits with State funds should address whether those benefits will be included in the mobile payment pilot.

2.2.4.3 *Technical/Industry Standards*

Several technical and industry standards that will or may apply to this pilot project are described below. Applicant State agencies and their partner stakeholders are expected to

identify the standards that apply to their specific proposed solution and describe their ability to comply.

- International Organization for Standardization (ISO) 8583 and the American National Standards Institute (ANSI) X9.58 – Standard for systems that exchange cardholder-initiated electronic transactions using payment cards. FNS rules require that the EBT transaction messages arriving at the EBT processors for authorization must meet specifications contained in the EBT version of the ISO 8583 transaction message standard. The name of this standard for EBT is X9.58. For brick and mortar stores, it is the responsibility of the merchant's TPP to convert transaction data to this standard. The merchant must then conform to the TPP's EBT message specifications. It is anticipated that changes will be required to X9.58 specification to accommodate mobile EBT payments and the associated data needed by FNS and State agencies.
- International Organization for Standardization (ISO) 12812 – Standard for mobile financial services including mobile payment to businesses (Part 5).
- ISO/International Electrotechnical Commission (IEC) 14443 – Standards that allow the operation of proximity cards in the presence of other contactless cards or objects; also addresses NFC devices.

These standards, and possibly other standards, will need to be reviewed for potential changes that may be necessary to transmit data specific to mobile payment transactions, and to meet any FNS reporting requirements (See Participant Requirements in section II.2 above). It is anticipated that other standards will be identified in pilot applications submitted by SNAP State agencies. These standards may include global standards that outline system and security requirements, regional initiatives (e.g., national, state, local), proposed regulations, and best practices (e.g., 'honor all wallets').

2.2.5 Operational System Requirements

Applicant States and Partner Stakeholders will need to consider operational system requirements when designing the mobile payment pilot project. Pilot projects must allow for the operational requirements listed in this section.

2.2.5.1 Security and Privacy

Pilot State participants must have adequate methods in place to ensure system and data security, as well as customer privacy, to prevent compromise of SNAP household privacy, identity theft, and other fraud. Applications will be carefully evaluated for strong data security systems and policies, and the use of industry-recommended practices.

Due to legislative privacy requirements it is necessary for FNS to ensure that personal information such as name, address, or email address collected by SNAP Retailers is not compromised, sold, rented, or given away free to any third party without authorization.

Sensitive data such as EBT card information may never be sold, rented, or given away free to third parties under any circumstances. States must address in their agreements with all stakeholders that the parties will not share any private data with third parties for any current or future application or venture without the explicit consent of the EBT customer.

2.2.5.2 *Mandatory Transaction Types for EBT Mobile Payments*

- User authentication via PIN or a comparable authentication process described in the pilot application.
- Balance Inquiry
- Purchase
- Return
- Void
- Reversal
- Denial: If a mobile payment transaction is denied, the processor must provide a reason code. The mobile payment app must immediately provide the EBT customer with an onscreen explanation of the denial reason. In addition to returning a denial message, the mobile payment app must display the remaining SNAP and cash EBT account balances if the denial is for insufficient funds.

2.2.5.3 *Purchase Checkout Process*

2.2.5.3.1 *Payment Types*

Mobile payment pilot projects must accommodate SNAP payments and split tender payments (i.e., a single purchase that includes SNAP, EBT Cash, debit, and/or credit card tender). EBT Cash is an optional payment type for the mobile payment pilot.

2.2.5.3.2 *Eligible Products*

Federal regulations require that SNAP benefits may only be exchanged for eligible foods. The mobile technology pilot projects should require SNAP benefits to only be used to pay for eligible foods such as:

- Foods for the household to eat, including:
 - breads and cereals
 - fruits and vegetables
 - meats, fish, and poultry
 - dairy products
 - other accessory foods such as coffee, tea, cocoa, soda, non-carbonated beverages (e.g., sports drinks, punches, and flavored waters), candy, condiments, and spices
- Seeds and plants which produce food for the household to eat
- State-mandated container deposits for eligible products because the products cannot be sold without the containers; any deposit amount (e.g., a manufacturer or retailer-imposed bottle deposit) beyond that required by the State must not be paid with SNAP benefits.

2.2.5.4 *Customer Receipt and Notification*

Federal regulations require that a printed paper receipt be provided at the time of the SNAP transaction. EBT mobile payment pilots must address the provision of receipts, either printed paper, in-app, or other electronic receipts. Retailer waivers will be required for options other than printed receipts. Note that waivers for this requirement have been provided for previous pilot projects.

At a minimum, receipt information must include the date, merchant's name and location, transaction type (e.g., purchase or refund), transaction amount, and remaining balance for the SNAP account. It must also identify the SNAP recipient's account number (the PAN) using only a truncated number (last four digits) or a coded transaction number. Per regulation, the household's name shall not appear on the receipt. Should a pilot State choose to include EBT cash, States also require that the remaining balance of the cash account be printed on all receipts.

2.2.5.5 *Equal Treatment*

Federal regulations at 274.7(f) and 278.2(b) require equal treatment for SNAP clients. They must be treated in a manner equivalent to any other customers (see Section 2.4.4, Equal Treatment for more information). The above requirements, waivers, and conditions address most foreseen differences. The Applicant State may propose some additional limited preferential treatment for SNAP clients. Such proposals will require that the State applicant's partner retailers apply for any waivers from FNS. Agreements between States and retailers should include language stating the retailer's agreement to apply for necessary waivers. FNS will tailor these to the circumstances and may attach conditions for approval.

Examples of such preferential treatment include:

- Waiving or reducing fees only for SNAP recipients
- Allowing SNAP recipients to participate in nutrition incentive programs.

2.2.5.6 *Interoperability*

Interoperability refers to the operation of the selected technology in a State other than the Applicant State, or the ability for an out of state resident to use the technology in the Applicant State. Interoperability (as it relates to mobile payments) may be waived for the pilot, but Applicant States may propose it as an option for their pilot. Applicant States should describe their plan for addressing interoperability in detail.

2.2.5.7 *EBT Conversion – Transferability*

Pilot projects must consider the transferability of their mobile payment solution in the event of a conversion to a new EBT Processor. Transferability is dependent on backend processes and functionality, including the X9.58 specification. Pilot projects should include assurance that, in the event of a conversion, outgoing and incoming EBT Processors will be required to work together to transfer mobile payment functionality.

2.2.6 *Waivers and Conditions*

Waiver requests to FNS related to the proposed mobile payment solution should be made by the applicable stakeholder (States, retailer(s), mobile app provider). Agreements between States and partner stakeholders should include language stating the stakeholder's agreement to request necessary waivers. Some examples of waivers that might be needed for the mobile payment pilot are reflected in the sections below.

2.2.6.1 *PIN-Entry Method*

Section 274.8(b) of the SNAP EBT regulations require that PINs be entered only through ANSI-compliant POS devices. Sections 274.8(b)(3)(ii)(C) and 274.8(b)(6)(iii) provide that PINs must be encrypted, at a minimum, from the point of entry. Smartphones commonly used for mobile

payments do not meet the ANSI requirements for PIN-entry, and therefore a waiver of this requirement will be needed for operation of this pilot. Additionally, if the State’s proposed mobile payment pilot involves an alternative to PIN-entry at the point of sale, a waiver will be required.

2.2.6.2 *Printed Receipt*

Applicant State agencies should address their proposed handling of printed receipts and the other requirements described below. A waiver from the regulation requiring a printed receipt may be needed, and depends on the pilot’s proposed approach.

Section 274.8(b)(6)(i) of the regulations prohibits the onscreen display of SNAP account balance information. Section 274.8(b)(7) requires that households must be provided printed receipts at the time of transaction, with date, merchant's name and location, truncated card number, transaction type, transaction amount and remaining balance for the SNAP account. The household's name shall not appear on the receipt and no signature may be required except for manual vouchers.

Mobile payment pilot projects may consider alternatives, including:

- A confirmation invoice screen showing company name, order number, transaction date, delivery/pickup/shipping address, actual or estimated delivery date/time, data on individual items purchased, subtotal, tax, shipping/delivery fee amount, final total, payment method and last 4 digits of the card number used.
- A subsequent email to the customer containing all the information above.
- A printed invoice, included with the order, which details the actual items, unit pricing, subtotal, tax, shipping/delivery fee amount, and final total.

2.3 Exclusions

2.3.1 *Mobile Technologies*

During the research and discovery phase for the mobile payment pilot project, FNS determined that the three following technologies are not currently appropriate and will not be considered for pilot projects.

- Online or ‘web’ payments have led to the development of alternative currencies, the most popular example being bitcoin. SNAP benefits are distributed in the currency of U.S. dollars, and for that reason, the use of alternative currencies is not permitted for this pilot.
- The development of mobile technology has given way to new methods for individuals to exchange money. The technology is referred to as person-to-person (P2P) payment. SNAP EBT transactions are not exchanged between individuals, but between the recipient and the retailer. Therefore, technologies related exclusively to individual money exchange (e.g., Venmo, Zelle) are not appropriate for this pilot.
- EMV chip cards, enabled with technology for contactless card payment, do not meet the definition of the mobile payment technology to be tested in this pilot.

2.3.2 Online Purchasing

Mobile payment solutions proposed for this pilot should not be used for online purchasing transactions. The intent of the mobile payment pilot is to create the opportunity for SNAP recipients to use personal mobile devices-- such as cellular phones, tablets, and smart watches -- in place of physical SNAP EBT cards to conduct SNAP transactions at physical retail locations (i.e., brick and mortar stores). Although proposed solutions may have the capability to operate online, that functionality will need to be inhibited for the duration of the mobile payment pilot.

2.3.3 Applicants

State agencies in the process of re-procurement or conversion of their EBT systems will not be considered eligible applicants for this pilot project.

3 Pilot Application

This RFV is being issued by the USDA Food and Nutrition Service.

3.1 Announcement

This RFV has been published to [RFV link] and has been specifically shared with all 50 States, as well as the District of Columbia, Guam and US Virgin Islands.

3.2 Point of Contact

To receive a response to any questions and comments about this solicitation, direct them to the SNAP Mobile Payment Pilot mailbox: sm.fn.snapmobile@usda.gov.

3.3 Timetable

The following are significant dates for this solicitation:

Table III – RFV and Selection Timeline

<i>Event</i>	<i>Date(s)</i>
<i>Release of RFV</i>	<i>Day 0</i>
<i>Submission from Applicant State of Letter of Intent (LOI) and Questions Due</i>	<i>3 weeks after release of RFV</i>
<i>Conference Call with All Applicant States and Partner Stakeholders Submitting LOI</i>	<i>5 weeks after release of RFV</i>
<i>Addendum Release Date (if necessary)</i>	<i>6 weeks after release of RFV</i>
<i>Applications Submission Deadline</i>	<i>10 weeks after release of RFV</i>
<i>Evaluation Period Ends</i>	<i>18 weeks after release of RFV</i>
<i>Selection Announcement Date</i>	<i>20 weeks after release of RFV</i>

Once the RFV release date is known, this table will be updated with actual dates and posted to the FNS website at [Mobile Pilots Page link]. Any due dates that fall on a Federal Holiday or weekend move to the next working day.

3.4 Letter of Intent

SNAP State agencies interested in applying to participate in the mobile payment pilot must submit a Letter of Intent (LOI). FNS must receive the LOI by 5:00 pm Eastern Daylight Savings Time (EDT) on the date stated in the timeline above. Submitting an LOI does not obligate a SNAP State

agency to participate in the pilot. LOI respondents will be invited to participate in a conference call. During the call, FNS will gather information that we will use to prepare for the review and selection process, answer preliminary questions, and to review obligations and expectations of the RFV, as an aide in developing their applications. All respondents will also be on the list to receive a link to any questions and answers (Q&As) developed after the conference call.

At a minimum, the LOI must include:

- State agency name and address
- Contact name, email, and telephone number for the RFV
- The method of Mobile Payment
- A description of the parameters (geographical or otherwise) of the pilot
- List of partner Stakeholders and contact information
- Signature and Title of responsible official at Applicant State agency

The LOI should be submitted by email, to the SNAP Mobile Payment Pilot mailbox listed in Section 3.2, Point of Contact. FNS will only invite Applicant States that have submitted an LOI to pilot-related conference calls, and only send pilot-related documents (e.g., Q&As, clarifications) to such States. Applicant States may invite partner Stakeholders to participate on such calls and share relevant information with such Stakeholders.

3.5 Questions

SNAP State agencies must submit any RFV clarification questions by email to the SNAP Mobile Payment Pilot mailbox listed in Section 3.2, Point of Contact. These questions will be compiled, along with responses, and posted on the FNS website in the form of an addendum. Questions will not be identified by individual or State. If clarification questions are received with enough time in advance of the conference call/webinar scheduled with FNS (Section 3.3, RFV Timetable), they will be addressed during that call/webinar.

3.6 Applications

3.6.1 Submission

All applications must be sent to the SNAP Mobile Payment Pilot mailbox listed in Section 3.2, Point of Contact, and must be received by 5:00 pm EDT of the Application Due Date, listed in Section 3.3, RFV Timetable. All applications must be submitted by email and contain all the documents described below. Late and/or incomplete applications will not be considered for participation in this pilot.

Applicants State agencies should retain a copy of the application and all application attachments for their own records. Applicants State agencies should also retain the original signature pages containing written or digital signatures for the RFV application. If you are selected for participation in the Mobile Payment Pilot, FNS will need the original signatures.

3.6.2 Application Package

To be considered complete, the application must include all items on the Application Checklist (Appendix A). The application must consist of a password protected ZIP file named “Mobile Payment RFV Application from XXXXXXXXX.ZIP,” where “XXXXXXXXX” should be replaced by the

name of the Applicant State(s). Each file within the ZIP file must also be clearly labeled to include the State(s) name in the file name itself. Scanned attachments should be in searchable .pdf format and use the naming conventions described above.

3.6.2.1 *Work Plan with Implementation Timeline*

FNS expects the Applicant State to submit a written plan that outlines milestones and tasks the applicant considers essential to development, design, and implementation of mobile payment solutions. Detailed information about the work plan is provided in the sections below. At a minimum, the plan should address starting and completion dates for the primary activities, and include necessary documentation (e.g., if detailed requirements or a Business Requirements Document are available at the time of application, those documents may be submitted with the pilot application.) The plan should also provide contact information for each stakeholder's own or contracted staff responsible for primary functions that are critical to the success of the project.

The following areas are considered required elements of the work plan.

3.6.2.1.1 *Project Overview*

Applicant States must develop a project overview that specifies the approach, implementation strategy, and anticipated impact of the selected mobile payment solution. The project overview must include a detailed description of the proposed mobile payment solution outlining the transaction method(s) (see section 2.2.2), security considerations specific to the method(s), as well as any benefit and constraints for the chosen method. The project scope and strategy should be well-defined, including:

- Goal- describe the overarching purpose(s) of the project (Bring a mobile solution to X State)
- Objectives – describe the specific and measurable steps necessary to accomplish the goal(s) of the project
- A sequential task plan (this may be covered by the implementation timeline; see section 3.6.2.7.1)
- Define parameters – describe the scope of the project, including any limitations or constraints (geographical constraints, partners, whether Cash EBT is included, etc.)
- The approach the State Agency took to determine the feasibility of the proposed solution

3.6.2.1.2 *Description of Additional Technologies*

Applicant States must define and describe any additional technologies (mobile app, token vault, etc.) that are included in the work plan. The description should include an overview of the additional technology, its purpose in supporting mobile payments, the strategy for integrating it into the project (if not clearly defined in the work plan), and the impact the additional technology will have on the mobile payment process and the customer experience of SNAP recipients. The description must also include any security efforts specific to the technology. For each additional technology identified, Applicant States must outline the standards and regulations that govern the technology and describe the plan to adhere to the governance requirements.

Additional technologies will necessitate additional Partner Stakeholders (see section 2.1.3), and therefore, stakeholder agreements for the project (see section 2.2.1.1). Applicant States must identify these stakeholders as a project resource.

3.6.2.1.3 Identified Resources

Applicant States are required to have agreements with all necessary stakeholders prior to submitting an application, as stated in section 2.2.1.1. The application must include a listing of all stakeholders *and* reference the work plan areas (e.g., planning, design, development, testing, implementation, operations) where each stakeholder group has responsibilities. For the Applicant State agency and each Partner Stakeholder group, the listing must identify the responsible party for each group and include their contact information. Applicant States will make clear in all Stakeholder agreements the expectation for responsible parties to remain committed throughout the implementation. Applicant States should have a plan or strategy in place to manage any staff turnover and prevent potential negative impact to the implementation. The following information is required for all responsible parties:

- Name
- Position/Title
- Contact email and telephone

3.6.2.1.4 Description of Necessary System Changes

Applicant States should work closely with their EBT Processor Stakeholder and other relevant partner Stakeholders to identify changes needed for their EBT systems and any proposed changes to the X9.58 Specification. The Applicant State must provide a chart outlining the recommended X9.58 specification changes. The chart must also include a description of the relevance to the work plan and any impact to the proposed solution if changes are not made.

Other recommended changes to the EBT system and possible changes to the State's eligibility system in order to accommodate and report on mobile payments should be described in this section. For example: additional reports, and new fields and transaction codes in the State's Administrative Terminal.

Applicant States that are approved to participate in the pilot will then be required to provide FNS detailed documentation from the pilot project. This documentation includes, but is not limited to:

- a project timeline, business requirements identification and analysis
- a description of any required EBT system related functional design changes, workflow, and customer service
- copies of changes to screens, notices, and reports
- internal testing results

3.6.2.1.5 Testing Plan

FNS expects the Applicant States and Partner Stakeholders to include testing activities in the plan and timeline. All testing activities, including the approach for Quality Assurance (QA) testing, User Acceptance Testing (UAT), and retailer end-to-end testing, must be described in the Test Plan. The plan must address testing for:

- Internal systems and process flows developed for mobile payments.

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- System interfaces and messaging for purchases and refunds.
- End-to-end testing.

The plan must describe the process for developing scenarios and test scripts for the full scope of SNAP and Cash EBT transactions (if included). Test scenarios must address all potential situations for both purchases and refunds, customized to the participant’s business model and functionality.

FNS expects to test the modifications that each pilot State’s EBT processor develops for the mobile payment pilot. FNS also plans to conduct end-to-end testing for each selected mobile payment solution. The solution provider must provide access to a test platform to perform this testing. To the extent possible, the test environment must mirror the production environment and interfaces, so that test transactions flow from the participant’s system, and follow the production environment pathways to the EBT processor test platform for authorization and back to the point of sale. The Test Plan must address FNS participation in system testing.

3.6.2.1.6 Recruitment Strategies

Applicant States must describe their plan and approach to educate participating SNAP households about the availability and operation of mobile payments. The overall recruitment plan must also address customer marketing, customer awareness, and how the processes will be evaluated for effectiveness.

Recruitment strategies may include partner stakeholders (e.g., vendor-developed training, retailers posting flyers). For strategies that include partner stakeholders, a responsible party must be identified in the plan.

3.6.2.1.7 Detailed Implementation Timeline

The work plan must be supported by a detailed implementation timeline. Applicant States must address the time needed to develop contracts with all stakeholders, design, develop and implement internal systems, interface with external systems, test, institute procedural changes for all stakeholders, and to educate/prepare recipients for the pilot. The timeline should offer a breakdown of the project into smaller more manageable components for stakeholders and responsible parties. In other words, the Applicant should provide a timeline of specific tasks to achieve project objectives and the Stakeholders that must carry them out. Applicant States may choose whichever tools to organize the work plan and address all the required elements of the timeline. Please provide this in an Excel document. The detailed timeline must have clearly defined time increments (days, weeks, months) and identify benchmarks in each stage.

3.6.2.1.8 Detailed Approach to Gathering, Protecting, and Sharing Data

Mobile app providers may not share EBT customers’ PII data or other data that could be used to identify or target EBT customers (e.g., purchase history, location data) with outside parties without the explicit permission of the EBT customer. This is true even if the terms and conditions of the app for other customers allow such data sharing. Mobile app providers must have in place a security program and best practices to protect PII data. Applicant States should require mobile app providers to detail how customers are informed of protocols for

data collection, storage, protection, and sharing, including the process by which the customer may opt in or out. This information must be included in the Stakeholder Agreement. The security program described must be maintained and/or improved as long as they are participating in the mobile payment pilot.

Applicant States must provide a description of data security systems, including policies and strategies that use industry-recommended practices to protect data security and customer privacy. These strategies must also prevent compromise of SNAP household privacy, identity theft and other fraud (e.g., tokenization, device fingerprinting, strong policies for required use of logon ID/passwords and format/content for handling forgotten IDs/passwords, stringent information security policies for all company and contractor personnel.)

In addition to protecting data, Applicant States must describe the intended approach to gather the data that FNS will use to evaluate the mobile payment pilot (e.g., transaction data, household benefits, retailer data). The detailed approach to gathering data should include plans on how data will be shared with FNS throughout the mobile payment pilot.

3.6.2.1.9 Detailed Plan for Assessing SNAP Households Adoption and Experience

Applicant States are expected to conduct and provide an assessment on the SNAP households adoption and experience for the pilot. The Work Plan must include a description on the approach to how pilot States will collect qualitative data from participating households. As well, pilot States must provide a timeline for designing and implementing these protocols.

3.6.2.1.10 Summary of Costs

The Work Plan must include a project budget that outlines the project cost. If different Stakeholders will support the project costs, that breakdown must be included. Costs incurred by State Agencies from the mobile payments pilot will be covered at the standard administrative cost reimbursement rate. Pilot stakeholders outside of the State Agency are expected to cover any costs they incur.

3.6.2.2 Stakeholder Agreements

As discussed in section 2.1.3, applications must include any agreements with Partnership Stakeholders.

- EBT Processor
- Retailer(s)
- Other Contractor(s) (if applicable)

3.6.2.3 Attachments

Applicants must complete and return as part of their application packages the two appendices to the RFV:

- Appendix A – Application Checklist
- Appendix B -- Assurances

3.6.3 Withdrawal of Application

An applicant may withdraw their application at any time. Such withdrawals must be in writing. Withdrawals should be submitted to the email address of the FNS contact listed in Section 3.2, Point of Contact.

3.7 Participant Selection

Every application must meet minimum requirements to be considered responsive to the RFV. Those that fail to do so will be designated as non-responsive and eliminated from further evaluation and consideration. FNS will review the remaining applications and evaluate them in accordance with established criteria. As discussed in Section 1, Overview, FNS expects to select up to five applicants for the pilot State agency participation. Should a selected Applicant State be unable to comply with the requirements identified in Section 2, FNS reserves the right to select another applicant from the remaining pool of respondents to this RFV.

3.7.1 Baseline Requirements

FNS will prescreen each application to confirm that it includes all the essential attachments (including signatures) listed in Section 3.6.2 - Application Package, and that all elements are addressed in accordance with the Application Checklist – Appendix A and Assurances – Appendix B. Applications that do not include the aforementioned items will be considered non-responsive.

FNS will also screen applications to ensure:

- There is no evidence that false information has been deliberately submitted.
- No retailer dedicated to the project has any previous or suspected SNAP violations.
- Stakeholders never share PII data outside of the organization or only do so with the customer's explicit permission.

3.7.2 Evaluation Process

A panel of FNS program and technical representatives will review the remaining responsive applications during the evaluation period indicated in the table listed in Section 3.3.

3.7.3 Selection Criteria

FNS will utilize the following selection criteria to evaluate applications and determine pilot State participants. Selection criteria will prioritize applicants' technical expertise, as well as experience, dedicated resources, and ability to implement technological projects like this pilot.

3.7.3.1 Privacy and Data Security – 30%

Pilot State agency participants must have adequate methods in place to ensure system and data security, as well as customer privacy, in order to prevent compromise of SNAP household information, identity theft, and other fraud. Applications will be carefully evaluated for strong data security systems and policies, and the use of industry-recommended practices.

3.7.3.2 Business Model – 30%

Pilot State agency participants must produce a business model, via the work plan, that includes an implementation timeline, Partner Stakeholder agreements, and a budget that is feasible and suitable for meeting the scope and needs of the pilot project. The plan provided must demonstrate effective planning, with processes that will support successful project

completion, including strategies for monitoring quality and viability of both the project and the solution.

3.7.3.3 System Changes and Rollout Plan – 20%

Responses will be assessed to determine if Applicant States and Partner Stakeholders are able and willing to make required changes to their system and process to support the proposed mobile payment technology. FNS will also review to determine if the system changes and rollout plan are feasible. Applications that include an initial pilot or rollout areas that target specific low-income populations, low food access areas, or other vulnerable geographic locations will receive greater consideration.

3.7.3.4 Customer Service -10%

Applicants States with retail stores with a variety of policies that are favorable to SNAP households will be more positively rated for the selection process. Such policies may include, but are not limited to, convenient shopping experience, conspicuous display that mobile payments are accepted for SNAP, easy access to receipt and balance information, and timely attention to customer complaints.

3.7.3.5 Transferability – EBT Conversion -10%

Pilot State agency applicants must address the transferability of their mobile payment solution in the event of a conversion to a new EBT Processor. Transferability is dependent on backend processes and functionality, including the X9.58 specification. Responses will be assessed to confirm Applicant States specifically assure that in the event of a conversion, outgoing and incoming EBT Processors will be required to work together to transfer mobile payment functionality, and describe which specific elements of the functionality are impacted.

3.7.4 Selection Announcement

FNS expects to advise State agency participants of their selection by the date listed in Section 3.3, RFV Timetable. Non-selected applicants will be notified shortly thereafter.

Highly rated applicants who are not initially selected for the pilot may be invited to participate at a later point, especially if implementation issues arise with any of the selected participants. If this happens, it may be necessary for the applicant to submit updated information.

Because there is no monetary award involved in this solicitation, there will be no formal protest procedures. However, non-selected Applicant States may request a conference call with FNS to review the reasons for our decision. Details on how to request such a conference will be made available at the time the Applicant State is notified of non-selection.

Appendix A: Application Checklist

APPLICANT INFORMATION	Yes	No
Include all relevant information (State agency, Pilot Sponsor and contact information, Address, Signatures)		
APPLICATION PACKAGE		
Work Plan with Implementation Timeline		
Project Overview		
Description of the proposed solution		
Transaction method(s)		
Security efforts specific to the method selected		
Solution benefits		
Solution constraints		
Scope and Strategy		
Goals and Objectives		
Supporting technology identified (if applicable)		
Sequential task plan		
Parameters		
Define parameters, geographic or otherwise		
Describe how feasibility will be determined		
Description of Additional Technologies		
Identify the solution (e.g., mobile application)		
Describe plan to adhere to standards and/or identified regulations governing the technology		
Describe additional stakeholders necessary to support the technology and the role of each stakeholder		
Describe security efforts specific to the technology		
Identified Resources: Identify resources necessary for each stage listed below		
Planning		
Design		
Development		
Testing		
Implementation		
Operations		
Assessment of household adoption and experience		
Description of Necessary System Changes		
Identify necessary system changes		
Identify proposed changes to transaction specifications		
Identify each specification		
Changes to Transaction/Messaging Codes (include all suggested changes in a separate attachment to the pilot application)		
Administrative Terminal changes		
Changes/modifications to State reports		
Testing Plan		
Approach to system testing (QA)		

Approach to user acceptance testing		
End-to-End testing		
Recruitment Strategies for Pilot Participants		
Approach to recruiting participants		
Approach to educating/training participants		
Detailed Implementation Timeline		
Provide the project schedule		
Define each stage (planning, development, testing, implementation, operations) and, in line with the workplan, the benchmarks in each stage		
Define time increments (days, weeks, months)		
Detailed Approach to Gathering, Protecting, and Sharing Data		
Describe security efforts specific to data gathering and sharing		
Describe the approach to gathering pilot data		
Transaction		
Household benefits		
Retailer		
Describe the approach to sharing pilot data with FNS		
Transaction		
Household benefits		
Retailer		
Detailed Plan for Assessing SNAP Households Adoption and Experience		
Describe approach to collecting qualitative data from households		
Provide timeline for designing and implementing protocol		
Summary of Costs		
Provide summary of project cost and budget		
Stakeholder Agreements		
EBT Processor		
Retailer(s)		
Other Stakeholder (provide name _____)		
Other Stakeholder (provide name _____)		
Applications must address all the following general requirements		
Clients will be provided with a traditional EBT card		
The solution allows clients adequate access to participating retailers		
The solution adheres to existing industry standards and SNAP regulatory requirements (if no, application must explain proposed changes and waiver requests)		
The solution ensures access to benefits for all authorized household members		
Does the solution include Cash benefits? (if yes, application must explain how it will adhere to State law and regulation)		
The solution supports equal treatment for SNAP clients as described in federal regulations 274.7(f) and 278.2(b) (if no, application must explain proposed waiver requests)		
Does the solution provide a printed receipt? (if no, application must explain alternatives and waiver request)		

SNAP – Mobile Payment Pilot (MPP) – Request for Volunteers (RFV)

Applications must address all the following security requirements		
The solution provides clients protection regarding privacy		
The solution protects the EBT PAN		
The solution produces adequate documentation for each authorized transaction		
The solution provides security measures to deter identity theft and other fraud		
The solution ensures all authorized household members have access to benefits		
The solution ensures only authorized household members have access to benefits		
Does the solution use PIN technology? (if no, application must explain alternative method of verification and waiver request)		
Applications must address all the following baseline requirements		
No retailer dedicated to the project has previous or suspected SNAP, State or local licensing, or Federal violations		
Stakeholders assure they will not share PII data without explicit permission of the customer		
There is no deliberate false information in the application package		

Appendix B: Assurances

Applicant State agencies should carefully read each assurance in this section and ensure that agreements with all partner stakeholders in the mobile payment pilot include them. The State agency assumes responsibility for following the requirements by their responses as follows:

- “Yes” if you agree to follow the requirement and have include the required assurance in agreements with partner stakeholders.
- “No” if you/partner stakeholders do not agree to follow the requirement.
- “Qualified Yes” and explain the issues and/or any additional conditions to apply to the assurance.

Be advised that a “No” response to any of these assurances may be grounds for non-selection as a pilot participant. Should a “Qualified Yes” explanation result in significant deviation from the intent of the assurance, FNS reserves the right to consider it equivalent to a “No” response. The intent of each assurance is as follows:

	Assurance	Yes	No	Qualified
1	The State agency agreement with the EBT processor states that mobile payment type transactions will be approved only from entities specifically authorized by FNS under this pilot.			
2	The Mobile Payment Pilot will result in deviation from certain SNAP regulatory requirements. Therefore, FNS will issue a set of conditional waivers, as explained in the RFV, to pilot participants/stakeholders and require written agreement from each participant that they will abide by those conditions. The State agency agreement with pilot stakeholders states that the stakeholder will apply for and abide by any necessary waivers.			
3	The State agency agreements with retailers and other applicable stakeholders participating in the mobile payment pilot require stakeholders to comply with relevant regulations, industry standards, and certifications for the duration of the Mobile Payments Pilot. Agreements state that failure to do so will be grounds for terminating participation in the pilot.			
4	It is necessary that the State agency agreements ensure that personal information such as name, address, or email address collected by SNAP Retailers or other partner stakeholders (e.g., mobile wallet providers) is not compromised, sold, rented, or given away free to any third party without authorization. Sensitive data such as EBT card information may never be sold, rented, or given away free to third parties under any circumstances. The State agency assures that all partner stakeholders are aware that the parties must not share any private data with third parties for any current or future application or venture without the explicit consent of the EBT customer.			

SNAP – Mobile Payment Pilot (MPP) – Request for Volunteers (RFV)

	Assurance	Yes	No	Qualified
5	The State agency agreement with mobile wallet provider(s) states that the provider must have in place a security program and follow best practices to protect all private and personally identifiable information (PII), and will be expected to maintain or improve this level of security as long as they participate in this pilot project.			
6	The State agency assures they will report, as required, on progress, challenges, and results. The State agency agreement with pilot participants states that they may be required to report on progress, challenges, and results.			
7	The State agency will submit documentation such as, but not limited to, a project timeline; business requirements identification and analysis; description of EBT related functional design changes to the system; and reports. The State agency agreement(s) with stakeholders states that their participation in development of these documents is required.			
8	The State agency agreements with pilot stakeholders ensures that EBT system changes will be thoroughly tested before moving into production. This includes testing of message formats, end to end testing with the EBT processor, successful completion of an FNS-developed test script, identification and correction of issues, and regression testing.			
9	FNS will require selected pilot stakeholders to participate in a formal evaluation of the pilot. FNS will identify and distribute the type of data and summary statistics that we expect to collect after pilot project selection. This initial list may be modified during the pilot. State agencies must inform all stakeholders of evaluation and reporting requirements. Agreements between State agencies and stakeholders acknowledge the stakeholder’s agreement to participate and provide the necessary data. If the applicant or any stakeholder is unable to comply with the general data collection and evaluation requirements, they should respond to this question with “Qualified Yes” and identify the area(s) of concern.			
10	The State agency will assist FNS when issues occur and require resolution. State agency agreements with pilot stakeholders state that all stakeholders are required to assist FNS when issues occur and require resolution and be available for consultation and input when issues occur as needed.			
	The State agency assures that the transferability of their mobile payment solution in the event of a conversion to a new EBT Processor is addressed in their agreement with their EBT Processor. The State agency must assure that they will require outgoing and incoming EBT Processors to work together to transfer mobile payment functionality and describe which specific elements of the functionality are impacted.			

