

SNAP Technology and Modernization

Testimony of Jason Boswell,
Vice President for Programs
Conduent, State and Local, Inc.
Before the House Agriculture's
Nutrition Subcommittee

I am pleased to submit this statement for the record to the House Committee on Agriculture, Subcommittee on Nutrition. My name is Jason Boswell and I'm a Vice President with Conduent, State & Local Solutions, Inc. We appreciate the opportunity to participate in a discussion on how technology and modernization can be leveraged to improve delivery and access to SNAP.

Conduent is on the technological forefront in its use of automated systems and is committed to integrating the latest technology across all our business lines to increase efficiencies and improve services to individuals. Our portfolio includes closed proprietary network programs such as SNAP and WIC and open network programs that use a prepaid debit card for TANF, Child Support, Unemployment and other cash programs. Our experience in providing technology solution for government benefit services in 34 States can be seen below:

- 20 years of experience operating EBT, WIC, Debit Card, and eCC programs
- 109,600 POS devices currently deployed
- \$86 billion in benefits/payments issued in 2016
- More than 3.2 billion transactions processed per year
- 913 million IVR calls in 2016
- 25.7 million CSR calls in 2016
- 25 EBT SNAP programs
- 7 EBT WIC programs
- 110 Debit card programs
- 9 Electronic Child Care programs

As the national leader in providing EBT services our goal is to continually improve access to benefits, use technology to provide SNAP participants with benefit information to support decisions for making healthy choices, and to continually implement new technologies that help us achieve these goals. In order to utilize and take advantage of new technologies the EBT program must evolve. In the following pages we discuss different options available in the marketplace today.

Mobility – A relatively new offering for SNAP benefit recipients is the availability of a mobile app to view program balances, transactions, and enable cardholder alerts. Our mobile app is available for both Android and iOS users and is free to download in the respective app stores. By providing three options for cardholders to obtain program information, the Interactive Voice Response (IVR) toll free number, the internet and a mobile app, cardholders are able to access information in the manner which is most easy for their lifestyle. Providing a mobile app also helps to empower recipients to monitor their account for potential fraudulent use by others that may have access to their SNAP benefit card. Additionally the mobile app can be a tool to convey important program information quickly to recipients or could be used to influence spending behavior by offering incentive (e.g. coupons) for healthy food purchases.

Another innovation that is on the cusp for SNAP with respect to mobility is the potential use of mobile wallets for making purchases. As point of sale equipment has been upgraded in recent years, many retailers have installed new credit card readers capable of accepting near field communication (NFC) or contactless transactions. Mobile Wallets such as Samsung Pay or Apple Pay are now more mainstream. Mobile wallets allow individuals to carry credit card or debit card information in a digital form on their mobile device. Instead of using a physical plastic card to make purchases, individuals can pay with their smartphone, tablet, or smart watch. Mobility does not need to be limited to credit cards or debit cards and indeed can be a successful tool in reducing costs for the EBT program. Mobile payments is fast becoming a preferred method to allow individuals to make purchases using either a secure passcode or utilize the fingerprint option to pay for purchases. Not only is the use of mobile payment secure but the transaction is quick and easy for the consumer. EBT could greatly benefit from the implementation of mobile payments even in the closed network environment.

Fraud Analytics – Data Warehouses and business intelligence tools are utilized by most States however, advance fraud analytics, specific to EBT, are not common. These tools are generally not requested in RFPs however where deployed by Conduent, they offer predictive modeling to assist in identifying potential fraud. Our Intelligent Analysis Portal (IAP) uses a weighted formula to factor in 20 different key fraud indicators to produce targeted lists of suspicious behavior that states can use as a foundation for investigations. Rather than combing through hundreds of pages of individual reports, States using the advanced fraud tools have access to short, clear targeted reports of the suspicious transactions that are most likely to be fraudulent. This streamlines administrative efforts in order to achieve maximum results. Advanced analytics and intelligent fraud tools can aid both the USDA and States in rapid fraud identification and generate reports specific to each States need. A

As an example of the effectiveness of the IAP, Conduent recently received the following from the South Carolina Attorney General's office.

“I am writing to thank you for your involvement in the trial in York County, South Carolina last week. You handled yourself very well on the witness stand and I appreciate your preparation and patience with the process. The State secured a guilty verdict, and I believe a large portion of that was due to getting the records into evidence through you as a records custodian for Conduent. I also believe presenting the records in an organized format through use of the data warehouse was a vital part of the trial.”

Within the Conduent IAP, analytical analysis can be performed on a variety of identification measures including but not limited to:

- Rapid or repeated transactions which identifies merchants who perform abnormal, rapid transactions in a short time
- Early morning manual swipes to identify merchants who do abnormal early morning manual transactions
- Travel distance to merchant which identifies recipients who travel more than the average travel time to do the transaction for that area
- Deposit amount – identify the recipients with abnormal deposit in terms of dollar amount or frequency
- Multiple card replacement, for example greater than four cards replaced in the last 12 months
- High percent of total available benefits taken in one transaction or at one location
- Odd hours transactions for large amounts or large percent of total availability
- Alert on merchant activity that increases or decreases by certain amounts
- Alert on top vendors for sales, returns, credits (outside frequently used big box retail or grocers)
- Address changes across large ZIP code differentials
- Shopping patterns across large geographic differentials
- Out-of-state spending activity over 50 percent in last three months
- Out-of-state and out-of-border state spending activity over 50 percent in last three months
- Identify “frequent flyers” for disputes or fraud claims

Analytical techniques include a variety of methods including:

- Outlier Detection – Compares data to automatically find retailers, recipients, and shopping patterns that stand out from their peers.
- Network Analysis – Locates and links retailers and recipients that are connected to each other and highlights groups with similar suspect behavior patterns.
- Temporal Analysis – Uses time to identify retailers whose sales, adjustments, or return volume has suddenly spiked upward or downward when nothing else has changed.
- Peer Analysis – Various retailer or recipient behavior events are identified as “key fraud indicators”. These events are scored separately and in combination to identify the highest-risk retailers or recipients.

As more and more States implement fraud analytic tools and technology enhancements, the benefits to reducing fraud will continue to grow.

Call Personalization – Conduent has recently implemented advance technology for SNAP recipients calling the IVR to obtain program information. By leveraging ANI (Automatic Number Identification), our system identifies the originating phone numbers for incoming calls. Through innovative data analysis (or “smart learning”) we are able to determine the normal call patterns of a caller such as card number entered, language choice and menu options for information being requested. The system then shortens the call by requesting only abbreviated information from a caller and then presenting them with the call flow most similar to their prior requests. A caller always has the option for the full menu after providing them their customized options based on historical calls.

Building on the success of call personalization, Conduent has the ability to leveraging meta data from caller’s ANI information and historical IVR data to identify fraudulent callers as they are in process. We expect to provide this information to State personnel to assist with internal investigations and prosecution.

Photo ID Cards – There are recent innovations with respect to for photo cards on SNAP benefit cards that are still being monitored for their impact. The recent final rule issued by FNS regarding SNAP Photo EBT Card Implementation Requirements, is one such example.

One benefit of adding recipient photos to SNAP cards is the fraudulent selling of the cards to other non-authorized persons for some smaller value than the benefits on the card. The industry calls this “hand to hand” fraud. If photos are present, a cardholder may be less likely to “sell” the card and PIN to those persons seeking to “buy” an EBT card and PIN. Where photos are added to cards, a policy change to require cardholders to pay for replacement cards may also cut down on this type of fraud. Suspending benefits for cardholders who have excessive card replacement requests may also be another fraud deterrent.

As equipment has evolved at the point of sale, generally a person does not hand their card to a sales person to perform a transaction but instead “swipes” their own card and returns it to their wallet. This impacts the ability to verify the photo on the card with the person making the purchases. Enhanced mandates can be implemented that would require this added security check but would impact the checkout process for retailers and recipients. Current policies would also need to be evaluated as there are current FNS guidelines that prohibit denying transactions. An example would be if a recipient provided their card to a caregiver to make food purchases on their behalf, the card currently would be accepted if the person had the physical card in their possession and enters the associated PIN to complete the transaction.

We are committed to the monitoring programs where photo cards have been implemented for ongoing program efficiencies and work with the States and FNS on additional enhancements to provide fraud reduction and administrative support.

In closing, I would like to thank you for your time and for the opportunity to discuss this important topic. We look forward to continuing to support the SNAP community with innovative technology for all participating stakeholders.