

## Convenience Check Alternatives

Established in 1998, the GSA SmartPay program is the largest charge card program in the world, serving more than 350 federal agencies, organizations and Native American tribal governments. In FY 2011, 3.4 million cardholders made 100 million transactions and charged nearly \$31 billion, resulting in \$297 million in refunds to federal agencies.

Convenience checks – those blank checks you receive with your charge card statements – aren't that convenient after all ... That's because they actually provide thieves with a very convenient way to commit fraud, and they don't offer you the same kinds of consumer protections that your GSA SmartPay card does. Plus, reducing the number of convenience checks issued also helps promote the federal government's green initiative.

### *So why should I use an alternative to my convenience check?*

- **Greater refund opportunities for agencies** – Convenience checks don't offer federal agencies refunds, so using them decreases the amount of money your agency will receive through the GSA SmartPay program.
  - **Minimized fraud** – Convenience checks often don't require signature verification, which could lead to fraudulent transactions. And they don't carry the same "paper trail" as other electronic payment methods, which may lead to misuse.
  - **More streamlined processes** – Electronic payments, like charge cards, help facilitate smoother transactions, enhance transparency, save time and lead to improved data monitoring capabilities.
  - **Green initiatives** – Electronic payments help reduce paper usage and aid agencies in meeting their sustainability goals. Records also reside in a central location, which will make it easier to locate and verify information.
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- **Increased consumer protection** – Charge cards provide the opportunity for a much quicker reimbursement for a customer who may be unsatisfied with a product or service or who is charged incorrectly.
  - **Less hassle** – In accordance with Section 6050W of the Housing Assistance Tax Act (Public Law 110-289), agencies are no longer required to report charge card transactions to the Internal Revenue Service using 1099 forms. Since convenience check transactions still must be reported with these forms, utilizing a charge card instead delivers tremendous time and cost savings, leaving more time for mission-critical activities.
  - **Better merchant-client relationship** – When a charge card is used, merchants are paid within three days of the transaction. They receive a guaranteed payment and, in turn, can provide greater security, reports and data to the customer, increasing satisfaction on both sides of the transaction.
  - **No adverse effect on mission** – In FY 2010, the Department of Veterans Affairs decreased convenience check usage by 64% – without an adverse effect on its mission.

- **Fewer restrictions** – Convenience checks have several restrictions, including those on purchases above the micro-purchase threshold and vendor transactions already under another method of acquisition, thereby making other payment methods more preferable.



### *What are some useful alternatives to the convenience check?*

- GSA Purchase Card
- Cardless Accounts
- Declining Balance Card
- Stored-Value Card
- Ghost Card
- Virtual Card
- Electronic Invoice Presentment and Payment (EIPP)
- Supplier Finance
- Third Party Payment Systems

### *Before writing a convenience check, ask yourself these questions:*

- **Does this vendor accept charge cards?**
  - If yes, please use one.
  - If no, determine what other payment options are available.
- **Are there other vendors who accept charge cards and offer the same product or service?**
  - Conduct a price analysis among various vendors.
  - Review a vendor's performance history.
- **Is a similar product a possibility?**
  - Which features are mandatory and which can be substituted?
  - What specific requirements must be met?
- **What other avenues for purchasing can be considered?**
  - What alternative methods has your agency used in the past?
  - How did those purchases turn out?
- **What are your bank's preferred methods?**
  - Which options provide the banks with the best opportunity to record data, pay merchants faster and provide the best service to you?
  - Which options lead to the best recording and tracking?

## Contact Information

GSA is available to answer your questions about the SmartPay program. Contact us via phone, **(703) 605-2808**, email, [gsa\\_smartpay@gsa.gov](mailto:gsa_smartpay@gsa.gov), or online, <https://smartpay.gsa.gov/>.



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