

Appendix A to Part 274 —Supplemental Nutrition Assistance Program Electronic Benefit Transfer Operating Standards

(a) Supplemental Nutrition Assistance Program (SNAP) Overview

The **Supplemental Nutrition Assistance Program (SNAP)** is the largest nutrition assistance program in the United States.

SNAP is a means-tested program, which means low-income households must apply to participate and will only be accepted if they meet the Program's income and asset requirements. If they meet those requirements, their application is approved, and they become a **SNAP household** (a SNAP household can include one or more people). 7 CFR 273.1, 7 CFR 273.8-273.11.

SNAP households receive a monthly benefit, which can (1) only be used to buy **SNAP-eligible foods**, and (2) only be used at **SNAP-authorized retailers**. 7 CFR 274.7(a), 7 CFR 278.2(a).

SNAP benefits are provided to SNAP households via an **Electronic Benefits Transfer (EBT) card**. The EBT card is a method to access benefits issued to a household member or authorized representative (the SNAP household) through the **EBT system** by a benefit issuer (the **SNAP State agency**, through its **EBT host processor**). This EBT card may be a magnetic stripe card; a card with an integrated electronic chip capable of conducting contact or contactless payments, by either being inserted into a card reader or via wireless Near Field Communication (NFC) protocols; a digital wallet with a stored virtual EBT card; or any other similar benefit access technology approved by FNA.

An EBT system is an electronic payment system that allows SNAP households to pay for food using their SNAP benefits via an EBT card when shopping at a SNAP-authorized retail store. When a participant makes such purchases, their SNAP EBT account is debited to reimburse the store for the food they bought. SNAP benefits are issued from, and stored in, a central database, which is maintained and managed by a State or its contractor EBT processor. Such EBT systems use electronic funds transfer technology for the delivery and control of SNAP benefits and other public assistance benefits.

EBT is used in all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam. EBT has been the sole method of SNAP issuance in all States since June of 2004.

(b) Operating Standards Purpose

The purpose of this document is to provide **Operating Standards** for SNAP EBT systems. These standards have been published as an appendix to Part 274 of the Code of Federal Regulations.

The SNAP EBT operating standards are the rules that govern SNAP EBT systems and EBT transaction processing methods. This includes establishing system requirements, establishing the systems themselves, maintenance, operation, and interaction with such systems, transaction processing, documentation, and reporting. The Operating Standards define the technical environment of EBT systems, define the responsibilities of each entity that interacts with a SNAP EBT system, and help to ensure those systems operate consistently, successfully, and securely; and provide a framework for mitigating errors and assigning liabilities.

The SNAP EBT Operating Standards are modeled on operating rules used by debit, ATM, and credit card payment networks. Ultimately, the standards will ensure consistency in program experiences for all SNAP households and SNAP-authorized retailers, reflect ongoing advancements made in the consumer payment industry, and safeguard SNAP program integrity.

Legislative and Regulatory Authorities for SNAP EBT Operating Standards

All State Agencies and SNAP EBT systems must comply with all applicable SNAP legislation, regulations, policies, and guidelines, including this document.

This Operating Standards document is created under the rulemaking authority authorized in the Food and Nutrition Act of 2008, as amended (7 U.S.C. 2011–2036), and the Consolidated Appropriations Act, 2023 (Public Law 117-328).

SNAP legislative requirements can be found in the United States Code (USC), at 7 USC 2011-2036d (the Food and Nutrition Act of 2008, as amended).

SNAP regulations can be found in the Code of Federal Regulations (CFR), at 7 CFR 271-283 (Title 7, Subtitle B, Chapter II, Subchapter C). These Operating Standards focus primarily on EBT issuance regulations that can be found at 7 CFR 274.

Additionally, Regulation E, at 12 CFR 1005 plays a role in governing SNAP EBT Operating Standards (Title 12, Chapter X, Part 1005 Electronic Fund Transfers).

FNA also issues SNAP policy memoranda, technical assistance, and other guidance on an ongoing basis on the FNA Documents & Resources page of the FNA website.

EBT transaction message specifications follow the X9.58 standard. That standard is established by ANSI's Accredited Standards Committee X9. ANSI is the American National Standards Institute, the accredited organization responsible for developing technical standards, including exchanging EBT financial transaction messages. The published standard is available on the American National Standards Institute (ANSI) website.

(c) SNAP EBT Processing Overview

SNAP EBT Systems Roles and Responsibilities

This section describes entities that operate or interact with SNAP EBT systems, including those involved in processing SNAP transactions. Relevant entities in this environment include:

- ***SNAP Households:*** The person(s) who apply and are approved to participate in SNAP, receive SNAP benefits, and use a SNAP EBT card to purchase SNAP-eligible food. A SNAP household may authorize people who are not part of the household to use its SNAP EBT card to purchase food on its behalf. 7 CFR 273.1, 7 CFR 274.8(f)(10)
- ***SNAP-Authorized Retailers:*** A merchant that applies and is authorized to accept SNAP benefits from SNAP households in exchange for SNAP-eligible foods. SNAP-authorized retailers ("retailers") are the only places where SNAP households can use their benefits.
- ***The United States Department of Agriculture (USDA) Food and Nutrition Administration (FNA):*** The government agency that administers SNAP at the Federal/national level, in partnership with ***SNAP State agencies, EBT host processors, SNAP-authorized retailers,*** and other entities.
- ***SNAP State agencies:*** The governmental agency that administers SNAP at the State and local level. SNAP State agencies (State agencies or States) in all 50 States, the District of Columbia, the Virgin Islands, and Guam operate statewide EBT systems to issue SNAP benefits.
- ***EBT host processors:*** A contractor that builds and operates SNAP EBT systems on behalf of States. This includes:
 - Initial creation, maintenance, upgrading of EBT systems.
 - Processing EBT transactions, managing individual SNAP benefit accounts.
 - Reporting and data management.
 - Enabling and disabling retailers
 - End-of-day processing, settlement, reconciliation, and (in some cases) providing ***Point-of-Sale (POS) devices*** to SNAP-authorized retailers.
 - Certification of ***Third-Party Processors.***

- **Gateway:** An entity that routes EBT transactions from **Third-Party Processors** to an EBT host processor based on the BIN of the EBT card.
- **Third-Party Processor (TPP):** Financial institution that receives EBT transactions from SNAP-authorized retailers and **acquirers** and subsequently transmits those transactions to an EBT gateway for further routing or directly to an EBT host processor for transaction approval. SNAP State agencies and their contracted EBT host processors must allow retailers to use EBT services provided by TPPs and acquirers, and must provide interface specifications and certification standards, in order for the TPPs to participate in the EBT system per 7 CFR 274.3 (d).
 - The TPPs have contractual agreements to connect to all existing EBT processor systems, either directly or via gateways, in order to facilitate the approval/denial transactions anywhere SNAP is operated. TPPs typically provide EBT services and POS equipment directly to larger retailers (such as those with many locations) who may utilize other non-EBT services that the TPPs offer. Smaller retailers who are unable to contract directly with a TPP instead may rely on an acquirer to provide EBT services and POS equipment.
- **Acquirer:** A financial institution (or the agent of a financial institution) that facilitates the authorization of SNAP transactions by acquiring transaction-related data from SNAP-authorized retailers and transmitting that data to a Third-Party Processor for further routing. An acquirer may only need to contract with a single TPP, as the TPP would handle subsequent routing to gateways and EBT host processors.
- **POS Service Provider:** A financial institution (or its agent) that provides retailers with the equipment and technology needed to process SNAP benefits.

SNAP EBT Transaction Flow

This section describes how a SNAP EBT transaction flows through the EBT system and related financial systems.

See **Figure 1** for a visual representation of the SNAP EBT transaction flow as of FY 2026. Please note that this figure is not comprehensive, as there may be other participants not represented in this figure, or participants who go by other names.

The left half of **Figure 1** illustrates the flow of an EBT transaction:

- After being approved to participate in the Program, a SNAP household wants to buy SNAP-eligible food at a SNAP-authorized retailer. To pay for the food, the SNAP household swipes, inserts, or taps their EBT card — or uses another payment method, such as a mobile wallet — at the retailer's POS device. This generates an **EBT**

transaction message, that is sent to the retailer's contracted TPP. The EBT transaction message is electronic data that contains information needed to process a transaction. The information contained in the transaction message is defined by the ANSI X9.58 specification.

- The TPP receives the transaction message from the retailer's POS device and forwards it to either a Gateway or directly to the EBT host processor, depending on the capabilities of the TPP.
 - If the transaction message goes to a Gateway, the Gateway forwards it to the correct EBT host processor, based on the BIN of the card.
- Upon receipt, the EBT host processor reviews the information contained in the transaction message to ensure the transaction is valid, as defined in the processor's Business Rules (which are approved by the State and FNA). This includes:
 - The SNAP household's **Primary Account Number (PAN)**, to ensure the card number is valid;
 - The PIN;
 - Whether there are sufficient benefits in the household's account to cover the purchase;
 - Whether the EBT card is **statused**/inactive;
 - The retailer's **FNA number**, to ensure the retailer is authorized to participate in SNAP); and
- The retailer's store type, to determine whether it is a store type that has additional limitations/requirements (internet retailers, restaurants, etc.). The processor will impose such requirements as appropriate.
- The processor will then generate a **transaction message response** to send back to the retailer's POS device, approving or denying the transaction providing SNAP account balance information and, if applicable, the denial reason). The processor sends FNA the transaction data, per 7 CFR 274.4(b)(2) and the requirements outlined in their contract with the State.
- To get to the retailer's POS device, the transaction message response will follow the same path that was used to send the original transaction message (i.e., through the TPP and then to the retailer; or through a Gateway, then a TPP, and then to the retailer).
- Once the transaction message response reaches the retailer's POS device, the retailer provides approval/denial information and a receipt to the SNAP household with the remaining account balance.

The right half of **Figure 1** describes the **settlement flow** (i.e. the transfer of funds which reimburses a SNAP-authorized retailer for a SNAP transaction):

- TPPs request reimbursement from either the Gateway or the EBT host processor (depending on how a particular transaction message was routed).
 - If a transaction message was routed through a Gateway, the Gateway then requests reimbursement from the EBT host processor.
- Upon receipt of reimbursement requests from TPPs or Gateways, the EBT host processor sends its own reimbursement request to the **Federal Reserve Bank (FRB)**, which authorizes reimbursement to the EBT host processor from the appropriate SNAP State agency's **Letter of Credit**.
- FRB then transfers the funds to the EBT host processor, and the reimbursement funds flow down the chain and are settled – from the host processor to the Gateway/TPP, and finally to the retailer.

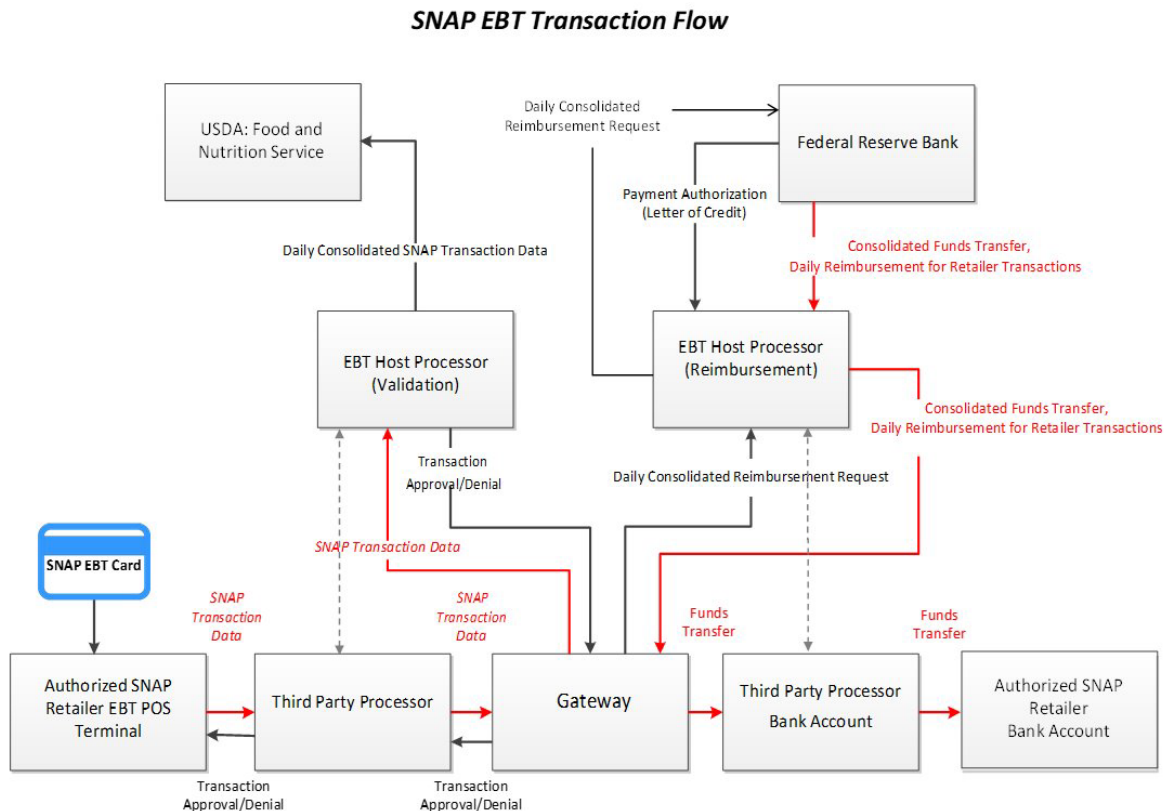


Figure 1 Transaction Flow (as of FY 2026)

SNAP-Authorized Retailer Requirements

SNAP-Authorized Retailers: EBT Card Acceptance

The following are rules for SNAP-authorized retailers regarding EBT card acceptance.

- SNAP EBT cards must be **interoperable**. This means that all SNAP-authorized retailers must be able to accept SNAP EBT cards from any of the 53 States and Territories that operate SNAP, in accordance with **interoperability** standards specified in 7 CFR 274.8(b)(10).
- SNAP EBT cards must be presented at the time of purchase, except for purchases from internet retailers.
- The SNAP household member (or their authorized representative) must enter the **Personal Identification Number (PIN)** associated with the card at the POS device.
- For **SNAP online purchasing**, the SNAP household member (or their authorized representative) must key-enter the card number and PIN. Once **chip card** technology is implemented, it will be a best practice for each retailer or **eCommerce** provider to update their online payment platform (website, app, etc.) to collect the card expiration date and **Card Verification Value (CVV)/Card Security Code (CSC)**. PIN solution providers or others in the transaction flow may also need to update their systems. **Ecommerce** refers to an online sales platform that allows customers to make online purchases, such as a website or mobile app.
- SNAP-authorized retailers must never store (i.e., maintain a record of) a SNAP household's card number (unless tokenized), PIN, expiration date, or CVV/CSC.

SNAP-Authorized Retailers: EBT Training

The following are the rules for SNAP-authorized retailers regarding effective EBT training for employees (7 CFR 278.6(i)(2)):

- SNAP-authorized retailers must ensure that all managers and employees whose work brings them into contact with SNAP benefits – or who are assigned to a location where SNAP benefits are accepted, handled, or processed – are effectively trained on the correct acceptance and use of SNAP benefits.
- Such training must be designed to establish a level of competence that ensures compliance with federal requirements.
- Training must include written, program-specific material, such as SNAP regulations, relevant guidance issued pursuant to those regulations (policy memoranda, fact sheets, training presentations, etc.), and correct use of POS devices and related equipment.

- Training materials must clearly state that trafficking is prohibited, as it violates the Food and Nutrition Act of 2008 and SNAP regulations. Trafficking is the exchange or attempted exchange of SNAP benefits for anything other than SNAP-eligible food.¹
- Employees at previously authorized SNAP retailers must be trained within 30 days of being hired.
- After their initial EBT training, employees must periodically have refresher training.

SNAP State agencies are required to provide training that meets these requirements, including the provision of appropriate written and program-specific materials. However, retailers have the option to waive the State-provided training. In cases where a retailer waives the State-provided training, the SNAP State agency must direct retailers to confirm their waiver in writing (7 CFR 274.3(e)(7)).

(d) EBT Host Processor Requirements

EBT host processors are contractors that build and operate SNAP EBT systems on behalf of States. Processors are also sometimes referred to as “card issuers” since they issue EBT cards to SNAP households on behalf of SNAP State agencies.

¹ Per 7 CFR 271.2, the complete definition of trafficking is:

- (1) The buying, selling, stealing, or otherwise effecting an exchange of SNAP benefits issued and accessed via Electronic Benefit Transfer (EBT) cards, card numbers and personal identification numbers (PINs), or by manual voucher and signature, for cash or consideration other than eligible food, either directly, indirectly, in complicity or collusion with others, or acting alone;
- (2) The exchange of firearms, ammunition, explosives, or controlled substances, as defined in [section 802 of title 21, United States Code](#), for SNAP benefits;
- (3) Purchasing a product with SNAP benefits that has a container requiring a return deposit with the intent of obtaining cash by discarding the product and returning the container for the deposit amount, intentionally discarding the product, and intentionally returning the container for the deposit amount;
- (4) Purchasing a product with SNAP benefits with the intent of obtaining cash or consideration other than eligible food by reselling the product, and subsequently intentionally reselling the product purchased with SNAP benefits in exchange for cash or consideration other than eligible food; or
- (5) Intentionally purchasing products originally purchased with SNAP benefits in exchange for cash or consideration other than eligible food.
- (6) Attempting to buy, sell, steal, or otherwise affect an exchange of SNAP benefits issued and accessed via Electronic Benefit Transfer (EBT) cards, card numbers and personal identification numbers (PINs), or by manual voucher and signatures, for cash or consideration other than eligible food, either directly, indirectly, in complicity or collusion with others, or acting alone.

EBT Host Processors: Processing Standards

Card processing standards create and enforce a level of service for the SNAP EBT processing environment, ensuring that users receive a consistent level of service, regardless of the technology used or the entities involved. FNA establishes card processing standards, in cooperation with entities that operate in the SNAP EBT environment.

The following are card processing standards that all processors must adhere to, and which must be incorporated into contractual agreements with processors (or their agents) (7 CFR 274.8(b)):

- Processors must maintain computer hardware and software necessary to interface directly with data processing facilities required to accommodate transaction and file processing.
- Processors must establish direct or indirect telecommunications connections to route transactions and to retrieve and deliver files to/from other processors and TPPs.
- System uptime is required 99.9% of the time, 24 hours a day, 7 days a week. States may negotiate more rigorous uptime requirements in their contracts with processors.
- Processors may schedule downtime for system maintenance, repairs, upgrades, etc., provided the processor provides prior notice to all network participants, including FNA.
 - Outages must be scheduled to occur during non-peak transaction periods.
 - Scheduled outages must not be included when calculating whether the monthly 99.9% system uptime requirement has been met.
 - In the instance of emergency downtime, the processor must promptly inform all network participants.
- Processors must initiate a response to a SNAP EBT transaction request within two seconds from the time such a request is received by the processor's system, 98% of the time, per month.
 - Data transmission times between the processor and the acquirer must not be included when calculating whether the monthly 98% transaction request response requirement has been met.
- No more than two in every 10,000 transactions processed by a processor's system shall lead to an adjustment resulting from processor error.
- Processors must ensure that SNAP transactions originate from a SNAP-authorized retailer by validating the retailers against the Retailer EBT Data Exchange (REDE) file.

- Processors must ensure their International Organization for Standardization (ISO) message specifications are aligned with the most recent version of the ANSI X9.58 standards.
- Processors must provide all required data, such as redemption and transaction data, to FNA in accordance with the most up-to-date file specifications.
- When updates are made to the ISO 8583 or ANSI X9.58 specification, or other applicable specifications, State agencies shall ensure that EBT systems comply with the new version of the specification within 180 days from the publication of the updated specification.

Issuer Identification Number (IIN)/Bank Identification Number (BIN)

Issuer Identification Numbers (IIN), formerly called Bank Identification Numbers (BIN), are six-digit to eight-digit numbers that identify the bank, financial institution, or other entity that issued a card. IINs are issued by American Bank Association (ABA), and are placed on credit, debit, and other types of payment cards worldwide, including SNAP EBT cards. The ABA no longer issues six-digit IINs and is moving towards adopting eight-digit IINs.

The first digit in an IIN is the Major Industry Identifier (MII), which is determined according to the numbering scheme specified in the ISO 7812-Part 1 standard.

Each SNAP State agency via their EBT host processor must apply for and maintain its own IIN. The IIN is registered to the SNAP State agency rather than their EBT host processor.

(e) TPP and Acquirer Responsibilities

Each acquirer or TPP shall enter into an agreement with an EBT Host Processor, gateway, or other relevant party, stating it will comply with FNA Regulations and EBT technical specifications, as outlined in ANSI X9.58. These EBT Operating Standards do not negate any terms or conditions of TPP or acquirer agreements, as long as the conditions of said agreement do not conflict with FNA regulations. A TPP or acquirer may enter into agreements with more than one EBT Host Processor, Gateway, or other connection point.

Each acquirer must ensure that the POS terminals it owns, operates, controls, or for which it has signed an agreement to accept EBT transactions, must do so in accordance with FNA regulations.

Each TPP and acquirer must settle all authorized transactions in accordance with FNA regulations and EBT Host Processor standards.

Only a retailer that has received authorization from FNA to participate in SNAP may accept EBT cards for SNAP transactions. Each acquirer for a retailer that seeks such participation must make efforts to ensure EBT fraud is not occurring under their platform. Each acquirer must promptly ensure that it does not process SNAP transactions for a retailer following receipt of notice that authorization for that retailer has been revoked, rescinded or otherwise eliminated.

(f) Required EBT Transactions

Minimum Transaction Set

At minimum, every entity that interacts with the SNAP EBT system is capable of processing the following SNAP EBT transactions:

- Authorizations and denials,
- Refunds,
- Voids or cancellations,
- Key-entered transactions,
- Settlement or close-out transactions, and
- Balance inquiries (does not apply to ***SNAP-authorized internet retailers***).

Each of these required transaction types is explained in more detail below. State agencies must ensure that their EBT systems are capable of completing this transaction set and be able to do so in every State nationwide, in accordance with ***interoperability*** standards specified in 7 CFR 274.8(b)(10).

Lastly, all SNAP EBT transactions are electronically processed and recorded. FNA has access to all SNAP EBT transaction records including the date, time, and dollar amount.

Authorization or Denial of SNAP Purchases: A SNAP household selects SNAP-eligible food at a SNAP-authorized retailer and goes to check out. The cost of the food items is totaled, and the purchase price is displayed by the POS device. The EBT card is presented to the POS device (inserted, tapped, swiped etc.), and the household must enter their PIN. The POS device then processes the transaction.

If the purchase is approved, the retailer must provide the household with a receipt that shows the purchase and remaining SNAP balance. The purchase amount is deducted from the household's SNAP account and credited to the retailer's bank account generally within two banking days.

Refunds: Refund transactions are when SNAP benefits are returned to a household's account. Refunded SNAP benefits must only be returned to the household's SNAP card/account. Refunding SNAP benefits in any other form (cash, gift cards, etc.) constitutes trafficking and would subject both the retailer and household to sanctions.

- **In-Person Refunds:**

- In-person refund transactions are conducted on a retailer's POS device.
- The SNAP households must enter their PIN to authorize the refund.

- **Internet Refunds:**

- Internet refund transactions do not require SNAP households to enter their PIN.
- Whole or partial refunds may occur automatically for internet refunds. This may occur if an item is no longer in stock, if the order is cancelled, if the SNAP household does not receive all the items they ordered, or if an item is priced by weight and the final weight (and therefore the price) is different from the weight estimated at the time of purchase.
- If the original payment was a ***split tender transaction***, the refund will be issued to the card that was used to pay for the refunded items.
- Refunds cannot occur after 90 days of the original transaction.

Refund transactions differ from reversals because they are generally customer-initiated (except for automatic internet refunds) rather than retailer-initiated.

Void Or Cancellation: Void or cancellation transactions are used when an incorrect purchase amount is processed through a retailer's POS device. The void/cancellation must be done immediately after the purchase transaction and on the same POS device.

Key-Entered Transactions: If a POS device cannot read an EBT card, the SNAP household and retailer may conduct a key-entered transaction. To do so, the retailer must manually enter the EBT PAN into the POS device. Thereafter, the household must enter its PIN into the POS device, to authorize and process the transaction. Key-entered transactions must only be used as a last resort, when the POS device cannot read the EBT card.

States may request a temporary waiver from FNA to prohibit some key-entered transactions as an EBT theft prevention measure.

Settlement: For SNAP-authorized retailers, this is the transaction where they are paid for the SNAP benefits redeemed at their store in exchange for food. Generally, SNAP-authorized retailers must receive payment for approved SNAP transactions within two business days of the transaction.

Balance Inquiries: Balance inquiries are used when a household wants to check the amount of benefits currently in its SNAP account.

- **In-Person Balance Inquiries:** In-person (or “*brick-and-mortar*”) SNAP-authorized retailers must provide SNAP households the ability to conduct balance inquiries. The SNAP household must present its EBT card to the POS device, enter their PIN, and follow the prompts to obtain the account balance.
- **Online Balance Inquiries:** SNAP-authorized internet retailers are not required to provide the ability to conduct balance inquiries, and FNA strongly recommends they do not do so (7 CFR 274.7(d)(1)).

However, internet retailers are allowed to provide balance inquiries. If an internet retailer allows balance inquiries, FNA requires them to do the following to mitigate fraudulent inquiries:

- Remove the “guest checkout” option from its online sales platform (website, app, etc.).
 - Limit the number of times a SNAP household can change the EBT card they are using to make purchases within a specific time period.
 - Limit the number of balance inquiries a SNAP household can conduct within a specific time period. FNA recommends a maximum of two balance inquiries per hour.
- **Balance Inquiries in Cardholder Portal/Mobile Apps:** All SNAP households have the ability to log into their State’s online SNAP cardholder portal to conduct balance inquiries. Processors in some States also offer households the ability to conduct balance inquiries in their mobile application. These platforms are protected with a User ID and password functionality.
 - **Interactive Voice Response (IVR) SNAP Balance Inquiry Requirements:** Households can conduct balance inquiries by calling the EBT host processor’s IVR number. Previously, households were able to conduct IVR balance inquiries by entering only their PAN. However, that practice has proven highly susceptible to fraud. To prevent fraudulent balance inquiries by unauthorized users, States must work with their processor to ensure that all telephonic methods for conducting balance inquiries utilize an approved form of verification (7 CFR 274.7 (d)(4)). Verification methods must use information only available to the household, such as a CVV/CSC printed on the card, and must not use personally identifiable information (PII).

Reversals

A reversal, sent to an EBT host processor by a retailer, acquirer, or TPP, is a partial or complete nullification of the effects of a previous transaction which cannot be processed as intended,

i.e. is undeliverable, is cancelled, or the previous transaction has timed out waiting for a response. The voiding of a transaction at the point of sale, when initiated by a retailer, is processed using a reversal message. Reversals should be processed per the ANSI X9.58 standards.

Reversals are a valid transaction type for internet transactions and must be processed according to the standard reversal specifications. Reversals must only be used in cases as described above, with one exception for internet transactions: in the event that a SNAP internet transaction occurs with mixed tender, and the additional payment type (cash/credit/debit) was rejected, the original SNAP transaction can be reversed so that the transaction can be attempted again. PINs are not required in reversal messages.

If the customer is unable to find a payment method with sufficient funds to cover the balance, and the website needs to cancel the original SNAP transaction, the retailer must submit a reversal to their processor.

Adjustments

An **adjustment** is a change to the balance of a household's SNAP benefit account, implemented by a State SNAP agency (and/or by their contracted EBT host processor) in response to an incorrect account balance caused by a system error during the redemption process (7 CFR 274.2(g)). Adjustments may *increase* the balance of a SNAP account ("credit adjustment") or *decrease* the balance of an account ("debit adjustment").

A **system error** is an error resulting from a malfunction at any point in the SNAP benefit redemption process, such as an error made by a retailer's host computer or POS device, a TPP, the Gateway, or processor. System errors should be rare. Adjustments must *only* be used to correct system errors and must never be used to correct a human error. Examples of system errors include:

- A State agency review of documentation shows that a household's benefit account was charged a different amount than the amount submitted by the retailer, or
- A charge submitted by a retailer to the EBT processor is erroneously deducted from the wrong household's benefit account

When investigating a potential adjustment, the State should not rely solely on a retailer disputing a proposed credit adjustment as the sole evidence to for rejecting that proposal. The State must investigate the transaction(s) involved thoroughly, and determine if a valid system error occurred, regardless of the retailer's response to an inquiry.

Adjustments should *not* be utilized in response to household reports of retailer errors. Adjustments can only be used to correct system errors. Households must seek corrections to retailer errors (via refund and returns, for example) with the retailers themselves. Some examples of retailer errors (which are *not* true **system errors**) follow:

Retailer Errors (must be done as returns, NOT as adjustments):

- A retailer clerk erroneously scans a single item multiple times,
- A clerk erroneously charges a household for one type of food item when a different type was purchased,
- A retailer charges a different amount for a SNAP item at the register than was advertised,
- A retailer attempts to input a refund to a household's benefit account, but erroneously charges a household a second time for the same amount,
- A SNAP internet retailer delivers SNAP items that a household has already paid for, but they arrive damaged or with items missing,
- A client returns items accidentally purchased with SNAP benefits, and/or
- A client is unhappy with the quality of the product they received.

Additionally, adjustments should not be used to replace stolen SNAP benefits.

SNAP Household-Initiated Adjustments

In order to be timely, SNAP households must request adjustments to their benefit account within 90 calendar days of an alleged system error transaction (7 CFR 274.2(g)(2)(i)). Households most often request credit (i.e., upward) adjustments but may request debit (i.e. downward) adjustments. Household-initiated adjustment requests that are made over 90 days from the date of an alleged error transaction must be denied as untimely.

If a household-initiated adjustment request is timely, the SNAP State agency has 15 calendar days from the date the household reports the alleged error to investigate the transaction(s) involved, reach a decision, and either move funds into the household's account or issue a written denial of the request to the household (7 CFR 274.2(g)(2)(i)).

Approvals:

- To approve a household-initiated adjustment request, the State agency must determine that a system error occurred and document that the system error was reviewed and verified. The State agency must make this determination prior to

notifying the SNAP-authorized retailer involved and prior to adjusting the household's benefit account.

- For credit adjustments, States must not give a provisional credit to the household while the State is determining whether their claim should be approved or denied.

Denials:

- If the State cannot verify the household's claim that a system error occurred, the State must deny the adjustment request.
- If the State denies a household-initiated adjustment request, they must send the household a denial notice. This notice explains the action being taken, the reason for the action, and fair hearing rights, so the household can appeal the determination. The denial notice must be sent by the 15th calendar day after the adjustment was requested by the household.
- Households must be granted a fair hearing if the request for hearing is submitted within 90 calendar days from the date of the denial notice. If the 90-day adverse notice period ends on a weekend or holiday, and a request for a fair hearing is submitted the next business day after the weekend or holiday, the State agency must consider the request timely.
- For credit adjustments, States must not give a provisional credit to the household pending a fair hearing for a denied adjustment request.

Retailer-Initiated Adjustments

In order to be timely, SNAP-authorized retailers must submit adjustment requests no later than 15 calendar days after an alleged system error occurred (7 CFR 274.2(g)(2)(ii)). Retailers typically submit debit (i.e. downward) adjustment requests to household benefit accounts, seeking additional payment (which they would receive upon settlement) related to an alleged system error, but it is possible they may request credit (i.e. upward) adjustments as well.

To proceed with a debit adjustment request, the State must first review relevant data/documents, maintain documentation of its investigation, and validate that a system error did occur.

The State has 15 calendar days from the date the retailer reports the alleged error to investigate the transaction(s) involved and reach a decision. If the State cannot validate that a system error (not a retailer error) occurred, the State must deny the request. In addition, if the State cannot validate the requested debit adjustment within 15 calendar days of the request, the request must be denied. The State (or their EBT processor) is not required to notify

households of adjustment requests that were initiated by the retailer and subsequently denied if no hold was placed on the household's account.

States can choose between following the standard procedure for debit adjustments (274.2(g)(2)(ii)(A)) or an alternative no-hold procedure (274.2(g)(2)(ii)(B)):

- **Standard procedure:** If the State determines there is a timely and valid request for a debit adjustment, the State may choose to place a hold on the household's account in the amount of the requested adjustment. If the State validates the adjustment request and places such a hold, it must immediately notify the household that it has done so.
 - If there are insufficient benefits in the account to cover the entire proposed adjustment, the State may also place a hold on all or part of the next month's issuance, to make up the difference (but only the next month's issuance).
 - If the household appeals the adjustment by requesting a fair hearing within 15 calendar days of being notified, the State must – within 48 hours – make a provisional credit to the household's account (by releasing the hold on the adjustment balance), pending resolution of the fair hearing. If no request for a hearing is made within 15 calendar days of the notice, the hold is released on the adjustment balance, and this amount is credited to the retailer's account.
- **Alternative No-Hold Procedure:** Alternatively, the State agency may instead choose to act on requests for debit adjustments without placing a hold on the household's account. Under this procedure, the State must first notify the household of the proposed adjustment and then allow the household 15 calendar days to appeal by requesting a fair hearing before implementing the adjustment. In such cases, the State must not take any further action until the 15-day window for appeal expires. If the household does timely request a fair hearing, the State should not adjust the household's account until the fair hearing decision is rendered.

Household Notice: Household adjustment notices must:

- Clearly state the proposed full adjustment amount,
- The reason for the action, including documentation of the system error,
- If the State places a hold, it must give the household adequate notice regarding the details of the hold, and advise the household that any amount owed, above and beyond the hold amount, is subject to collection from the household's next month's benefits.
- Inform households that they have the right to request a fair hearing within 90 days of the date of the notice.

State-Initiated Adjustments

In cases where the State agency identifies a possible system error, the State has 15 calendar days to investigate and, if appropriate, adjust the household's account (7 CFR 274.2(g)(2)(i)). If the State cannot validate that a system error occurred, they do not need to notify the household or the retailer because the adjustment was initiated by the State.

If the State validates that a system error occurred and the adjustment results in a debit (i.e., reduction) to a household's account, the State must notify the household and allow them to request a fair hearing.

In cases where SNAP benefits are erroneously issued to a household, the State agency may adjust benefits issued to household accounts after the issuance process is complete, but prior to the availability date for household access (7 CFR 274.2(g)(1)).

(g) Clearing, Settlement, and Reconciliation

In general, **clearing**, **settlement**, and **reconciliation** describe the processes through which different entities interact with each other to pay amounts owed to each other for conducting and processing EBT transactions.

Clearing is when retailers send transaction information to the SNAP State agency or the EBT host processor to request payment. This can be done directly by the retailer or through their contracted TPP or acquirer.

Settlement processing is when a State or processor creates and transmits a payment to a retailer's bank for approved, cleared SNAP transactions.

Reconciliation is the process States must follow to account for all SNAP issuance and transaction activity. This is done to ensure accuracy and consistency, and to identify and rectify any discrepancies.

Clearing EBT Transactions

Retailers clear transactions by submitting SNAP claim files containing transaction information. The standards for SNAP claim file processing are as follows:

- Retailers must submit SNAP claim files each business day no later than 48 hours after the date and time of the oldest transaction in the file.
- Retailers may submit a single claim file for multiple store locations. The retailer must identify the specific store where each transaction occurred in the SNAP claim file using the numeric identifier assigned by FNA.

- If the State or processor approves a retailer to submit a corrected claim file or corrected transactions, the retailer must submit the correction within 60 days of the date of the original file submission, unless the State approves a longer timeframe.

Settlement Processing

The standards for settlement processing are as follows:

- The State must set a standard daily cut-off time for transaction processing and inform retailers and TPPs about this cut-off time.
- The State must ensure that retailers receive payment at their financial institution for approved, cleared EBT transactions, within two business days of the **settlement day** of the transaction. The State, processor, TPP, or acquirer must pay retailers as soon as payments are ready to be transmitted.
- The processor must request payment from the Federal Reserve Bank. Then, the Federal Reserve Bank verifies the request and sends an **Automated Clearinghouse (ACH)** payment file to the State's bank account (which is managed by the processor) directing the bank to pay the processor for all settled transactions.
 - On behalf of the State, the processor directs its bank to pay the first authorized downstream entity in the EBT system for all authorized transactions that were processed by the entity on first authorized downstream will be a processor. Downstream entities might include TPPs and acquirers, who then pay further downstream entities. The final downstream entity is the retailer.
- The processor is responsible for meeting the settlement cutoff timeframe established by the State. When submitting transactions for settlement to a TPP, the processor must provide a standard settlement cutoff timeframe to the TPP. Any differences in these settlement cutoff timeframes are the responsibility of the processor.

Reconciliation

SNAP State agencies must account for all SNAP benefit issuances and transactions through a reconciliation process. Reconciliation must be conducted and records kept as follows:

- Reconciliation of SNAP benefits issued to household accounts against benefits on the Issuance Authorization File;
- Reconciliation of individual household account balances against account activities on a daily basis;
- Reconciliation of each retail store's SNAP transactions, per POS terminal and in total to deposits on a daily basis;

- Verification of retailer's credits against deposit information entered into the ACH network;
- Reconciliation of total funds entered into, exiting from, and remaining in the system each day;
- Maintenance of audit trails that document the full cycle of issuance, from benefit allotment posting to the State issuance authorization file, through posting to POS transactions at retailers, through settlement of retailer credits.

(h) End of Day Cut-Off and Processing

The following are the rules for SNAP State agencies, EBT host processors, retailers, and TPPs regarding end-of-day cut-off and processing:

- Each SNAP State agency must designate a standard daily cut-off time for SNAP EBT transaction processing by TPPs interacting with the State's EBT system.
- That cut-off time must not be earlier than 12:00PM (noon) local time at any POS device accepting SNAP EBT transactions for the TPP.
- Transactions conducted during a business day must be settled on the next business day after the *next* cut-off time.
 - Most cut-off times are at 2:00pm Central Time. For example, transactions that occur before 2:00pm on a Wednesday will be settled on Thursday (the next business day). Transactions that occur after 2:00pm on a Wednesday will be settled on Friday (the business day after the next cut-off time).

If retailers, TPPs, and/or acquirers establish their own cut-off times, which are different from the State's, they must maintain appropriate suspense accounts for such purposes.

(i) Manual Vouchers

Manual vouchers are paper forms completed by the retailer with information about the cardholder and the transaction. Manual vouchers should only be used when the POS system is down or cannot connect to the EBT processor (e.g., no connection can be established, transactions are not processing; or when the POS device displays messages such as "*No MSG from Host*," "*Host Sent NAK*," "*Lost Carrier*," "*No Answer*," etc.), or in certain situations where a POS terminal cannot be used (e.g., remote delivery).

Because manual vouchers do not require a PIN, they are highly susceptible to fraud. In addition, the Agricultural Act of 2014 (2014 Farm Bill) amended Section 7(f) of the Food and Nutrition Act to prohibit the use of manual vouchers for benefit redemption, except in specific cases where FNA determines they are necessary. For this reason, FNA prohibits the use of manual vouchers as a common day-to-day practice in SNAP (7 CFR 274.3(a)(1)(i)). FNA only

grants exemptions/waivers to allow the use of manual vouchers as a regular business practice in the following situations:

- In rural areas where retailers do not have internet connectivity,
- For retailers eligible for free State-provided EBT equipment (direct-marketing farmers and farmers' markets),
- In designated Tribal areas.

Retailers that wish to seek an exemption/waiver to conduct manual voucher transactions as a regular business practice must contact their TPP to confirm they have the capability to accept and clear vouchers and will be able to provide the retailer with the paper forms used for the voucher process. Once approved to accept manual vouchers, retailers must request a supply of paper forms to keep on hand.

Retailers must adhere to the following procedure for processing manual vouchers:

- Manual vouchers require a customer signature. The clerk or manager must then call the State's retailer customer service line and enter the following data: the store's FNA authorization number, the card number, transaction type (purchase/refund), dollar amount and the pre-printed voucher number.
- If approved, the EBT system places the funds on hold so that the customer cannot use them elsewhere and gives the retailer a six-digit authorization number to record on the form.
- Retailers must clear vouchers using the method required by their TPP within ten calendar days. Some TPPs require the retailer to mail the original copy of the paper voucher to the TPP, and the TPP converts it to an electronic transaction themselves.
- If the retailer fails to clear the voucher on time, they are not paid, and the system releases the held funds back to SNAP client.

EBT host processors should process manual voucher transactions as follows:

- A voucher authorization is required when the retailer calls to validate that the amount of the transaction is available.
- If the household account has the amount required for the transaction, the retailer will receive an approval code and confirmation.
- For a purchase, the amount of the voucher will be placed on hold in the household's account.
- The retailer must later call to clear the voucher.
- Once the voucher is cleared, the benefits will be removed from the household account.

- In the case of a voucher return, the amount of funds to be returned to the household will not be credited to the household's account until the voucher is cleared.

If a voucher authorization remains open without an associated voucher clear, the voucher authorization will be reversed no later than 30 days after the authorization.

(j) Store-and-Forward Processing

Store-and-forward transactions are a *very limited* exception to the rule that retailers cannot store EBT card numbers and PINs, described in 7 CFR 274.8(e)(1). In cases where an EBT system is not functioning or is otherwise inaccessible (i.e. during a power outage, natural disaster, etc.), SNAP-authorized retailers are allowed to temporarily store SNAP EBT transaction data (including EBT card numbers and PINs) and forward them for processing later, when EBT system functionality has been restored.

Per 7 CFR 274.8(e)(1), only the SNAP State agency has the authority to *allow* retailers to accept store-and-forward transactions. The decision to accept store-and-forward is entirely the retailer's, and retailers assume 100% of the liability for such transactions.

The standards for store-and-forward transactions are as follows:

- The retailer may choose to set a maximum amount that they will accept on a store-and-forward.
- Store-and-forward transactions, when processed, must comply with regular rules for processing SNAP EBT transactions, including:
 - Validation of card number,
 - Validation of PIN,
 - Validation of retailer, and
 - Benefit balance availability.
- The card acceptor is responsible for securely storing the transaction information with the encrypted PIN. The stored purchase information is later forwarded to the Card issuer for approval as a Financial Presentment transaction.
- The retailer must forward such transactions for processing within 24 hours of the EBT system becoming accessible; and may only forward those transactions for processing one time.
- After the retailer forwards those transactions for processing, the retailer must delete all data regarding EBT card numbers and PINs.
- A store-and-forward transaction may be partially approved, if the SNAP household's benefit account balances are insufficient to cover the purchase.

- The retailer is liable for any portion of a store-and-forward transaction that does not comply with these rules.

(k) Transaction Data Retention

The following are the rules for SNAP State agencies, EBT host processors, and SNAP-authorized retailers regarding retention of data on SNAP EBT transactions. SNAP-authorized retailers must be able to comply with the requirements of this section at the time they become authorized.

- States must retain data on SNAP EBT transactions for at least three years.
- SNAP-authorized retailers must maintain records of all SNAP EBT transactions for a minimum of seven calendar days.
- Upon request from the State’s SNAP agency or EBT host processor, retailers must provide records of such transactions within seven business days.

Transaction Response Codes and Declined Transactions

The **EBT transaction response code** is a sequence of letters and numbers that indicate whether a transaction was approved or denied. EBT transaction response codes display on a retailer’s POS device after they attempt to conduct an EBT transaction. All transactions must be date- and time-stamped (using the retailer’s location) and must be settled in U.S. dollars currency.

A successful transaction will return a code of “**00 – Approved.**” The following response codes indicate a declined transaction.² Values that are not included in Table 1 below are reserved for future use. Information in Table 1 is adapted from the X9 Standards at <https://www.surveymonkey.com/r/DQVJYMK>. In addition, please note that the exact wording displayed on the POS device or receipt for each code may vary:

Table 1 to Appendix A section (l)(2)

Codes	Short Description (from X9 standards)	Long Description
A1	Invalid voucher ID	The manual voucher ID is not valid.

² EBT transaction message specifications follow the X9.58 standard. That standard is established by ANSI’s Accredited Standards Committee X9. ANSI is the American National Standards Institute, the accredited organization responsible for developing technical standards, including exchanging EBT financial transaction messages. The published standard is available on the American National Standards Institute (ANSI) Notice of Proposed Rulemaking (NPRM) Review Area. ANSI NPRM Review Area’s landing page is accessible at <https://www.surveymonkey.com/r/DQVJYMK>.

A2	Approval code doesn't match voice approval code	Manual voucher approval code input during attempt to clear does not match code issued during voice authorization process.
A3	Amount greater than original voice authorization	Manual voucher amount input during attempt to clear is greater than the amount authorized during voice authorization process.
A4	Original voice authorization not found for cardholder	Manual voucher clear being attempted without any corresponding voice authorization.
A5	FNA number does not match original voice authorization	FNA number used during attempt to clear manual voucher does not match FNA number used during voice authorization process
A6	Item already cleared	Manual voucher clear being attempted but voucher has already been cleared.
TL	Invalid HIP amount	Incentive amount exceeds purchase amount.
S5	PIN not selected	The PIN for this card has not yet been selected.
S6	PIN already selected	The PIN for this card has already been selected.
S7	Unmatched voucher information	The voucher information entered during the voucher clear process does not match the record on file.
02	Bad FNA status for merchant	There is an issue between the retailer and FNA (most often, this means the retailer's SNAP authorization has lapsed).
03	Invalid merchant	The retailer processing the transaction is invalid. This means there is an issue with the retailer's account or their ability to process the transaction (most often they were never an authorized SNAP retailer).
05	General denial	A generic response code that has several possible causes. It typically indicates a card error, rather than an error with the retailer, and indicates the system declined the EBT card for an unspecified reason.
06	Invalid transaction	The transaction cannot be approved because the processor flagged it. This could occur because the card has been

		restricted, blocked, or a hold has been placed on it for potential security issues or suspected fraud.
10	Partial approval	This code indicates the processor only approved a portion of the requested payment.
12	Invalid transaction type	The processor will not accept the transaction. This could be because: • The card number was entered incorrectly, • The card is invalid or has been cancelled, • The expiration date is incorrect, or the card has expired, or • The merchant is trying to make a unique request, like a refund, that the system doesn't recognize
13	Invalid amount field	The transaction cannot be processed due to an error with the amount field.
14	Invalid card number	The EBT card number is invalid (e.g., too many digits)
19	Re-enter transaction	The transaction was not processed and should be attempted again.
23	Unacceptable transaction fee	The attempted transaction included a transaction fee that is not permitted.
30	Format error	The processor is unable to recognize the transaction details.
31	Card has invalid International Organization for Standardization (ISO) prefix	The card is not a valid EBT card and cannot be used to conduct a SNAP transaction.
40	Function not available	Function cannot be performed
41	Lost card	This card has been marked/reported as lost, and the transaction is being blocked.
42	No account	The processor has declined the transaction because the account type selected is not valid for the EBT card number.
43	Lost/stolen card	The card has been marked/reported as lost or stolen. The customer should be advised to contact the processor or use a different payment method.

51	Insufficient funds	The household's account does not have enough funds to cover the transaction.
52	No account on file	The card is not linked to a SNAP EBT account.
54	Expired card	The card is past its expiration date.
55	Invalid PIN	Incorrect PIN entered.
56	Card number not found	Card number does not exist in the processor's system.
57	Transaction not permitted to cardholder	Transaction not defined.
58	Invalid transaction	The transaction attempted is not permitted.
59	Fraud (return card)	Transaction or card appears to be fraudulent.
61	Return exceeds benefit authorization	Refunds cannot exceed the amount of benefits that have been spent.
62	Restricted card	Card declined due to restrictions placed on the card.
75	PIN tries exceeded	The EBT card has been locked after too many incorrect PIN attempts. The card is blocked from use for 24 hours.
76	Key synchronization error	Transaction cannot be processed.
80	Voucher expired	Manual voucher has expired.
86	Invalid security code	The card authentication value (CAV) cannot be verified.
89	CVV verification failed, no pick up	The CSC/CVV entered does not match the information on file with the processor.
90	Processor not logged on	Host not available
91	Authorizer not available (time-out)	Host not available
92	Transaction destination cannot be found for routing	Host not available
96	System malfunction	Indicates a temporary issue with the payment processor or POS device.

(I) SNAP Data Security Requirements

SNAP Data: For purposes of this document, SNAP data means any data generated as a result of a household's or retailers' participation in SNAP and application to participate in SNAP. This includes:

- Information in household and retailer applications, including personally identifiable information, such as name, address, Social Security number, etc.
- Information regarding individual SNAP transactions,
- SNAP card/account numbers,
- Retailers' FNA numbers,
- Retailer SNAP redemption data.

The following are the data security rules for SNAP State agencies, EBT host processors, SNAP-authorized retailers, TPPs, acquirers, Gateways, and any other entity that handles SNAP data:

- Such entities may exchange data other than the PIN for the purposes of processing transactions if they enter agreements to do so and if they follow transaction processing specifications and requirements.
- SNAP EBT transactions must generally conform to the Payment Card Industry (PCI) Data Security Standard.³

(m) Electronic SNAP Benefit Theft

Electronic SNAP benefit theft occurs when criminals use electronic methods to steal a SNAP household's benefits and/or take control of their benefit account.

To provide context for FNA requirements regarding EBT card security, this section summarizes the most common **electronic SNAP theft and/or EBT fraud** schemes currently in use by criminals.

- **Card skimming:** Card skimming is when a criminal places a card reading device on a retailer's POS equipment. The reader collects key card information—such as the PAN and PIN—when a client swipes or inserts their card during a transaction. Criminals then use this card information to steal a household's benefits.
- **Algorithmic attacks:** Criminals can use bots or artificial intelligence (AI) to exploit internet vulnerabilities, by conducting a high number of rapid and repeated inquiries to steal key card information. For example, criminals have used this technology to exploit balance inquiry features of SNAP internet retailers and **Interactive Voice Response (IVR)** systems, to identify valid PANs and PINs and determine whether accounts have positive balances.
- **Phishing scams:** Criminals use scams on text, email, phone, and social media to deceive households into providing key EBT card information. For example, in some States, scammers have spoofed, or imitated, the phone number of a government

³ The only exception is that processors must comply with federal requirements for sharing PAN data.

agency or the EBT processor customer service number to obtain key card information from households.

- **Card cloning:** After key card information has been stolen through methods like skimming or phishing, criminals can use equipment to encode stolen card information onto blank magnetic stripe cards. Criminals then use cloned cards to steal SNAP benefits, after the SNAP State agency reloads benefits to the household accounts.
 - While some cloned cards are physical cards, criminals can also use stolen information to complete transactions without an actual physical card (such as internet purchases, also known as “card-not-present” transactions).

Required EBT Theft Prevention Options

This section summarizes the EBT theft prevention account options that State agencies must offer to SNAP households, in order to protect their SNAP benefits from electronic theft and fraud.

States are required to educate SNAP households about how these options work (7 CFR 274.2(e)(15), must ensure all households have the ability to use these options, and are not excluded from using these options based on a disability or because they speak a primary language other than English (7 CFR 274.8(b)(4)).

Households must be able to opt in or opt out of using these options through each of the following interfaces (7 CFR 274.7(k)):

- EBT cardholder internet portal
- Mobile application
- Telephone request
- In-person request

EBT Card Blocking

States must provide households with the ability to block and unblock (i.e., freeze/unfreeze, lock/unlock) their EBT card from processing transactions, which protects benefits while the card is not in use. Households must be able to turn these options off and on instantaneously, as needed. For example, households should be able to unblock their card while they are checking out at a cash register and re-block it immediately afterwards.

Currently, there are three types of blocks: card freeze, out-of-State transactions block, and internet transaction block. When any of these three blocking types are activated, purchases and balance inquiries will be blocked, but benefits can still be loaded onto the card and returns/refunds must still be processed.

States must offer households the option to use each of the following types of blocking:

- **Card Freeze:** Households must have the option to “freeze” their EBT card, which prevents it from being used for purchases (either online or at brick-and-mortar retailers) or balance inquiries.
- **Out-of-State Transactions Block/Freeze/Lock:** When criminals obtain EBT card information, they often make unauthorized transactions outside of the household’s home State. Households must have the option to block some or all out-of-State transactions (e.g., blocking all transactions that do not occur in the household’s home State, blocking transactions in certain States with high rates of theft).
 - When implementing out-of-State blocking, States should be aware that internet transactions may appear to be out-of-State transactions, if the internet retailer is located or headquartered outside of the household’s home State. For example, when out-of-State blocking is activated, a SNAP household who lives in one State should not be blocked from buying food on a large retailer’s website, even though that retailer’s headquarters is in another State, as long as the purchase is delivered or picked up in the household’s home State.
 - States may choose to consider internet purchases that are delivered or picked up out-of-State to be “out-of-State transactions” for the purposes of this card block. For example, when out-of-State blocking is activated, a State agency may choose to block a household’s transaction on a large retailer’s website if they set the purchase or delivery address to one within a neighboring State.
- **Internet Transactions Block/Freeze/Lock:** Households must have the option to block their EBT card from being used for internet (“card-not-present”) transactions. Specifically, households must be able to unblock their card before making an internet purchase and re-block it afterwards.
 - NOTE: This option should block all internet purchase transactions and balance inquiries, regardless of where the internet retailer is located or where the delivery/pickup address is located.

Currently, States are not allowed to completely freeze EBT cards by default, due to interoperability requirements at 7 CFR 274.8(b)(10).

States are allowed to implement a default block on out-of-State transactions and/or internet transactions. States are only permitted to implement these default blocks if they comply with relevant statute and regulations and provide a way for households to unblock transactions. States that implement default transaction blocking must ensure that all SNAP clients maintain access to their benefits, including those clients with disabilities.

Maximum Amount Per Transaction Limit

States must provide households with the option to set a maximum purchase amount per transaction limit, so that transactions over that limit are automatically blocked.

Limits on Returns

States may choose to provide households with the option to set a limit on the number of returns that can be conducted within a period of time (e.g., no more than five returns per day) or a maximum dollar amount per return.

States may choose to enable this option as the default setting for all SNAP households for brick-and-mortar purchases only. States should not enable this option for internet purchases. States do not have to allow households to remove returns limits.

Alerts

States must provide households with the capability to receive transaction alerts, similar to alerts that are standard in the commercial banking industry. Households must be able to opt into these alerts, which will be delivered via email and/or text message. The required alerts are the following:

- Purchases on the account, including rejected purchases (e.g., insufficient funds purchases, blocked purchases due to card restrictions). These alerts should include information on the purchase method (e.g., point-of-sale transaction, internet transaction) and date and time of the purchase.
- Specific account activity, including PIN changes and balance inquiries. These alerts should include information on the activity method (e.g., point-of-sale transaction, internet transaction, IVR) and date and time of the activity.
- Changes to personal account information such as address, email address, and telephone number.

States may choose to enable this option as a default setting for all SNAP households. States must allow households to turn off the alerts if desired.

Transaction History

For purposes of preventing EBT benefit theft, households must have up-to-date information on their account activity. To that end, States must provide SNAP households with access to 12 months of transaction history for their EBT account through an online account management system and mobile account information system (7 CFR 274.7(d)(2), 7 CFR 274.8(b)(4)(i)(H), 274.8(b)(4)(i)(I)). This must include the following information:

- EBT transaction dates, times, and amounts. This must include information on whether the transaction was approved or rejected, and why (e.g., insufficient funds purchases, blocked purchases due to card restrictions).
- Type of transaction (card-not-present or card present).
- Identifying information for retailer, excluding FNA numbers.
- History of balance inquiries made.
- Dates and times of PIN changes.
- History of other personal account information changes including address, email address, and telephone number.
- Other account changes such as enabling or disabling specific account options.

This information must be made available to SNAP households in real time.

CAV Validation

States must work with their processors to require ***Cardholder Authentication Value (CAV) validation*** (7 CFR 274.8(5)(vii)).

CAVs are encoded in the magnetic stripe of EBT cards and are not printed on the card. Criminals can obtain CAVs through card skimming, but not through other methods (e.g., phishing, algorithmic attacks). Thus, CAV validation can prevent benefit theft from cards that are cloned via methods other than skimming, since they will not be encoded with the correct CAV information.

PIN Security

The Personal Identification Number (PIN) is a number that is connected to a particular SNAP EBT card and is assigned to or chosen by a SNAP household. The PIN is used as a password, to verify a household's identity, granting them authorization to conduct SNAP transactions and otherwise access the SNAP account.

This section describes the requirements for PINs used with SNAP EBT cards/accounts. SNAP State agencies – working through their EBT host processor – must ensure these requirements are met.

Blocking Easy-to-Guess PINs

States must prohibit SNAP households from having PINs that are easy for criminals to guess (7 CFR 274.2(f)(2)). Specifically, States must prohibit PINs that are comprised:

- Entirely of sequential digits (with zero considered sequential to both one and nine),

- Entirely of reverse sequential digits (with zero considered sequential to both one and nine),
- Entirely of one repeated digit,
- Of the last four digits of the associated EBT card's PAN,
- Entirely of alternating digits (e.g. 1212, 8989, or 5454),
- Of a number that has 19 or 20 as the first two digits,
- Of the sequential digits 2580, 8520, 0852, or 0258 (these sequences are commonly chosen for PINs because they reflect the vertical digits of a numeric keypad in order).

Activation of Newly Issued EBT Cards

States must ensure that new and replacement EBT cards are issued to households in **inactive status** (7 CFR 274.2(f)(3)). This means the EBT card is not functional until the SNAP household activates the card (e.g., by calling into the IVR). After activation, households can select their own PIN.

PIN Security Requirements

The following standards apply to PIN security:

- PIN security and management must conform to the most current version of technical standards at ANSI X9.8 and ISO 9564
- When selecting or changing their PINs, SNAP households must do so at the State agency office or via a secure electronic process approved by FNA and the State agency (e.g., an online cardholder portal, a mobile application, a phone or interactive voice response [IVR] process),
- EBT cards must not contain any data which could be used to identify PINs.
- POS devices used for SNAP must:
 - Accept and securely encrypt a PIN of at least four digits,
 - Not display PIN in plain text,
 - Not print, electronically record, or otherwise create or maintain a record of PINs.
- PINs must be encrypted at minimum from the point of entry, in accordance with requirements at 7 CFR 274.8(b)(3)(ii)(C). This protects PINs, both when the household is initially selecting a PIN, and afterwards, when using it to make a purchase at a retailer's POS device.
- PIN data must be encrypted and represented as **packed binary data**, (i.e., eight binary bits shall be represented as 16 hexadecimal characters). The PIN must be formatted

into a PIN block consistent with the most current version of standards at ANSI X9.8/ISO 9564-1 before encryption.

- SNAP households commonly choose their PIN by calling into an **Interactive Voice Response (IVR)** telephone system. The IVR PIN-selection process is not as secure as an encrypted in-office PIN selection device, but aligns with common practice in the commercial banking industry (7 CFR 274.2(f)(2)). States and their processors must adhere to the following requirements, to ensure the IVR PIN-selection process is as secure as possible:
- The IVR PIN-selection process must be completely automated, without involving any customer service representatives,
- When households select their PIN via IVR, they must enter two elements of their personally identifiable information (PII), such as birth date, last four of the social security number, zip code, case number, etc., to confirm their identity,
- States are 100% liable for losses resulting from the IVR PIN-selection process, including the replacement of the stolen SNAP benefits due to unauthorized transactions, security breaches, or incorrect identification of the person setting a PIN via IVR.
- States may request exemptions to these PIN encryption methods by proposing an alternative that is at least as effective, which FNA may consider and grant on a case-by-case basis.

Online PIN Entry Method

SNAP regulations at 7 CFR 274.8(b) require that PINs be entered only through ANSI-compliant POS devices. 7 CFR 274.8(b)(3)(ii)(C) and 274.8(b)(6)(iii) require that PINs must be encrypted, at a minimum, from the point of entry.

FNA has waived those requirements for internet retailers, instead, they must comply with the following requirements:

- Secure, implement, and enforce a contract for secure PIN-entry services to be used on their SNAP online purchasing website.
- Online SNAP transactions must go through a secure PIN-entry TPP.⁴
- Retailer's website and mobile application must conform to all PIN-entry requirements and standards required by FNA regulations and applicable industry standards.

⁴ Currently, the only approved TPPs for SNAP online are Fiserv, WorldPay, and Forage. FNA is willing to work with any TPP an applicant chooses to partner with, assuming they meet the technical requirements for securely processing EBT payments online.

- The website, mobile application, and/or any other intermediary service provider(s) responsible for use of SNAP EBT card numbers must continue to maintain PCI certification.
- Retailers must maintain a secure system that ensures the security and privacy of EBT customer data.

Transactions that do not require a PIN

Manual Voucher Clear (previously known as “Voice-Authorized Manual Voucher”): This is a request to clear a previously voice-authorized manual voucher, where a voucher clear, voucher number, and a voice approval code were assigned, and the SNAP household is no longer present. To clear a voucher, the retailer must use the same voucher number and card number that was used on the voucher authorization, and the approval number that was given for the voucher authorization.

PIN-less Refunds for SNAP-Authorized Online Retailers:

Because SNAP households — and therefore their PINs — will typically not be present when a SNAP-authorized online retailer processes a refund, such retailers have a blanket waiver from the 7 CFR 274.8(a)(2) requirement that PINs be present for refunds. The following conditions apply:

- All PIN-less refund transactions must be processed by a secure PIN-entry TPP.
- Retailers must maintain a secure method for entering and authorizing PIN-less refunds.
- While a PIN is not required for an internet return, if the household does enter a PIN it must match the card PIN.
- PIN-less refunds for internet transactions must return the funds to the household’s account, even if the card has been “stated” (e.g., cancelled, de-activated, or reported as lost).
- Retailers must use the PIN-less refund process when items are out of stock or to refund an amount that was overestimated for weighted items.
- Due to the PIN-less refund functionality, internet retailers must not use manual adjustments for this purpose.

(n) SNAP EBT Chip Cards

EBT Chip Card Requirements

EBT chip cards are payment cards that have a computer chip embedded in them, providing security features that are superior to payment cards which only utilize a magnetic stripe. An

EBT chip card can be insert-only or dual interface. A dual-interface card can be inserted (a.k.a., “contact” payment) or “tapped” (a.k.a., contactless payment) at a point-of-sale device. The contactless payment technology in an EBT chip card utilizes **Near Field Communication (NFC)**. NFC is a protocol that enables wireless communication over short distances (a few inches) between payment cards and POS devices. Chip cards that are capable of conducting NFC contactless transactions are generally considered more secure than chip cards that must be inserted into POS devices.

All States must issue SNAP benefits via NFC-enabled chip cards (7 CFR 274.1(a)). Generally, States will begin implementation by piloting chip cards in limited geographic areas. States must provide adequate notification to households and retailers before making this transition. States must ensure that chip cards continue to include a magnetic stripe to ensure that SNAP households have a fallback payment option in case the chip card does not work at a certain retailer.

FNA recommends that States issue new EBT chip cards in phases, in order to minimize disruption for SNAP households, and to provide an opportunity to troubleshoot any issues that arise. Retailers, processors, TPPs, and Gateways must work with their SNAP State agencies to conduct testing as soon as possible, to ensure the new chip cards work as intended. If retailer POS systems have not yet been programmed to accept EBT chip cards, retailers (or their acquirer or TPP) must conduct testing to confirm the card will “fallback” to use the magnetic stripe on the card until the retailer’s POS system can process chip card payments. Retailers should contact their POS service provider or TPP for help conducting the fallback testing.

Retailer Upgrades to Support SNAP EBT Chip Cards

The following are the requirements for SNAP-authorized retailers to support NFC-enabled SNAP chip cards.

- SNAP chip cards will include a new **service code** (220), informing the POS terminal that the card has a chip.
- The payment application on the chip will use a new **Application ID (AID)**: A0000000044542. POS providers, acquirers, and TPPs must assist retailers in updating their POS devices and systems accordingly.
- The application identifier (AID) encoded in the chip indicates to the POS terminal what type of card is being used. POS terminals are also coded to accept specific AIDs. For a chip card transaction to be successful, the card and the terminal need matching AIDs,

meaning that all POS terminals must be updated with the new EBT chip AID in order to process EBT chip card transactions.

- The AID is composed of two parts, the registered application provider identifier (RID) and the proprietary application identifier extension (PIX). EBT chip cards will include the unique AID A0000000044542. The unique AID will allow POS terminals to support SNAP processing rules (e.g., PIN entry required, fallback rules) via standard terminal action codes (TACs).

Empty Candidate List Fallback Process

Most retailers currently accept other NFC-enabled chip cards (e.g., credit and debit cards issued by a bank or credit union), but their POS devices do not yet support the new AID for SNAP EBT. In such cases, when a SNAP household tries to use a SNAP chip card at the POS device, the device will recognize that the card has a chip but will not recognize the SNAP AID. When this occurs, the POS device must allow the card to proceed with a magnetic stripe transaction. The technical name for this process is ***Empty Candidate List (ECL) fallback***. The specific steps for an ECL fallback transaction are as follows:

- If a household with an NFC-enabled SNAP chip card attempts a magnetic stripe transaction before attempting a chip transaction, the POS device will direct the household to insert or tap the card instead.
- If the retailer's POS device has been updated with the new chip card AID, the chip transaction will process successfully.
- If the POS device has not been updated, attempts to conduct EBT chip card transaction will fail. The POS device will then prompt the client to swipe their card.
- It is important that retailers train all employees working at checkout on this new ECL fallback process.

Magnetic stripe EBT cards that do not contain a chip have a service code (120) in the magnetic stripe indicating that they are magnetic stripe only and should continue to function as usual.

SNAP households should follow the same process to select the tender type (e.g., SNAP or cash) and enter their PIN, regardless of whether they process the transaction by swiping, inserting, or tapping their EBT card.

Household Notification for Changes in Payment Technology

States must notify SNAP households before they implement a new payment method, including integrating electronic chips into EBT cards. This may include notifications about an upcoming transition issued via press releases; updates to their websites, apps, or client portals; posters in certification and issuance offices; through outreach partners; and/or

notices mailed to households in advance of a payment technology transition. States must also send households detailed individual notifications containing the information necessary to make the transition without suffering loss of access to their benefits (e.g., directing households to activate their new EBT card).

FNA also expects States to notify and work with SNAP-authorized retailers and retailer associations to ensure that as many SNAP retailers as possible prepare to accept EBT transactions via new methods before States begin the process of replacing existing SNAP cards. This will simplify the transition for SNAP households, who might otherwise face confusion over which transaction methods they should use at individual retailers. States should also educate households about the security benefits of new transaction methods, so that households understand the benefits of selecting retailers who have made the necessary upgrades to accept more secure payment systems.

Key Management

State master keys utilized for EBT chip card personalization and transaction processing must be transferable in the event of a state conversion to another EBT processor. EBT processor contracts for EBT chip card services must include a transition plan detailing how master keys for EBT chip card personalization and transaction processing will be transferred to an incoming EBT processor in the event that services from the incumbent EBT processor are discontinued. Impacts to and preservation of EBT chip card stock for over-the-counter issuance should also be considered and detailed in the transition plan.

(o) SNAP EBT Card Design and Requirements

SNAP EBT cards issued by States must comply with the requirements of this section, which reflect the requirements in 7 CFR 274.8(b)(5)

- Required (printed on the card):
 - Address of the office where the card can be returned if it is lost or no longer in use.
 - Text that says “[a]ny user with valid PIN can use SNAP benefits on this card and need not be pictured...” or similar text approved by FNA.
- Prohibited:
 - EBT cards — as well as their sleeves, jackets, buck slips, and the like — must not contain the name of any State or local official.
 - EBT informational materials must not indicate any political affiliation (with a party or otherwise).

- Allowed: State agencies may require that EBT cards include photographs of household members. However, if the State agency does so, it must establish procedures to ensure that all appropriate household members and authorized representatives are able to access benefits from the account.
- FNA reserves the right to require State agencies to place a Department logo on the EBT card, sleeves, jackets, buck slips, and the like.

SNAP regulations at 7 CFR 271.2 define the various types of EBT cards:

- Magnetic stripe,
- Integrated electronic chip capable of conducting transactions by either being inserted into a card reader or via wireless Near Field Communication (NFC) protocols,
- Contactless digital wallet with a stored virtual card, and
- Any other similar benefit access technology approved by FNA.

Newly issued EBT cards can no longer rely solely on a magnetic stripe as a method to conduct transactions (7 CFR 274.1(a)). The primary method of conducting EBT transactions must be a physical card with an integrated electronic chip that is capable of conducting transactions both by being inserted into a card reader **and** via wireless NFC protocols.

EBT cards may continue containing magnetic stripes to conduct transactions as a fallback method and must not permit a transaction to be conducted via magnetic stripe until there has been at least one failed attempt to conduct the transaction via electronic chip.

Card Verification Value/Card Security Code

Validation of a Card Verification Value (CVV)/Card Security Code (CSC) is a method used to confirm that an internet transaction is being conducted by a SNAP household in possession of their physical/actual SNAP EBT card. For the purposes of this document, we will refer to these as CSC. All EBT cards must have a three-digit number for the CSC, printed or stamped onto the back of physical SNAP EBT cards, which must not be electronically stored on the card itself in any form (7 CFR 274.8(b)(5)).

The CSC must be input by the SNAP household when they conduct an internet SNAP transaction, thereby proving that the person conducting the transaction has possession of the actual/physical card.

SNAP internet retailers must ensure that their EBT systems are capable of requiring input of a card's CSC and verifying the content of the input along with verification of other transaction details. Retailers must not store the CSC in any form.

Card Expiration Date

EBT cards must utilize an expiration date (7 CFR 274.8(b)(5)). The card expiration date is specifically related to the physical card and does not refer to the expiration of client benefits. The expiration date must be set for a length of time that ensures the card must be replaced before degradation of electronic components in the EBT card which would affect the use of the card begins. The card expiration date is also an important fraud prevention strategy, as it relates to internet purchases, as it is another data point that households must input when making a purchase.

State SNAP agencies must establish an effective replacement procedure for expiring EBT cards in order to ensure that SNAP clients do not experience interruption to the continued use of their EBT cards.

States must not charge a fee for an EBT card that is being replaced due to expiration, or an EBT card being replaced due to a change in benefit delivery method (e.g., a move to chip cards). States also must not count these card replacements toward the excessive replacements threshold as described in 7 CFR 274.6(b)(6).

See Section (t) on household training requirements regarding the card expiration date.

(p) SNAP Online EBT Processing

The *Agricultural Act of 2014* directed FNA to implement a pilot to allow the use of SNAP benefits to purchase SNAP-eligible food from SNAP-authorized internet retailers. Today, SNAP online purchasing is available in every State. For households to make online purchases, the SNAP online shopping and payment process must be secure, private, easy to use, and provide similar support to that found for SNAP transactions in a physical “brick-and-mortar” retail store.

EBT Processing Requirements for Internet Retailers

Retailers that want to accept SNAP benefits for online purchases must apply to become a SNAP-authorized internet retailer. Such authorizations are separate from the authorization that brick-and-mortar stores must submit.

To be approved, retailers must already have an existing online **eCommerce** presence. In other words, they must have an online sales platform that allows customers to make online purchases. Retailers’ online sales platform (e.g., website, mobile app, etc.) must meet the requirements for SNAP online purchasing, including functionality for:

- Securely integrating online PIN-entry through a TPP's ***Application Programming Interface (API)***.
- Handling errors with appropriate codes.
- Processing SNAP payments and refunds.
- Processing variable and estimated item pricing (e.g., buying items that are priced by weight, meaning that the final weight and cost may vary).
- Allowing only one SNAP EBT card to be saved to a household account.
- Ensuring only SNAP-eligible foods can be purchased with SNAP benefits.
- Allowing split-tender transactions.
- Collecting and transmitting the EBT card's CVV/CSC and expiration date when conducting an internet transaction.
- Preventing fraud either by not allowing balance inquiries *or* doing *all* of the following:
 - Remove the "guest checkout" option from its ***eCommerce platform***.
 - Limit the number of balance inquiries a SNAP household can conduct within a specific time period. FNA recommends a maximum of two balance inquiries per hour.
 - Limit the number of times a SNAP household can change the EBT card they are using to make purchases within a specific time period.
- Ensuring that API information is secure and protected from unauthorized access. If a retailer has blocked balance inquiries from its website and balance inquiries are still occurring, it could mean that the retailer-side API connection to its secure online PIN solution may have been hacked.

SNAP-authorized internet retailers must be capable of conducting many of the same EBT transactions as other SNAP-authorized retailers: authorizations/denials, refunds, cancellations, and settlement.

Internet Shopping Customer Fees

The 2014 Farm Bill prohibits the use of SNAP benefits to pay for any fees for delivery, pickup, shipping, ordering, convenience, handling, or other charges related to a SNAP online purchase. When households conduct a SNAP internet purchase, retailers must provide clear notification that these fees cannot be paid with SNAP benefits. The notice must display as soon as the household selects SNAP EBT as the payment method. The household must also be given the opportunity to terminate the purchase or select a different form of payment before the sale is finalized.

Internet Purchases

Purchases from SNAP-authorized internet retailers do not generate a printed receipt at the time of sale. However, internet retailers must still comply with regulations on receipts per 7 CFR 274.8(b)(7).

For all approved purchases, internet retailers must:

- Display a confirmation screen that appears immediately after the purchase, which the household can print, screenshot, or download, *and*
- Email or text an order confirmation within 24 hours of the purchase time.

In addition to the receipt requirements applicable to all SNAP-authorized retailers, internet retailers must also include the following items in the purchase confirmation screen and email/text confirmation:

- Retailer phone number (or other contact information),
- Pickup location or delivery address, and
- Actual or estimated delivery/pickup date (and time, if known)

Alternatively, instead of the emailed or text message order confirmation, the retailer may maintain a secure online order history for customers to easily see their orders.

Internet Refunds

Internet refund policies differ by retailer. Internet retailers can only process returns/refunds up to 90 days after an internet purchase. FNA does not require that PINs be present for SNAP internet refund. Retailers must have the capability of initiating a refund without a direct request or input from the SNAP household being refunded.

For internet refunds, retailers must issue an electronic notice to the customer within 24 hours, containing, at a minimum, the transaction date and time, retailer name, retailer phone number (or other contact information), pickup location or delivery address, actual or estimated delivery/pickup date (and time, if known), EBT program type (e.g., SNAP, Summer EBT, or cash EBT), SNAP purchase amount, remaining EBT balance(s), and the truncated PAN (last four digits).

Instead of an electronic receipt for refunds processed after the initial purchase (e.g., refunds for out-of-stock items), the retailer may choose to provide a paper refund receipt containing the above information with the order (e.g., in the box with the delivered items). This may be combined with the final itemized order listing or on a separate paper receipt.

Shipping costs, including fees for returns, may not be paid for using SNAP benefits. The full value of any returned item purchased with SNAP benefits must be refunded back to the household's SNAP account. Internet retailers must cover return shipment costs themselves or ask the household to pay those costs with an alternate form of tender (e.g., EBT cash, credit/debit card).

Internet retailers must ensure that refunds for internet purchases are returned to the account associated with the internet retailer's FNA number rather than the brick-and-mortar retailer's FNA number, even if the return physically takes place at the brick-and mortar location.

Refunds for returned items or other customer-initiated events must be processed within two company business days.

Denied Internet Transactions

EBT host processors must ensure that internet transactions are properly received, processed, transmitted, and settled. Processors must ensure that internet transactions are denied in the following situations:

- Internet purchases from any internet retailer not authorized by FNA,
- PINless refunds from any internet retailer not authorized by FNA, and
- Purchases from an internet retailer that are being made from a POS device.

If an internet transaction is denied, the internet retailer must provide a reason for the denial (i.e. a denial code). Specifically, the platform (website, app, etc.) must immediately provide the household with an onscreen explanation of the denial reason, so they have a chance to correct the issue. The most common reasons for denial are invalid card number, invalid PIN, and insufficient funds.

The customer must be offered the opportunity to perform the transaction again, select a different payment method, or opt out of the sale.

If a transaction is denied for insufficient funds, the household should be given the opportunity to perform the transaction for a lesser amount or select different tender. The website may opt to:

- Provide a message indicating to the client that they do not have sufficient funds to complete the transaction, but the balance does not need to be included in this error message display.
- Use the remaining SNAP account balance to pre-fill the amount entered for the new transaction attempt.

- Require the household to delete individual items from their purchase cart or move items to a non-SNAP cart for payment with another tender (e.g., cash), until they reach a subtotal less than or equal to the remaining SNAP balance.

Prepayment and Deliveries

FNA regulations at 7 CFR 274.7(b) prohibit retailers from accepting SNAP “prepayment” (e.g., payment before an EBT card is presented to the retailer). This regulation is waived for internet retailers. However, internet retailers must comply with the following prepayment and delivery timeframe standards:

- Internet retailers must not allow households to use multiple delivery addresses for a single SNAP EBT transaction.
- Internet retailers are required to deliver and/or prepare all orders for pickup within seven calendar days, unless the household specifically selects a later delivery or pickup date.
- If a retailer allows split orders (e.g., multiple separate deliveries for a single SNAP EBT purchase), all portions of the order must be received by the household within the mandatory timeframe.
- Prior to submitting the transaction for authorization, internet retailers must clearly explain the delivery process and timeframe to the household.
- Internet retailers that do not allow households to select their own delivery or pickup time must provide the estimated delivery/pickup date and allow the household to cancel the transaction before the sale is finalized.
- Retailers must not allow the use of EBT cards for standing-subscription orders (e.g., automatic monthly food deliveries).
- If, by the fifth day after the transaction, it is clear the seven-day delivery/pickup limit will be exceeded, the retailer must notify the household of the new expected delivery/pickup date — by email, text, or phone — and offer the opportunity for an immediate and full refund instead.
- Refunds that result from overestimated weighed products, substitutions, or out-of-stock items must be made to the client immediately after fulfillment of the order.

Payment Card Industry Compliance

All SNAP-authorized internet retailers must be compliant with the ***Payment Card Industry (PCI) Data Security Standards***. PCI standards address the secure encryption and handling of sensitive data, such as card numbers and PINs while “at rest” (i.e., being stored temporarily or permanently). Before a retailer can be authorized to accept debit or credit transactions, they

must be certified as PCI-compliant by their acquiring institution. This certification is performed annually and covers a wide spectrum of security and privacy issues. FNA requires that every SNAP-authorized internet retailer be PCI-certified and maintain that certification on an ongoing basis.

Because there is no single way to become PCI compliant, the payment security industry uses several best practices to safeguard sensitive data and customer privacy. The PCI Security Standards Council offers a variety of standards which can be used to achieve PCI compliance. Ultimately, the specific methods used by any given organization to achieve compliance will vary. Each organization must identify and document the methods they will use to achieve PCI compliance, and must continually upgrade and improve their methods

Generally, best practices to achieve PCI compliance include:

- Tokenization (replacing sensitive data like card numbers with unique, random strings of digits to protect against data breaches during transactions).
- Device fingerprinting (comparing current hardware/software characteristics to a user's previous usage, including comparing their physical device, browser version, Internet Protocol [IP] address, app vs. browser usage, etc.).
- Use of secure sockets layer (SSL) technology or other strong firewall configurations.
- Minimum browser standards (requiring certain browser versions, 128-binary digit (bit) encryption, etc.).
- Required use of login IDs and passwords for internal and external access to website
- Strong policies for ID and password format and handling of forgotten IDs and passwords.
- Establishing system user roles that restrict users from updating or extracting PII and card data, based on whether they legitimately need to access such information.
- Use of sitekeys or other customer site authentication (a security system that verifies both the user and the website itself, and displays a unique image or phrase when users attempt to log in).
- Use of commercial security and encryption products for both data in transit and at rest.
- Trust seal certification (a visual stamp or badge displayed on a website or data repository to indicate that it has undergone security and verification checks by a trusted third party, demonstrating a commitment to data protection and compliance).
- Stringent information security policies for all company and contractor personnel.
- Regular use and update of anti-virus software or programs.
- Restricted physical access to personal data stored on the system.

Card Must Be Present

In regular brick-and-mortar transactions, the EBT card must always be present when a household performs a transaction, whether the card is swiped, tapped, inserted, key-entered, or processed by manual voucher. However, it is not possible for internet retailers to determine if households have their EBT card in hand when they enter the card number to make an internet purchase. Therefore, FNA automatically waives the “card must be present” requirement for all approved internet retailers. The following conditions apply:

- Internet retailer payment systems must always code internet transaction messages as “card not present” transactions
- The internet retailer must notify FNA whenever significant changes are made to its online shopping/payment platform policies and practices regarding refunds, customer complaints, privacy, or security. Retailers must provide FNA with a copy of or link to the revised information.

Equal Treatment

FNA regulations at 7 CFR Section 274.7(f) and 278.2(b) require that SNAP-authorized retailers treat SNAP households equally to other customers. This is generally referred to as the ***equal treatment*** rule. In other words, retailers may generally not treat SNAP households differently (either positively or negatively), in any way.

There are some exceptions to the equal treatment rule: First, retailers must never charge sales tax on eligible foods purchased with SNAP benefits. There are some additional exceptions that automatically apply to SNAP-authorized internet retailers:

- Internet retailers may offer to waive or discount delivery and in-store pickup fees for SNAP households.
- Internet retailers may offer to waive or discount fees in their membership or discount clubs for SNAP households.

(q) Mobile Payments

A digital wallet (or electronic wallet) is a software-based system or an application that runs on any connected device. It stores your payment information and passwords of numerous payment methods and websites. Digital wallets run primarily on smartphones, but may be accessible from a computer — mobile wallets, which are a subset, are primarily used on mobile devices.

Mobile payments require the use of a **Token Service Provider (TSP)** that manages and issues payment tokens, which are unique identifiers that replace the PAN with a Device Primary Account number (DPAN) which is a **token** that is stored on the device after the card is provisioned (i.e., added, saved, or stored) to the wallet.

Mobile payments work using similar technology as “contactless” or “tap” cards (i.e. NFC-enabled chip cards). The same AID will be used for chip cards and mobile payments.

Adding a Card

When a card is added to Wallet, a **digital representation (token)** of that card is created and linked to a single device. Tokenization masks the underlying card number, helping to protect the cardholder from data breaches and criminals trying to steal benefits.

The wallet provider performs cardholder verification in conjunction with the EBT host processor, allowing the card issuer to verify that the individual provisioning the card matches the identity of cardholder/household before a card can be added to the wallet. This may be through the use of the processor’s client portal or other means.

(r) EBT System Project Implementation

The implementation of new State EBT systems and updates/modifications to existing EBT systems require thorough testing by States prior to implementation (i.e. “go-live”). As part of this testing, each State must successfully pass a **Federal Acceptance Test** with FNA prior to implementation, in accordance with FNA policy. Federal Acceptance Testing is required for changes caused by updates to the X9.58 standards; implementation of new programs, projects, or pilots; and the addition of significant new features or tools for the State or households. FNA will decide the level of its involvement in system testing based by conducting a risk assessment. When there is minimal risk — for example, there is no host processor or platform change and no major changes in functionality — FNA oversight of testing is likely not required.

User Acceptance Testing (UAT) is the testing performed by the State (i.e. the system user). Testing may take several weeks. Typically, States require the EBT contractor to provide them with test equipment (POS terminals) and software (access to a test environment for the administrative terminal and POS simulator), sufficient for performing preliminary testing prior to a UAT. This section discusses UAT specifically as it relates to SNAP EBT.

System changes that require User Acceptance Testing (UAT) include:

- State’s initial implementation of EBT

- Change in a State's contracted EBT host processor (database conversions)
- Transition to EBT chip cards
- Nutrition incentive program implementation
- Mobile Payment Pilot implementation
- Any modifications to the system due to updates to the X9.58 standards; implementation of new programs, projects, or pilots; and the addition of new features or tools for the State or households.

UAT must include **end-to-end testing**, conducted by the SNAP State Agency, in conjunction with their EBT host processor and FNA, in order to ensure that system changes work as expected throughout every component of the EBT system.

- The processor is responsible for conducting preliminary performance testing to simulate large transaction volumes, to determine how the system responds to various conditions, to gauge response time, and identify processing errors.
- The remaining functional areas are tested by the State, processor, and FNA during the UAT.
- UAT can be hosted by the State or the processor.
- FNA must be involved with UAT planning and attend all testing, either in person or virtually. Additionally, FNA may have a technical assistance contractor participate in the UAT as well.
- Before the UAT:
 - The State should provide the test plan and test scripts for review and comment before finalized. These documents should be made available to FNA at least 60 days before testing begins.
 - FNA will also provide suggested "what-if" tests to the State before the UAT.

Conversion is the movement of data from an old EBT system to a new EBT system. Most typically, it is necessary when a State awards an EBT contract to a processor that is not their incumbent. If the State selects a new EBT contractor, the transition process is very complex, because it usually involves both database and retailer conversion. Database conversion involves the movement of data from one system or platform to another and implementation of a new administrative terminal system. Retailer conversion involves the State's new EBT host processor issuing new EBT-only POS equipment to retailers who previously received EBT-only POS equipment from the State's outgoing EBT host processor, since that existing equipment connects directly to the outgoing EBT host processor.

- The incumbent processor must cooperate fully with the State and the new processor.

- During conversions (which generally take months to complete), States must continue using their outgoing processors' system while the incoming processor is building a new EBT system.
 - As discussed in the sub-section above, the State, new processor, and FNA will conduct UAT prior to implementing the new EBT system.
- States are responsible for communication regarding EBT Database Conversion to households and retailers. FNA will often assist the State in sending out retailer notifications.
- The final steps in a conversion are typically conducted during a weekend (conversion weekend).
- During conversion weekend (and in the days leading up to that weekend), participants follow an hour-by-hour schedule of events.
 - The incoming processor is responsible for creating that schedule, with input from the State, incumbent contractor, and FNA. Preparation of this schedule typically takes several weeks, so incoming processors must plan accordingly.
 - The completion of tasks in the hour-by-hour schedule typically begins several days before conversion weekend and runs through the Monday after conversion weekend.
 - The conversion weekend schedule must include all tasks required for the conversion and their estimated timeframes that were based on the mock runs. The schedule must also include all conversion conference call and the required attendees for those calls. The status of each task on the schedules is updated as conversion weekend progresses, which informs participants about next steps to be taken.

(s) Household Training on EBT

States are required to educate SNAP households on SNAP participation including use of the EBT system (including all elements listed in 7 CFR 274.2(e)). Household training must be incorporated into the SNAP household certification process. States may choose various methods to convey this required information, as long as households receive training on all required. States should design their household education to ensure that SNAP households are not overwhelmed with information that prevents them from absorbing the most important knowledge.

States may use a variety of training materials including:

- EBT card brochure
- SNAP policy manual

- Information available on the State agency's web portal
- Information available through the State agency's mobile application
- Training videos posted online or displayed in State field offices
- Verbal information provided during initial interview or re-certification
 - If this method is used as a household training method, it should be documented in the State agency's eligibility system.

The following sub-sections provide more detailed information on two important topic for elements household training.

Household Training: EBT Theft Prevention

States must provide household training that informs SNAP households about EBT card security best practices that will reduce their chances of being a victim of benefit theft.

FNA recommends that household training include the following elements:

- The appropriate utilization and security of the EBT card's PIN. Specifically:
 - Households should change their PIN frequently (at least monthly), ahead of benefit issuance dates.
 - Households should be informed that they are not allowed to choose simple or easy-to-guess PINS (e.g., 1111, 1234).
 - Households should not share their PIN or card number with anyone outside your household.
 - Households should cover the keypad when they enter their PIN on a machine.
 - Cardholders should avoid writing their PIN on their card or anywhere that could easily be found.
- Common methods of EBT theft and how to avoid them. States should keep this training material up to date as fraud methods change.
 - This training should include education on card skimming and phishing schemes. States should inform households that neither the State nor EBT processors will ever call or text to ask for their PIN or card number.
- Households should check their EBT account regularly for unauthorized charges.
- States must educate households on how to report unauthorized use of their EBT card or unauthorized use on their EBT account, including suspected fraudulent activity.
 - If a household suspects that their account has been compromised by EBT theft, they should change their PIN, contact the State, and request a replacement card.

- States must inform households about all EBT theft prevention tools available to them. This includes options to freeze their account, block out-of-State or internet transactions, set up purchase and PIN change alerts, or set up transaction limits.
- States must educate households on the benefit of freezing and unfreezing their EBT card to prevent benefit theft, and inform them that benefits can still be loaded to an account that is frozen.
- States must inform households about any EBT theft prevention features that the State has enabled by default (e.g., default block on out-of-State or internet transactions).
- States should educate households about transaction and return limits. This should include training on any limits the State puts in place by default and any options for the household to enable or disable for themselves.
- If a household's EBT card includes a chip, the household should always attempt to tap or insert their card and should only swipe their card if the retailer's POS device is not capable of conducting a chip transaction. Households should minimize their risk of EBT theft by choosing retailers that can process more secure payment methods.
- Household should inspect ATMs, POS terminals, and other card readers before using. Look for anything loose, crooked, damaged, or scratched. Do not use any card reader if you notice anything unusual.
 - Pull at the edges of the keypad before entering your PIN. Then, cover the keypad as fully as possible when you enter your PIN to prevent cameras from recording your entry. Keep in mind that a pinhole camera may be present anywhere on or around the terminal.
 - Households that access TANF benefits via ATM should use ATMs in a well-lit, indoor location whenever possible. These may still be compromised but are less vulnerable targets.
 - Be especially alert for skimming devices in tourist areas, since these are popular targets.

Household Training: Expiration Dates on EBT Cards

As States implement chip card technology, they must add an expiration date to the new EBT cards. States must educate household on the difference between the expiration date on the card, timelines for benefit expungement, and certification or recertification end dates.

States must ensure that household training includes the following elements:

- The expiration date on the new EBT cards is a new feature, indicating when the card will need to be replaced.
- Card expiration date has no relation to benefit expungement.

- Card expiration date has no relation to certification or recertification end date.
 - When a household receives an EBT chip card, this does not mean they do not have to certify or recertify for benefits upon receipt of the card.
- State agencies should work with their EBT host processor to update the card sleeve mailed with the EBT card. The new card sleeve should explain:
 - The expiration date on the card and where it is located
 - The CVV/CSC digits on the card and where it is located
 - Any additional new items listed on the card

Definitions

For the purposes of this appendix, the following additional terms and definitions apply.

Acquirer: A financial institution (or the agent of a financial institution) that facilitates the authorization of SNAP transactions by acquiring transaction-related data from SNAP-authorized retailers and transmitting that data to a Third-Party Processor for further routing. An acquirer may only need to contract with a single TPP, as the TPP would handle subsequent routing to gateways and EBT host processors.

Adjustment: A change to the balance of a household's SNAP benefit account, implemented by a SNAP State agency and/or by their contracted EBT host processor in response to an incorrect account balance caused by a system error during the redemption process. Adjustments may *increase* the balance of a SNAP account ("credit adjustment") or *decrease* the balance of an account ("debit adjustment").

Algorithmic Attacks: Attacks that use bots, artificial intelligence (AI), or similar automated electronic means to exploit internet and IVR vulnerabilities. For example, some criminals use algorithmic attacks to conduct a high number of rapid and repeated balance inquiries to steal key card information.

Application ID (AID): The application identifier (AID) encoded in the chip indicates to the POS device what type of card is being used. POS devices are also coded to accept specific AIDs. For a chip card transaction to be successful, the card and the device need matching AIDs, meaning that all POS devices must be updated with the new EBT chip AID in order to process EBT chip card transactions.

The AID is composed of two parts, the registered application provider identifier (RID) and the proprietary application identifier extension (PIX). EBT chip cards will include the unique AID A0000000044542. The unique AID will allow POS terminals to support SNAP processing rules (e.g., PIN entry required, fallback rules) via standard terminal action codes (TACs).

Application Programming Interface (API): A set of rules or protocols that enable software applications to communicate with each other to exchange data, features, and functionality.

Automated Clearinghouse (ACH): A financial network that is part of the Federal Reserve banking system and is used to process electronic funds transfers. Funds are credited to the receiving financial institution on the morning of the next business day after submission of the ACH file; the ACH does not operate on weekends or Federal holidays. The ACH network is used by the EBT processor to disburse credits for both food and cash programs from their own bank accounts to the various financial institutions holding the retailer and TPP bank accounts. The EBT processor/State may also request that funds be transferred between ASAP and their

disbursement account through the ACH network. The EBT processor may hold its disbursement accounts at different banks for different States. Only financial institutions may submit ACH files to the FRM. Therefore, EBT processors must contract with a concentrator bank for this service. The concentrator bank may or may not be the same bank which holds the EBT processor's disbursement account.

Balance Inquiries: When a household checks the amount of benefits in its SNAP account. There are four types: In-person, via brick-and-mortar retailers; Internet, via internet retailers; Internet, via each State's cardholder portal/mobile app, and; Phone, via EBT host processors' IVR systems.

Brick-and-Mortar: In the context of SNAP retailers, this means a physical retailer (as opposed to an internet retailer).

Card Cloning: After key card information has been stolen through methods like skimming or phishing, criminals can use equipment to copy stolen card information onto blank magnetic stripe cards. Criminals then use cloned cards to steal SNAP benefits.

Card Issuer: Financial institution or agency (or their agent) that issues the card to the cardholder.

Card Skimming: A method of electronically stealing SNAP EBT benefits. Card skimming occurs when a criminal places a card reading device on a retailer's POS equipment. The reader collects key card information—such as the PAN and PIN—when a client swipes or inserts their card during a transaction. Criminals then use this card information to steal a household's benefits.

Card Verification Value (CVV)/Card Security Code (CSC): A three-digit number that is printed or stamped onto the back of *all* SNAP EBT cards, and is **not** electronically stored on the card, and is a method of mitigating the electronic theft of SNAP EBT benefits. Specifically, when a SNAP household is conducting an internet transaction, they are required to enter the CVV/CSC to complete their transaction, thereby confirming that they are in possession of the physical/actual SNAP card.

Cash Benefit/Cash Benefit Program: A Federal or State government benefit program that provides households with benefits on an EBT card in the form of cash. Unlike SNAP benefits, cash benefits can be used to purchase items other than SNAP eligible food. Examples of cash benefit programs include Temporary Assistance for Needy Families and Aid for the Aged, Blind, and Disabled.

CAV (Card Authentication Value): A security component used by card associations to authenticate the validity of cards during transactions. It is embedded in the magnetic stripe of the card.

Chip Cards: Payment cards that have a computer chip embedded in them. Such chips provide security features that are superior to payment cards which only utilize a magnetic stripe. A chip card can be insert-only or dual interface. A dual interface card can be inserted (a.k.a., “contact” payment) or “tapped” (a.k.a., contactless payment) at a POS device. The contactless payment technology in an EBT chip card utilizes **Near Field Communication (NFC)**. NFC is a protocol that enables wireless communication over short distances (a few inches) between payment cards and POS devices. Chip cards that are capable of conducting NFC contactless transactions are generally considered more secure than chip cards which must be inserted into POS devices.

Clearing: Clearing is when retailers send information to the SNAP State agency or the EBT host processor to request payment. This can be done directly by the retailer or through their contracted TPP or acquirer.

Database Conversion: The movement of data from an old EBT system or platform to a new EBT system or platform, and implementation of a new administrative terminal system.

Electronic Benefit Theft: This occurs when criminals use electronic methods to steal a SNAP household’s benefits.

EBT Transaction Message: EBT transaction messages are comprised of the electronic data needed to process a transaction as defined by the ANSI X9.58 specification. Transaction messages flow from the retailer’s POS to a TPP, (possibly) to a Gateway, and finally to the EBT host processor.

EBT Transaction Response Code: A sequence of letters and numbers that indicate whether a transaction was approved or denied. EBT transaction response codes display on a retailer’s POS device after an attempted EBT transaction.

Empty Candidate List (ECL) Fallback: Most retailers currently accept other NFC-enabled chip cards (e.g., credit and debit cards issued by a bank or credit union), but do not yet support the new **AID** for SNAP EBT chip cards. In such cases, a SNAP household will try to use a SNAP chip card in the POS device, and the device will recognize that the card *has* a chip but will *not* recognize the SNAP AID. When this occurs, the POS device must allow the card to proceed with a magnetic stripe transaction. The technical name for this process is Empty Candidate List (ECL) fallback.

End-to-End Testing: A part of the UAT process, conducted by the SNAP State Agency, in conjunction with their EBT host processor and FNA, in order to ensure that system changes work as expected throughout every component of the EBT system.

Equal Treatment: FNA regulations at 7 CFR Section 274.7(f) and 278.2(b) require that SNAP-authorized retailers treat SNAP households equally to other customers. This is generally referred to as the equal treatment rule. In other words, retailers may generally not treat SNAP households differently (either positively or negatively), in any way.

Federal Acceptance Test: The implementation of new State EBT systems and updates/modifications to existing EBT systems requires thorough testing by States prior to implementation (i.e. “go-live”). As part of this testing, each State must successfully pass a Federal Acceptance Test with FNA prior to implementation, in accordance with FNA policy.

Federal Reserve Bank (FRB): The central bank of the United States, responsible for implementing and adjusting monetary policy, overseeing the largest U.S. banks, and providing financial services to the U.S. government. In the context of SNAP, FRB operates the ACH, which is a crucial component in reimbursing SNAP-authorized retailers, EBT processors, and TPPs for redeemed SNAP benefits.

Gateway: An entity that routes EBT transactions from TPPs to an EBT host processor based on the BIN of the EBT card. A Gateway is a combination of hardware and software which allows transactions to be supported between and among network switches, TPPs, EBT processors, and/or retailers driving their own terminals.

Inactive Status: An EBT card that is not functional upon receipt. To be made functional, the household has to take additional steps. Most often, those steps involve interacting with the State’s processor IVR, and inputting a password, PIN, etc.

Interactive Voice Response (IVR): An automated phone system – operated by a State’s EBT processor or their contracted entity – that allows SNAP households to navigate a menu of options using their voice or by pressing numbers to access information, complete tasks (e.g., change their PIN), or be routed to other phone numbers.

Issuer Identification Number: A 6–8 digit number that identifies the bank, financial institution, or other entity that issued a card.

Key-Entered Transaction: A transaction when the card number is manually entered into a POS device, as opposed to tapping, inserting, or swiping an EBT card. Typically, key-entered transactions occur when a POS device cannot read an EBT card.

Letter of Credit: The document by which an official of FNA authorizes a State agency to draw funds from the United States Treasury to reimburse SNAP-authorized retailers for SNAP benefits they redeem (through their TPPs, EBT processors, etc.).

Near Field Communication (NFC): Protocols that enable wireless communication over short distances (a few inches) between payment cards and POS devices, which allows the use of contactless payments (also called “tap-to-pay”).

Packed Binary Data: PIN data must be encrypted and represented as packed binary data, (i.e., eight binary bits shall be represented as 16 hexadecimal characters). The PIN must be formatted into a PIN block consistent with the most current version of standards at ANSI X9.8/ISO 9564-1 before encryption.

Payment Card Industry (PCI) Data Security Standards: Security standards that address the secure encryption and handling of sensitive data, such as card numbers and PINs while “at rest” (i.e., being stored temporarily or permanently). Before a retailer can be authorized to accept debit or credit transactions, they must be certified as PCI-compliant by their acquiring institution.

Phishing Scams: Scams on text, email, phone, and social media to deceive households into providing key EBT card information.

Point-of-Sale Service Provider: A financial institution (or its agent) that provides retailers with the equipment and technology needed to process SNAP benefits.

Processing Code: A series of digits used to describe the effect of a transaction on the SNAP household’s account and identify the accounts affected (e.g., SNAP benefits, cash benefits, or regular cash).

Reconciliation: The process States must follow to account for all SNAP issuance and transaction activity, in accordance with 7 CFR 274.4(a). This is done to ensure accuracy and consistency, and to identify and rectify any discrepancies.

Refund/Return: In this context, a transaction where SNAP benefits are returned to a household’s account. Most often (but not always), these are the result of an error at the POS device being corrected on-the-spot or the customer returning a purchased item to the store.

Service Code: A code encoded in EBT cards that communicates information to the POS terminal (including informing the POS terminal whether the card has a magnetic stripe or a chip).

Settlement: When a State or processor creates and transmits a payment to a retailer's bank for approved, cleared SNAP transactions.

Settlement Day: The day when a SNAP-authorized retailer gets reimbursed for an approved, cleared SNAP transaction.

Settlement Flow: The transfer of funds through different accounts held by different parties involved in processing SNAP transactions that ultimately reimburse a SNAP-authorized retailer for a SNAP transaction.

SNAP Online Purchasing: The *Agricultural Act of 2014* directed FNA to implement a pilot to allow the use of SNAP benefits to purchase SNAP-eligible food from SNAP-authorized internet retailers. SNAP online shopping and payment processes must be secure, private, easy-to-use, and provide similar support to that found for SNAP transactions in a physical “brick-and-mortar” retail store.

SNAP-Authorized Internet Retailer (also referred to as “internet retailer”): A store that accepts SNAP benefits in exchange for SNAP-eligible foods on their website. A separate FNA authorization is required in order to participate in SNAP online purchasing.

SNAP Data: Any data generated as a result of a household's or retailers' participation in SNAP and application to participate in SNAP.

SNAP Household: The person(s) who apply and are approved to participate in SNAP, receive SNAP benefits, and use a SNAP EBT card to purchase SNAP-eligible food.

SNAP State Agency: The governmental agency that administers SNAP at the State and local level.

Split Tender Transaction: When a household chooses to pay for its purchase of SNAP-eligible food partly with SNAP benefits and partly through some other means (cash, credit card, etc.).

Statused: An EBT card is referred to as “statused” if it is not active (e.g., it has been cancelled, de-activated, or reported as lost, stolen, or damaged).

Store-and-Forward: The process where a retailer electronically stores a SNAP EBT transaction with an encrypted PIN when an EBT system is not functioning or is otherwise inaccessible (i.e. during a power outage, natural disaster, etc.). The retailer then forwards the transaction for processing later, when EBT system functionality has been restored.

System Error: An error resulting from a malfunction at any point in the SNAP benefit redemption process, such as an error made by a retailer's host computer or POS device, a TPP, the Gateway, or processor.

Third-Party Processors (TPPs): Financial institution that receives EBT transactions from SNAP-authorized retailers and acquirers and subsequently transmits those transactions to an EBT gateway for further routing or directly to an EBT host processor for transaction approval. SNAP State agencies and their contracted EBT host processors must allow retailers to use EBT services provided by TPPs and acquirers, and must provide interface specifications and certification standards, in order for the TPPs to participate in the EBT system per 7 CFR 274.3 (d). The TPPs have contractual agreements to connect to all existing EBT processor systems, either directly or via gateways, in order to facilitate the approval/denial transactions anywhere SNAP is operated.

TPPs typically provide EBT services and POS equipment directly to larger retailers (such as those with many locations) who may utilize other non-EBT services that the TPPs offer. Smaller retailers who are unable to contract directly with a TPP instead may rely on an acquirer to provide EBT services and POS equipment.

Token: A digital representation of sensitive data (such as a PAN on an EBT card), most often created and linked to a specific device. Tokens replace sensitive data with unique, random strings of digits to protect against data breaches during transactions.

Token Service Provider (TSP): Entity that manages and issues payment tokens.

Transaction Message Response: Upon receipt of an EBT transaction message, the processor reviews the information contained in the message to ensure the transaction is valid. The processor will then generate a transaction message response to send back to the retailer's POS device, approving or denying the transaction and (if applicable) providing the denial reason and SNAP account balance information. The processor sends FNA the transaction data, per 7 CFR 274.4(b)(2) and the specifications as outlined in the State's contract.

User Acceptance Testing (UAT): Testing of new State EBT systems and updates/modifications to existing EBT systems performed by the State (i.e. the system user).

Voucher Clear: The process where a POS transaction is completed by obtaining a voice authorization and manually processing a pre-numbered voucher that is later forwarded to the card issuer electronically.

Void: Void or cancellation transactions are used when an incorrect purchase amount is processed through a retailer's POS device. The void/cancellation must be done immediately after the purchase transaction and on the same POS device.

Table 2 to Appendix A: Acronyms

ABA	American Bank Association
ACH	Automated Clearing House
AI	Artificial Intelligence
AID	Application ID
ANSI	American National Standards Institute
API	Application Programming Interface
BIN	Bank Identification Number
bit	Binary-digit
CAPK	Certificate Authority Public Key
CAV	Card Authentication Value
CD	Consumer Device
CFR	Code of Federal Regulations
CSC	Card Security Code
CVM	Cardholder Verification Method
CVV	Card Verification Value
DPAN	Device Primary Account Number
EBT	Electronic Benefit Transfer
ECL	Empty Candidate List
FNA	Food and Nutrition Administration
FRB	Federal Reserve Bank
ID	Identity or Identification
IIN	Issuer Identification Number
ISO	International Organization for Standardization
IVR	Interactive Voice Response
MII	Major Industry Identifier
NFC	Near Field Communications
PAN	Primary Account Number
PCI	Payment Card Industry
PII	Personally Identifiable Information
PIN	Personal Identification Number
PIX	Proprietary Application Identifier Extension
POS	Point of Sale
REDE	Retailer Electronic Data Exchange
RID	Registered Application Provider Identifier
SNAP	Supplemental Nutrition Assistance Program
SSL	Secure Sockets Layer

TAC	Terminal Action Code
TPP	Third-Party Processor
TSP	Token Service Provider
UAT	User Acceptance Testing
USC	U.S. Code
USDA	United States Department of Agriculture