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There are two major objectives that government agencies have when it comes to budgetary concerns and transparency issues: (1) obtaining the lowest price possible from suppliers and (2) having the most detailed information returned from merchants when making purchases with the GSA SmartPay purchase card. These objectives can be met through “Level 3 Processing”. The increased desire for “Level 3 Processing” was evidenced in last year’s report on [Point-Of-Sale Discounts for GSA SmartPay Cards](#) where one of the main objectives listed was: “Introduce Level 3 Data as the reporting source to the Federal Strategic Sourcing Initiative (FSSI)”.

As referenced in the Value Propositions section of the report, Master Card and Visa have created special rates to support Purchase Card programs like GSA SmartPay by reducing the merchant transaction costs (interchange) if Level-3 line item detail information is transmitted with the card payment file. By providing Level-3 data, a supplier may reduce their credit card processing fees – often by 30% to 40%. In addition, the GSA Smartpay website states: Merchants that provide Level 3 transaction data are more attractive to Government agencies because the data enables agencies to keep track of their purchases more accurately.

Thus, Government agencies are strongly encouraged to take into consideration whether a company can provide Level-3 line item detail when they select a supplier. With Level 3 data, agencies get a two-for-one: (1) lower processing costs that the supplier can pass on to the agencies as lower prices; (2) more detailed information on the purchases made.

Down the road, there may be even more incentive to look for Level 3-ready suppliers. A Senate committee has just approved the Government Charge Card Abuse Prevention Act. This act will require federal agencies to put new safeguards and controls on government charge cards used by federal employees. Among these would be the utilization of effective systems, techniques, and technologies to prevent or catch fraudulent purchases. The bill will require penalties for violations.

Level 3 line item detail includes such data as item description, item quantity, item unit of measure, and item freight amount. Requiring this level of detail virtually insures that only authorized purchases will occur, significantly cutting down on fraud and abuse.

Federal employees who have control over their choice of suppliers are well advised to start asking them if they can provide Level-3 line item detail. Agencies will then be in the best position to garner the lowest prices, keep track of purchases more accurately, and get a jump on regulations that may ultimately require that they deal only with Level 3-ready suppliers. Catch that boat going in the Level 3 direction.

About the Author: Guest Blogger James Shanahan is president of [Financial Transaction Services](#) of Western PA, a merchant services provider specializing in Level-3 processing for government suppliers. Any questions about the information in the blog can be addressed to Milton Vazquez at 703-605-9475, or via email (milton.vazquez@gsa.gov).

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The GSA SmartPay® program provides charge cards to agencies/departments throughout the U.S. government, as well as tribal governments, through master contracts that are negotiated with major national banks.

SmartPay® Charge Cards are for Official U.S. Government usage only.



