



U.S. Department of Education, Office of Federal Student
Aid (FSA), Student Authentication Network (STAN)

***Enabling a Paperless Student Loan Process
Using Electronic Signatures***



Case Study

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The Challenge

Each year, millions of students obtain billions of dollars in financial aid through the Federal Student Aid programs to help pay for postsecondary education. Vangent has supported FSA with the systems and services to enable online financial aid applications since 1997. However, prior to 2001 student loan borrowers were still required to physically sign paper loan documents before receiving funds, resulting in delays, processing errors, and cost inefficiencies. FSA sought an electronic signature solution to streamline the student loan process for borrowers, lenders, and schools.

The Solution

Vangent developed and operates the Student Authentication Network (STAN) to provide electronic signature capability for federal student loans. Vangent worked with FSA to reengineer the entire student loan system from front to back to enable a paperless process. Building on FSA's already existing personal identification number (PIN) infrastructure, Vangent developed a cost-effective authentication service that provides the level of assurance required for legally binding loan documents. Vangent completed the initial development during a 3-month period, designing and creating the system architecture and software to ensure that protected personal information would be shared according to the stringent requirements of the Standards for Electronic Signatures and the Commercial Bankers Association.

Launched in June 2001, STAN constituted the first true use of electronic signatures in the federal government. STAN complies with the Government Paperwork Elimination Act of 1998 and the Electronic Signatures in Global and National Commerce Act of 2000 to ensure the security and legality of electronic signatures. STAN was developed in compliance with the Department of Education's (ED's) Standards for Electronic Signatures and Electronic Student Loan Transactions as a "knowledge-based authentication" performed by a trusted third party. STAN also complies with the Privacy Act of 1974 in maintaining the confidentiality of personal information about or provided by individuals, a crucial capability in a service based on the sharing of Social Security numbers, PINs, and other data.

STAN is a convenient, Web-based service available to student loan borrowers, lenders, and schools 24/7. The lender's Web site links the borrower to the STAN site, where the user provides personal data that is verified against the FSA PIN database. The "successful" or "unsuccessful" result is returned to the lender's site. STAN works for Perkins, Stafford, and Parent Loan for Undergraduate Students (PLUS) loans, as long as the user has obtained an FSA PIN from ED's FSA PIN Web site.

The Results

Vangent's STAN service has helped revolutionize the student loan industry, enabling a completely paperless student loan process for the first time. STAN has contributed to FSA's mission of making education beyond high school financially possible by enabling students and parents to apply for federal loans at any time of the day or week, from the comfort of their homes. STAN also provides faster loan processing time, reduces paper handling and storage for participating lenders, and streamlines workflow and personnel labor hours associated with the loan application process. In addition, lenders report that the STAN service makes them more competitive in the industry marketplace, as borrowers increasingly prefer online services.

More than 10 million secure transactions have been performed using the STAN service over the past five years. The success of Vangent's STAN service can be seen in the steady growth of transaction volumes since its inception:

- 2001 (6 months): 200,000
- 2002: 1 million
- 2003: 2 million
- 2004: 2.6 million
- 2005: 3.3 million
- 2006: 3.7 million

STAN's authentication volumes have increased each year as more lenders join the program, lenders add new applications to their online offerings, and more borrowers elect to apply for loans online. STAN's continued growth reflects borrowers' appreciation

for the convenience and speed that electronic signature capability brings to federal student loan processing.

STAN received Government Executive magazine's 2001 Grace Hopper Government Technology Leadership Award and was nominated for the Industry Advisory Council's 2006 Excellence.Gov Award for information sharing best practices.

For further information about STAN, call 800-654-8341.

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