



Electronic Bill Presentment and Payment

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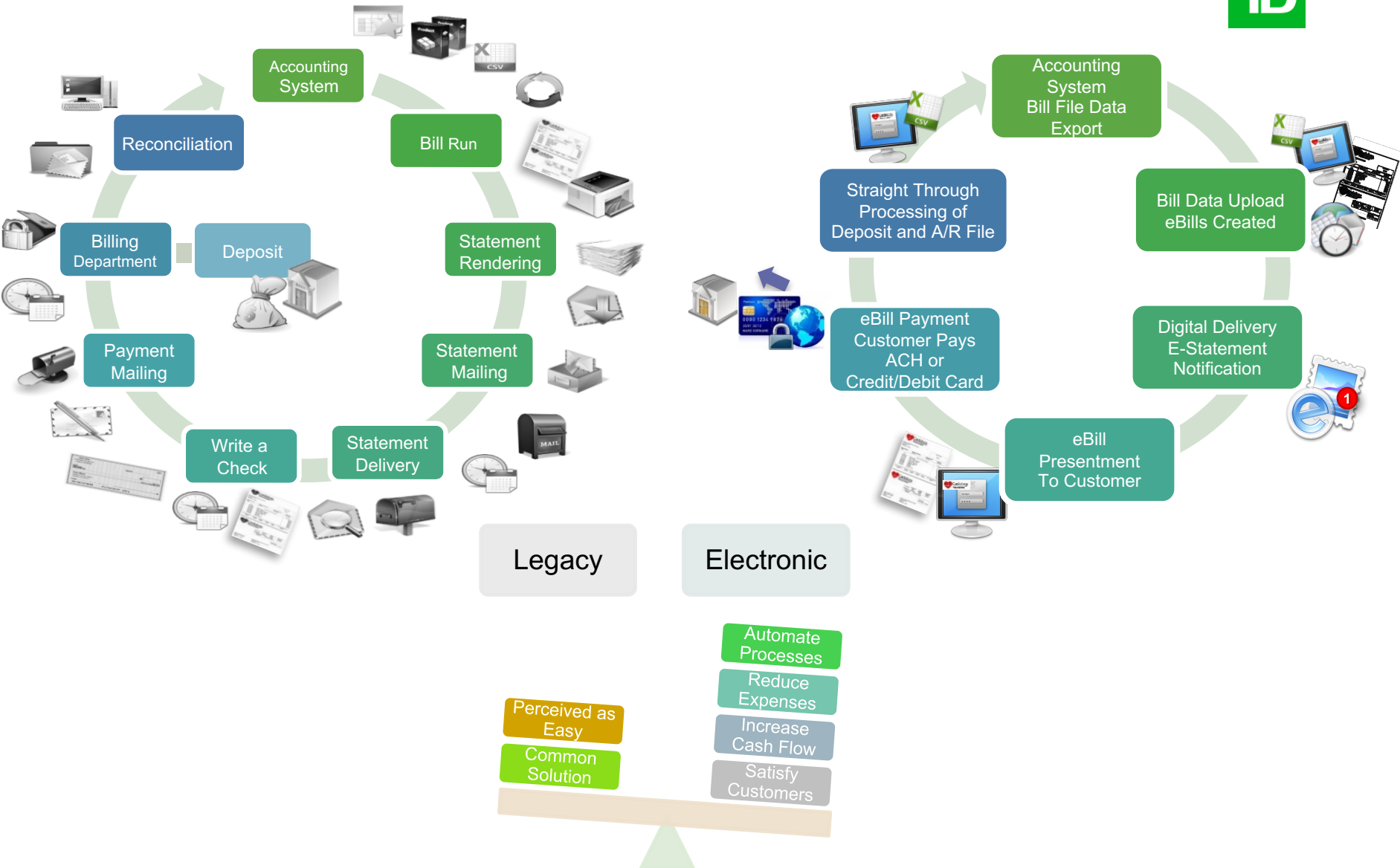


Electronic Bill Presentment and Payment Agenda



- Market Research - Movement of Payments from Paper to Electronic
- Efficiencies Gained with Online Bill Payments
- Driving Adoption for Electronic Payments
- Case Studies

Bill Presentment and Payment – Paper vs. Electronic

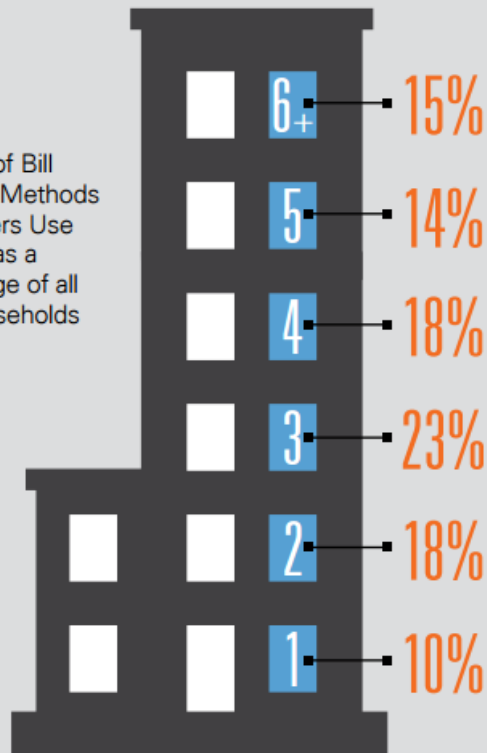


Market Dynamics: Households Pay Bills With a Variety of Methods

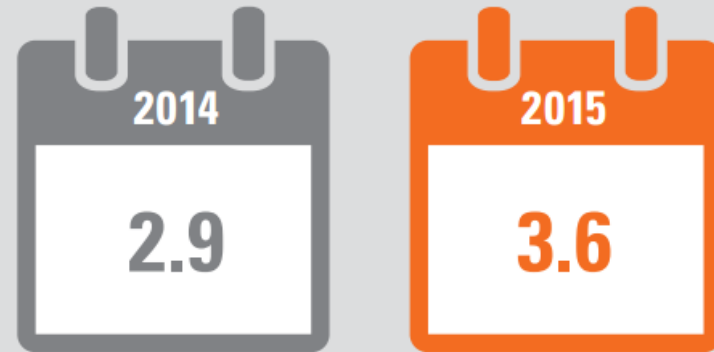


90 Percent of Households Use More Than One Payment Method

Number of Bill Payment Methods Consumers Use Monthly as a Percentage of all U.S. Households



Payment Methods Increase Drastically



Average Number of Payment Methods Consumers Use Monthly

What Billers Need to Know

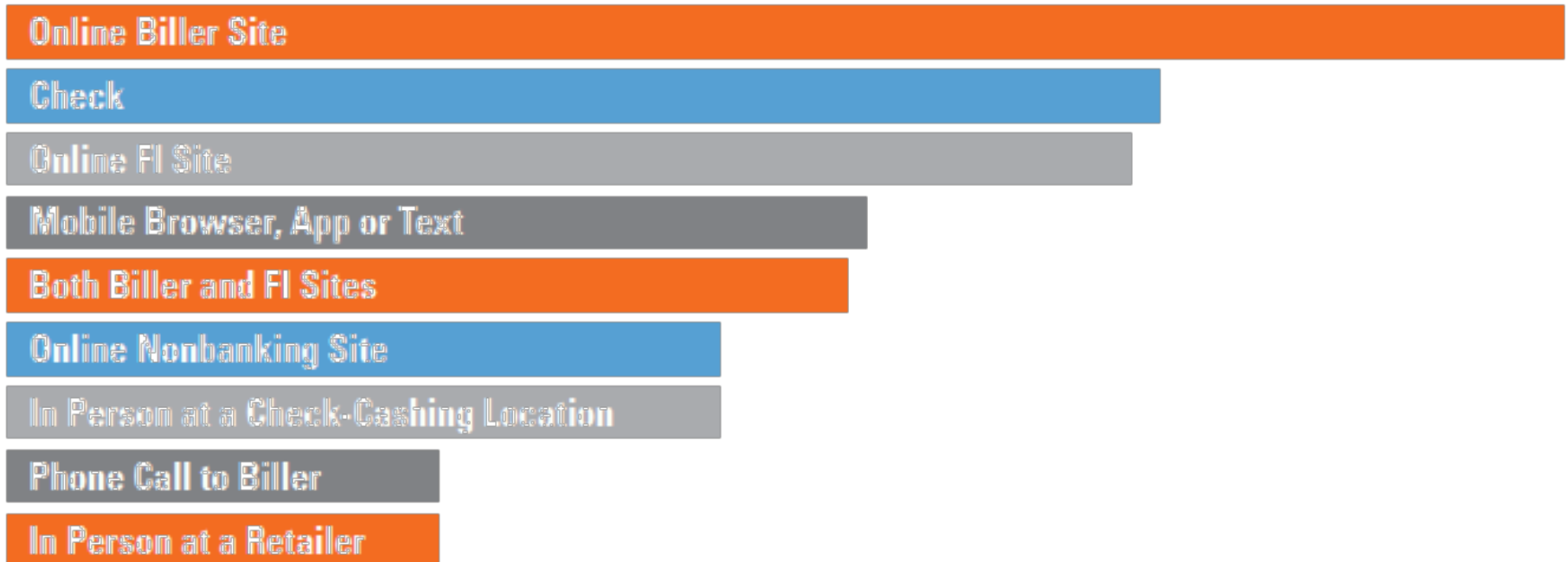
Consumers are conditioned to expect a spectrum of payment channels—both offline and online—will be offered.

Source: Fiserv

Market Dynamics: Customers Choosing Biller Direct



Americans are paying their bills in more ways than ever before. By providing integrated billing and payment solutions across multiple channels, billers can reduce costs, enhance operational efficiency and improve customer relationships.

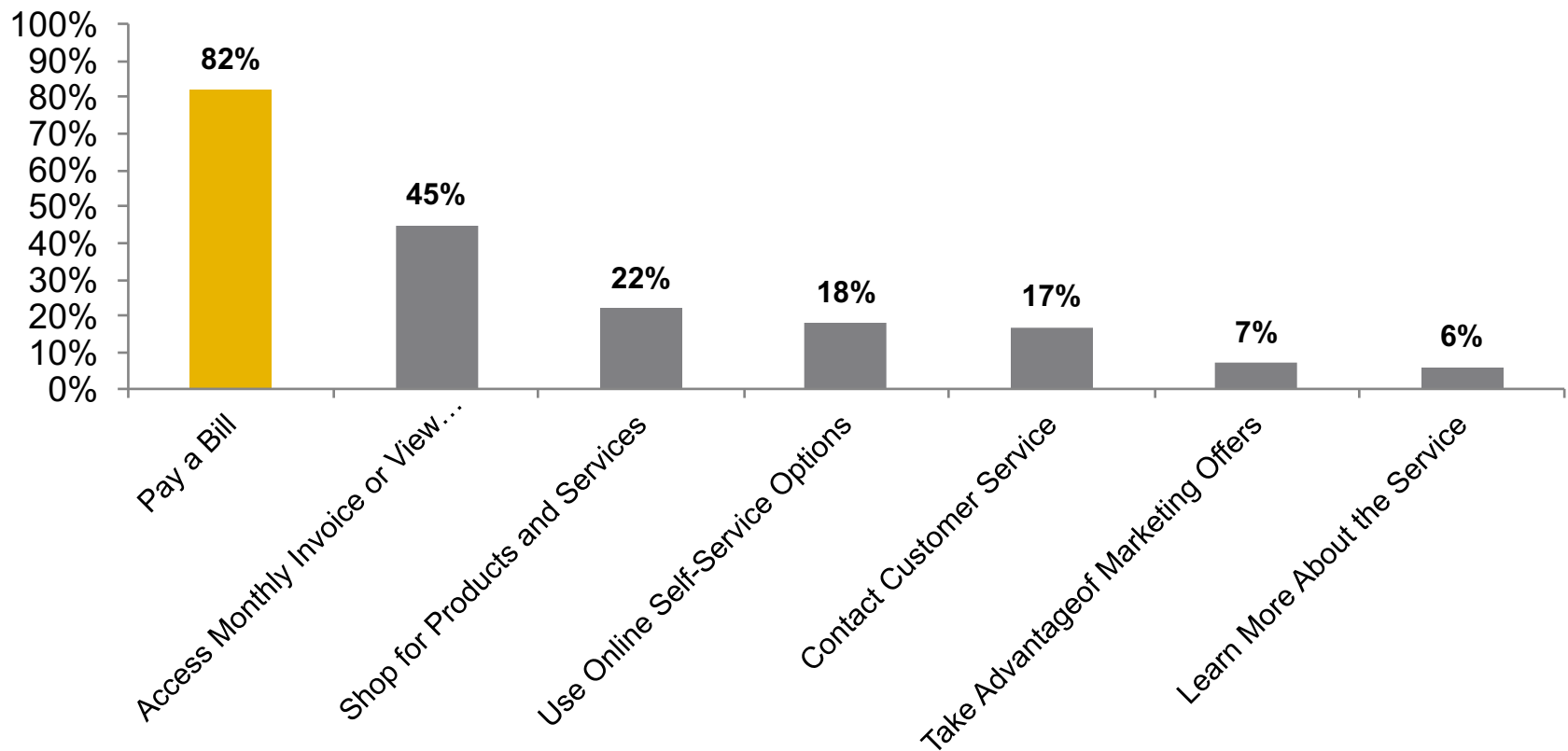


Source: Fiserv

Market Dynamics: Consumers Visit Biller Websites to Pay Bills



For which of the following reasons did you visit a biller's site from whom you receive and pay a monthly bill?



Source: Annual Billing Household Survey, Fiserv, 2014

Market Dynamics: Customers Expect The Same Service From Billers of All Sizes



The expectation of multiple payment options does not vary depending on the type of biller. In fact, consumers expect a local utility to provide the same options as a national wireless carrier or cable provider.

71% of consumers say multiple billing and payment options increase their satisfaction

79% of people expect local service providers to offer the same options as large national companies

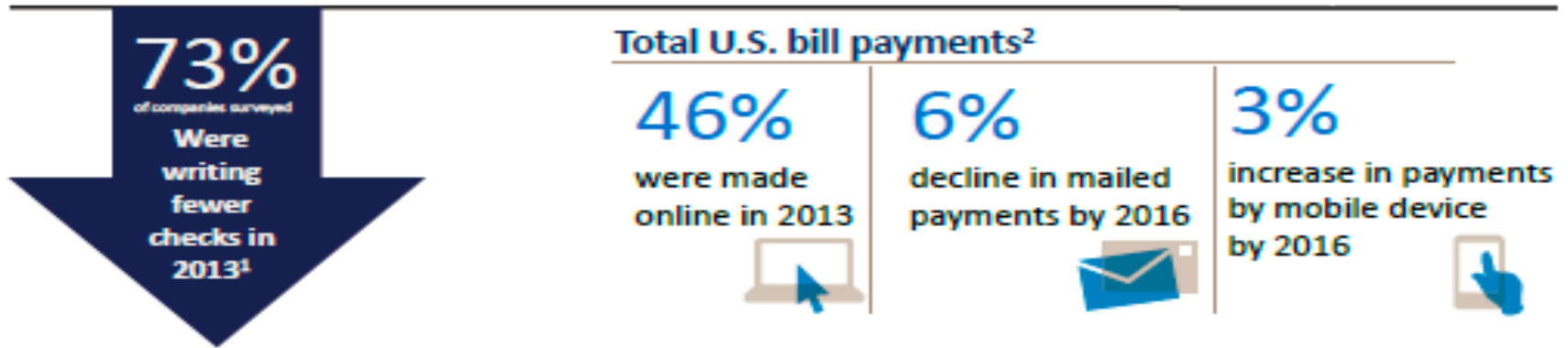
Source: Fiserv

Market Dynamics: Checks Are Going Away



Decline in check payments accelerating

Source: PayStreamers
Survey 2013



Check challenges driving decline:

- Increasing cost of paper processes—including rising postage costs
- Slow to reach customers—perceived as poor customer service
- Loses from fraud and theft—plus the additional costs for stop-payment and reissues
- Reliance on physical addresses create returned mail issues—consumers retain cell phone number and email address so don't bother to update physical address

1. Electronic Supplier Payments; PayStreamers Advisors Q3 2013
2. Albe Group, 2013

Market Dynamics: Electronic Payments Help Prevent Fraud



Electronic payments help with fraud prevention

“Companies are moving away from manual, paper-based payments to help deter fraudulent activity.”¹

60%
of companies surveyed experience attempted or actual payments fraud¹

82%
reported checks were the primary target for fraud attacks at their companies¹

Common cases of fraud

- Altered checks
- Organized crime
- Malicious insiders
- Hacked systems
- Spyware



Solutions being implemented

- Digital disbursements
- ACH positive pay solutions
- Card solutions
- Check outsourcing

“As the EMV is adopted in the United States, and credit cards become a less attractive payment method to attack, fraudsters will follow the path of least resistance: checks.”²

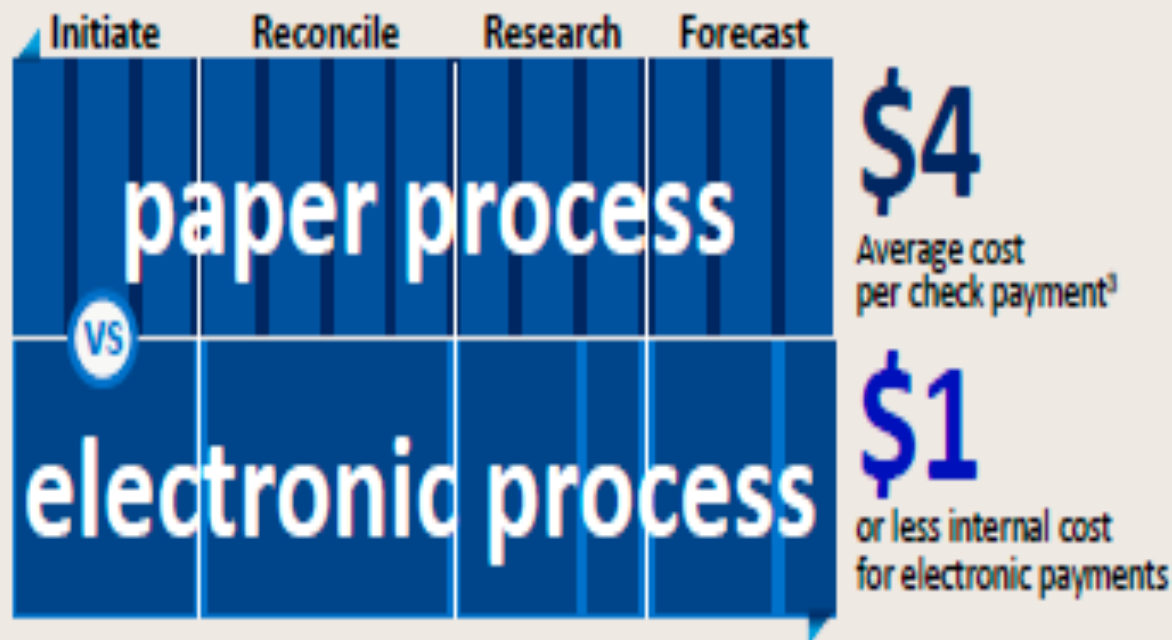
1. 2014 ACP Payments Fraud and Control Survey

2. KOFAX White Paper • Verify Checks in Real-Time: Meet Customer Expectations While Reducing Fraud, 1/2015

Market Dynamics: Electronic Payments Promote Operational Efficiency



Leading companies are taking advantage of the **up to 75% cost savings** by going from paper checks to electronic payments



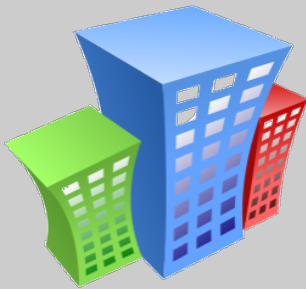
1. 3/2015 <http://paperlessproductivity.com/eco-impact/> 2. Electronic Supplier Payments; PayStream Advisors (Q) 2013

3. Anecdotal estimates shared with us by our clients have ranged as high as \$25 per payment. In recognition of the variability of costs across our clients and of the presumed partial cost offset offered by check float, Bank of America typically references a conservative estimate of \$4 per check when discussing the potential benefit of electronic payments.

Value Proposition



Business (Biller)



- Reduce Collection Time
- Improve Cash Flow
- Reduce Billing Expenses
- Reduce Customer Service Expense
- Improve Customer Retention & Satisfaction
- Go Green

Customer (Payer)



- Security & Privacy
- Quick & Convenient
- View & Pay Bills Online
- Robust Payment Methods
- Email Notifications & Reminders
- Eliminate Checks, Stamps & Clutter

Industry Specific Features



Industry	Features
<p>Property Manager</p> 	<ul style="list-style-type: none"> ▪ Roommating Feature ▪ Ability to Settle to Different Deposit Accounts ▪ Remittance Files Geared to Property Manager Accounting Systems (i.e. Yardi AR File)
<p>Healthcare</p> 	<ul style="list-style-type: none"> ▪ HIPAA Compliant ▪ Ability to Tie All Services From Various Departments to One Bill ▪ Detail Bill Presentment ▪ Payment Plan Capability ▪ Ability to Show Patient Liability After Insurance
<p>Government</p> 	<ul style="list-style-type: none"> ▪ Secure Hand Off From Government Website ▪ Ability to Charge Fee
<p>Insurance</p> 	<ul style="list-style-type: none"> ▪ Link Multiple Accounts ▪ PDF Billing ▪ Hierarchy Management Tools
<p>Utilities</p> 	<ul style="list-style-type: none"> ▪ Auto Debiting Feature ▪ Ability to Take Any Amount Up to Threshold

TD EBPP meets the diverse and challenging billing and payment needs of businesses in all industries.

Adoption Best Practices for Billers



- Best Practices for:
 - Website
 - Customer communication strategies
 - Email
 - Letter
 - Statement verbiage and stuffers
 - Newsletter
 - In Office Marketing



Pay Your Bill Online. Anytime, anywhere.
It's fast, easy, and secure.
[Click to get started.](#)

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Implementation Approaches



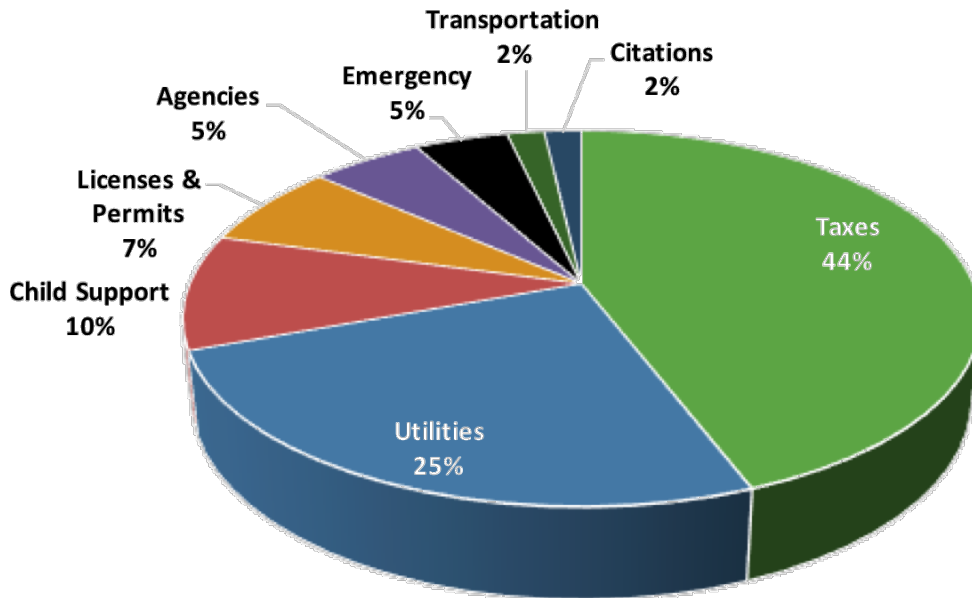
- Big Bang
 - Bills Online
 - Paper Suppression
 - Transmission of Data to and from Processor
 - IVR
 - Consolidated Receivable Data
- Phased Approach
 - Still mail bills but direct payers to website to make payments
 - Pull payment details manually
 - Customer Service

Case Studies - Target Segments: Government



Target Segments

- Taxes
 - Property/Real Estate
 - Motor Vehicle
 - Business
 - Excise
 - Cannabis
 - Transit
- Utilities
 - Water
 - Electric
 - Telecom
 - Oil & Gas
 - Sewer/Trash
 - Recycling
- Licenses & Permits (Liquor, Vehicle, Animal, Parking, Travel, Construction, Alarm)
- Emergency Services (Ambulance)
- Citations (Parking Tickets, False Alarm)
- Public Transportation
- Pension Funds / Retirement Assoc.
- Union Payments
- Child Support



Competitive Advantages: Government

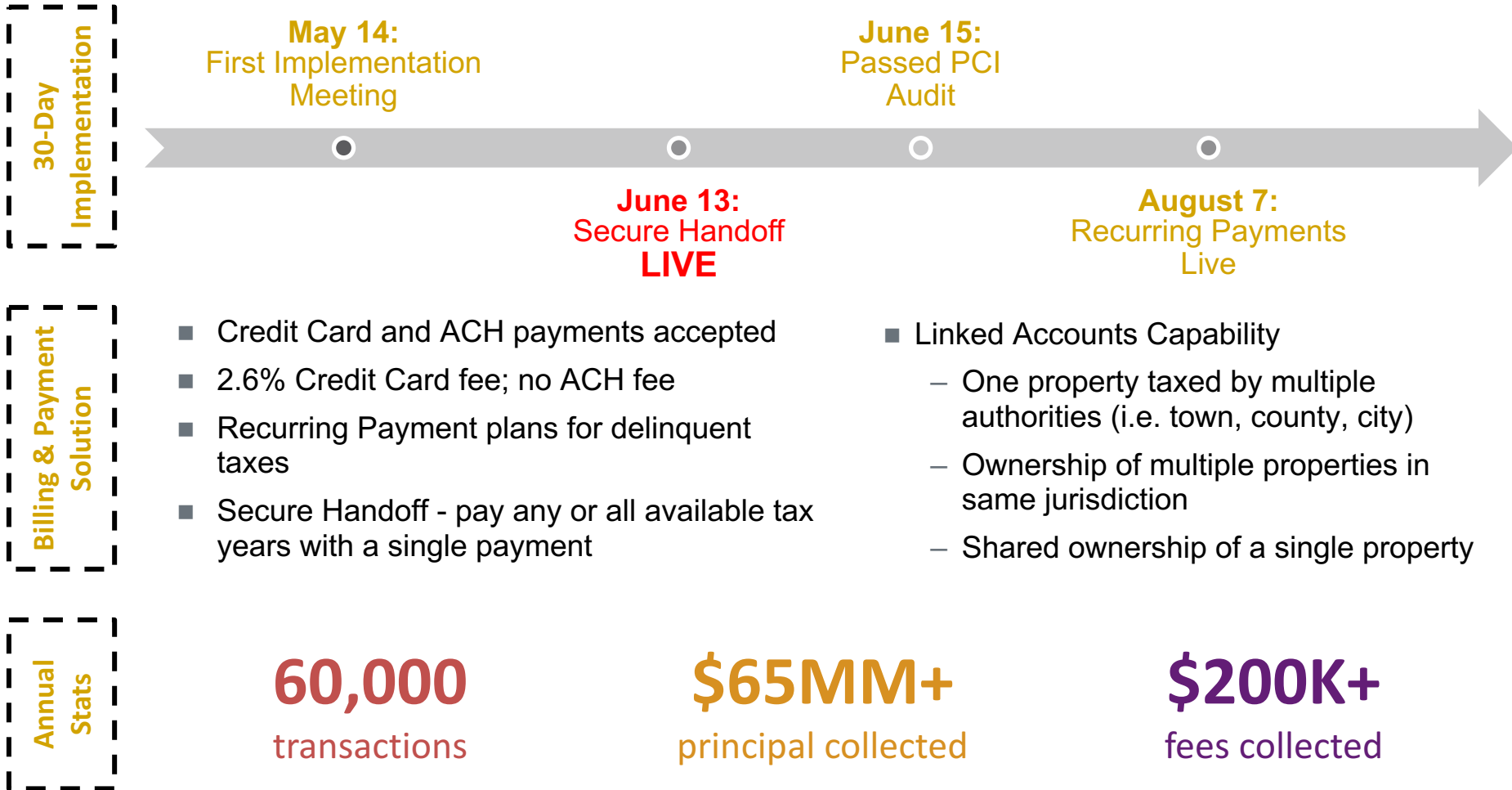


- Convenience Fees & Surcharges
 - Recurring Payments
 - Pay Multiple Bills at Once (i.e. tax types, utilities)
 - Shared & Linked Accounts (family members, multiple properties)
 - PDF Bill Presentment
 - Customer Service Payments: employees can make payments on behalf of payers over the phone or in person in a compliant matter
 - IVR Payments: automated phone payments; accommodates last minute payments
 - Hierarchies (Agencies & Departments)
 - Single Sign-On: payers can log in at the municipalities website and do not need to re-authenticate on BillerIQ
 - Secure Hand-Off: municipality can maintain their own front-end web screens and pass over to BillerIQ only payment confirmation
-

Case Study: County Tax Collection



The county tax collector for U.S. county with over 300,000 residents handles billing and collection for all current and past due taxes. With a non-compliant solution in place and a PCI audit only a month away, the county needed a secure online payment solution up and running quickly.



Case Study: County Water Authority



The county was looking to enhance their online and mobile presence for delivering utility bills and collecting payments. Their existing solution was not user friendly and the adoption had been anemic. They were also looking to partner with a solution provider committed to enhancing their platform capabilities in the future.

- 200,000 residents
- 40,000 payments (20% adoption) in Month 1
 - 80% WEB, 20% IVR
- Capability to accept additional payment on top of utility bill
 - More donations to clean water fund higher than ever

Case Study: State Child Support



Key Solution Components

- Convenience Fees
- Integrated Voice Response (IVR) – 5% of all payments
- Secure Hand Off
- Recurring Payments

Helping Governments Serve

- Provider handles:
 - Customer services calls
 - Deposits/Reconciliation
 - Website via Secure Hand Off

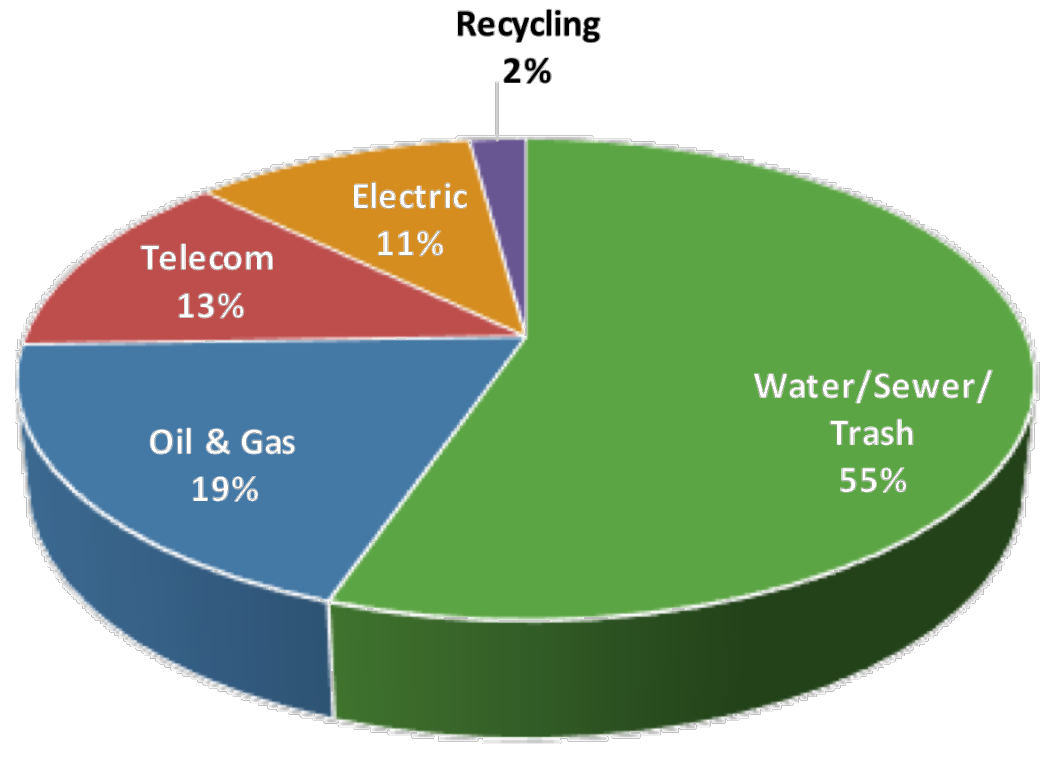
Selected Success Story

- Over **3,000 payments** in first Week 1
- Average over **20,000 monthly payments** and **30% adoption** by Month 6
- Marketing Rollout via Radio Advertising

Target Segments: Utilities



- Water
- Sewer/Trash
- Electric
- Telecom
- Oil & Gas
- Recycling



Competitive Advantages: Utilities



- Convenience & Service Fees
 - Recurring Payments
 - Shared & Linked Accounts
 - Single Sign-On / Secure Handoff
 - PDF Bill Presentment
 - Add-On Payments
 - Marketing Messages
-

Case Study: City Utility



Who: City in Northern Florida with about 3,000 residents

Phase 1: Water & Sewer – April 2012

500	1,000	20%	\$100
payments/month	enrolled users	customer adoption	avg. monthly payment

Given the success and positive customer feedback, the City wanted to expand its online offerings. The platform's flexibility enabled an easy transformation of the water and sewer bill presentment and payment system, tailored to the needs of their communications offering

Phase 2: TV, Phone & Internet – December 2012

120	179	30%	\$100
payments/month	enrolled users	customer adoption	avg. monthly payment

Case Study: National Utility Provider



The company has provided reliable service to customers in Pennsylvania since 1896. They serve approximately 62,800 customers, of which 58,350 were residential, 4,400 were small commercial and industrial, 20 were large industrial, and 5 were natural gas utilities.

- Client Since 2010
- **Competitive Win**
- **Consolidated 4 Vendors Into 1**
- **Reduced Convenience Fee to Customer**
- **WEB and IVR Payments**
- **Multiple Account Settlement (FDI Codes) To Handle Divisions**

Case Study: Utilities



- **City Utility** – Colorado city providing residents with water and sewage services
 - 30,000 residents
 - 20% adoption
 - Automatic paper turn-off
 - \$100K annual savings



- **Regional Gas Utility** – independent refiner and marketer of petroleum products in Pennsylvania, New York and Ohio; founded in 1902
 - 86,000 customers
 - 20% payment adoption
 - 25% of payments through IVR channel
 - \$4M deposited on a monthly basis

Appendix



Return On Investment (ROI)



The cost savings and revenue opportunities from EBPP can be summarized in the following categories:

Primary Cost Reduction Opportunities

- Outbound and inbound processing
- Outbound and inbound float
- Automating customer care combined with electronic payment
- Tender steering resulting in better payments mix management with lower cost payments
- Cost avoidance and cost recovery from card-based payment and expedited payment service fees

Primary Revenue Generating Opportunities

- Increased usage of billed and related services
- Cross selling your own & other complementary products
- Online advertising and chargeable hypertext (HTTP) links
- New revenue streams from card-based payment and expedited payment service fees

Return on Investment (ROI) Cost Saving Opportunities



- Fully bundled billing costs (to the customer) are estimated at between \$0.75 to \$1.50 per retail remittance. Costs include the following:
 - Computer production runs
 - Statement rendering
 - Printing
 - Statement stuffing
 - Mailing mail receipt from customers
 - Envelope extraction
 - Sorting by payment type (full, partial, multiple, white mail)
 - Workstation processing (assuming OCR stub and check)
 - Data entry/Reject Handling/Balancing/Posting

Return on Investment (ROI) Identifying Savings Opportunities



Inbound Production	(Remittance Receipt)	Current	Concentrator	Billor Direct
Receive & Retrieve @ Lockbox		\$	NA	NA
Envelope Extraction		\$	NA	NA
Sort by Payment Type (full, multi, partial, etc.)		\$	NA	NA
Batch & Prepare for RPS Unit		\$	NA	NA
Process Exceptions		\$	NA	NA
Balance Batch		\$	\$	NA
Post to Accounts Receivable		\$	\$	\$
CPU A/R Update		\$	\$	\$
Reporting		\$	\$	\$
Clearing Costs		\$	\$	\$
Bank Fees		\$	\$	\$
Processor Fees		\$	\$	NA
Concentrator Fees		\$	\$	NA
Payment Processing		\$	\$	\$
Other		\$	\$	\$
Subtotal (per remittance cost)		\$	\$	\$

Taking a conservative view and assuming it currently costs \$0.75 to process each “inbound” remittance, Internet billing’s elimination of envelope extraction, sorting, exceptions and other expenses can shrink per remittance “inbound” costs to as little as \$0.15 or less.

Return on Investment (ROI)

Identifying Savings Opportunities



The reduction of “outbound” processing costs by eliminating paper-based invoices and statements, the savings will grow further:

Outbound Production (Statement)	Current	Concentrator	Billor Direct
CPU Statement Run	\$	\$	\$
Statement Printing (daily, weekly, monthly) batch	\$	NA	NA
Posting to through customer direct onmi-channels across the Internet (Statement Presentment)	\$	\$	NA
Statement Rendering & Presentation	\$	NA	NA
Statement Insertions	\$	\$	NA
Sorting (zip)	\$	NA	NA
Mailing/postage	\$	NA	NA
Reporting	NA	\$	NA
Electronic Presentment Fee	NA	\$	NA
Subtotal	\$	\$	NA

Return on Investment (ROI) Identifying Savings Opportunities



Float reduction, both inbound and outbound, also add to the savings:

Reducing "Outbound" Float	
Paper-Based Outbound Float	Reductions with Omni-Channel EBPP
Monthly batch processing for account update 1-5 days	Daily batch processing and account update-no presentment delays
Statement rendering & printing 1-5 days (22 days available for cycle billing)	Electronic pull to customer & electronic push from payer-no production delay
Folding insertions, stuffing, metering, sorting 1-5 days	Completely electronic production for biller with no paper handling
Mailing float and customer aging of receivable 5-40 days	Bills are ready for viewing daily increasing the early payment hit rate

Reducing "Inbound" Float	
Paper-Based Outbound Float	Reductions with Omni-Channel EBPP
Mailing float 1-5 day	Electronic pull to customer & electronic push from payer will no mail delay
Extraction, preparation & remittance processing float 1-3 days	Completely electronic processing for biller with no paper handling & very few manual exceptions-no processing delays
Clearing float for deposited checks 1-5 days	EFT posting offers "near" next day availability of funds- not based on R/T schedule

Return on Investment (ROI) Conclusion



- Nearly all major billers (i.e. MasterCard RPPS) have already implemented biller-direct omni-channel EBPP and are realizing a multiplicity of benefits:
 - Sharp reduction in remittance costs
 - Improved customer retention
 - An increase in purchases of discretionary products and services