



ACH Volumes Soar

Electronic Checks Continue popularity in 2007

The National Automated Clearing House Association (NACHA) recently released the 2007 fourth-quarter ACH statistics that continue to register an increase over last year's number of transactions occurring via the network.

The ACH Network processed a total of 3,640,793,079 transactions in the fourth quarter of 2007 worth more than \$7.3 trillion. This number is a 12.16% increase from the fourth quarter of 2006 and a 5.61% increase from the third quarter of 2007.

Of these 3.6 billion transactions, 1,392,902,619 transactions were represented by the six electronic-check Standard Entry Class Codes—ARC, BOC, POP, RCK, TEL, and WEB. The electronic-check transactions represented 38.26% of all financial exchanges.

WEB transactions experienced one of the

highest increases during the past year, with a total of 474,094,131 transactions in the fourth quarter of 2007. This number is a 23.96% increase from fourth quarter 2006, and a 9.48% increase from third quarter 2007. A WEB transaction is a debit entry initiated pursuant to an authorization that is obtained from the consumer via the Internet to debit a transfer of funds from the consumer's account.

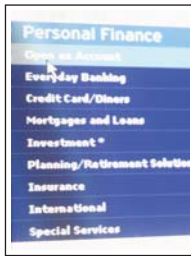
ARC transactions totaled 689,256,243, which is a 12.41% increase from fourth quarter of 2006. This number is a 5.31% increase from the third quarter of 2007. An ARC transaction is a single-entry debit initiated by an originator to a consumer's account pursuant to a specified source document. The consumer provides the source document to the originator via the US mail or a drop-box location. The originator is the party initiating the transaction, such as a merchant, collector, or utility company, to mention a few.

During the fourth quarter of 2007, TEL transactions totaled 87,541,923 in volume, which is a 14.78% increase from this time

last year. A TEL transaction is a single-entry debit that is initiated pursuant to an oral authorization obtained over the telephone in order to transact a one-time transfer of funds from the consumer's account. TEL transactions experienced a 4.03% increase in the third quarter of 2007.

RCK transactions decreased 8.75% from those in the fourth quarter of 2006. Approximately 4,737,090 RCK transactions occurred in the fourth quarter of 2007, which is a 3.10% decrease from the numbers in the third quarter of 2007. An RCK transaction is a debit entry that is made when a negotiable instrument or other eligible item is dishonored and is subsequently presented electronically through the ACH Network.

Electronic Payment Providers (EPP) has been an industry leader in powerful ACH technologies for more than five years. If you or any member of your organization would like more information, please contact EPP at (877) 377-2677 or visit our web site at www.expresspayments.com.



Rise of the Debit Card

Convenient, Portable, and Quickly Becoming the Payment Channel of Choice

Debit, which eschews credit card, debt-based spending by providing direct access to a checking account, has been growing steadily over the past several years. From 2000 to 2006, for example, debit transactions have more than tripled, from 8.3 billion to 25.4 billion. Although credit-card volume has also increased over this period, it has been no match for the rapid rise of the debit card.

Why has the debit card quickly become so popular? Several reasons are as follows:

☒ It's easy to use. One merely takes the card from his or her pocket, hands it to the cashier or swipes it at the counter, signs or enters a personal PIN, and he or she is quickly finished with the transaction, according to the Ongoing Evolution of Payments © Copyright 2008 Hitachi Consulting On Payments.

☒ It's convenient. The card is linked immediately to a direct-deposit account so it is like using cash but without a trip to the ATM. In addition, it is accepted in nearly

every place of business.

☒ It's secure. Even taking into account the highly-publicized recent string of data breaches, debit is still safer than writing a check or carrying cash.

☒ It's not credit. Credit is borrowed money and most consumers are acutely aware of that difference. Since debit links directly to a customer's bank account, he or she is unable to spend more than the amount in the account. Research has shown that consumers are more likely to associate credit with an infrequent large purchase than with a trip to the grocery store or the gas station.

☒ It's rewarding. Reward programs for debit-card purchases are increasingly common with more than 37% of issuers—and 68% of large banks—offering debit rewards.

Although credit and debit share many similarities, millions of consumers have

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Rise of the Debit Card (continued)

indicated via their actions that beyond the speed, convenience, and security of paying with plastic, access to a checking account rather than a line of credit tips their preference in favor of a debit card. In 2000, credit transaction volume nearly doubled debit card's volume, but even though credit has continued to grow, debit has already closed the gap and is poised to begin leaving credit further behind.

Rapid debit growth has provided direct economic benefit to financial institutions. Banks' main source of revenue from debit is interchange, which averages approximately \$0.52 per signature- debit transaction and approximately \$0.23 per PIN-debit transaction. As transaction volumes have increased, this relatively new source of revenue continues to wield an increasingly favorable impact on an issuing bank's bottom line. More important,

unlike credit cards in which a handful of large issuers dominate the market and many banks no longer have a credit-card portfolio, debit cards are issued by—and generate revenue for—almost every single financial institution that offers a checking account.

Growth of non-cash payments in the United States during 1979-2006 reveals that electronic payments are clearly eroding check volume. However, it is also interesting to note that in terms of dollar value, the amount of money paid via checks actually increased between 2003 and 2006 from \$39.3 trillion to \$41.7 trillion. This rise indicates that the average check size is increasing and makes sense because most corporate payments are still paper based, but many consumers now pay their bills online via ACH



payments and many billing companies are accepting accounts-receivable paper checks at a lock-box. Although check volume is clearly on the decline, this method will most

likely have a long paper trail and need to be supported for many years. As the number of checks paid continues to decrease, financial institutions will be faced with an expensive fixed-cost infrastructure that cannot be fully dismantled, but must be managed carefully in order to control expenses.

If you're not currently accepting debit cards, you are literally leaving money behind. EPP helps businesses like yours increase their top and bottom lines through increased payment acceptance every day. For more information on EPP solutions, visit our web site at www.expresspayments.com.

Best Practices in Accounts Receivable

No matter the industry in which your business specializes, an instrumental part of your success lies within the accounts-receivable process. Properly tracking receivables is an essential function in the management of cash flow. Remember the following tips to ensure the successful management of your accounts-receivable process.

Accounting Software

AR Software can help simplify the receivable process. A large variety of software is available to suit your collection needs. However, are you using that software effectively?



Ensure that your systems are talking to one another; be certain your payments are posting automatically.

Payments Policies

Internal payment policy should be established clearly. From timing (due date, delinquencies, and so on) to accepted forms of payment (credit, debit, ACH), understanding your clients' preferred-

payment method is instrumental in reducing costs and simultaneously offering a variety of payment options that allow your client greater flexibility.

Billing Policies

Strategies that collect the full amount are always ideal but in certain cases that kind of collection is not an option; use payment plans or a pay-in-full plan that provides incentives for debtors to settle their debts. These methodologies can be used in conjunction with a web-payment strategy to achieve the best results.

Aging Accounts

Aging should be closely monitored. Categorize delinquencies in 30/60/90-plus days past due. Have a plan in place for actively seeking settlement. A template of the process should accompany each file with a checklist of the actions that were taken.

Monthly Statements

Statements should proactively be sent to serve as friendly reminders of the account

standing. In cases in which an oversight occurred, the settlement can be quickly decided and in cases in which the payment could not be settled effectively, these statements also provide documentation should the account go to a collection agency.

As technology continues to advance and providers recognize and cater more to the fundamental needs of business, it is important to ask one final, fundamental question. Are your systems working for or against you? In selecting different technology providers, one common oversight is synergy. Do the systems talk to one another and can they share one common system of record? The key to automation and the reduction of manual processes, therefore, is synergy.

EPP integrates its payment solutions into accounts receivable and telecommunications solutions to ensure a seamless experience for the end-user. For a demonstration of the way these automated solutions can benefit your business, contact us today at (877) 377-2677 or visit our web site at www.expresspayments.com.



Consumers Looking For Real-Time Payment Processing

More frequently than in past years, consumers want to pay their bills at the last minute and expect the company they are paying to post their payments as soon as it is received. Javelin Strategy & Research found that in 2006 four times as many consumers made multiple expedited payments per month as they did in 2004. With real-time posting of electronic-bill payments to the system of record, consumers can avoid late fees and service interruption.

Beyond increasing consumer satisfaction, companies can experience reduced-payment exceptions, lower call-center volume, and

save on system stoppage and reconnection. Despite the benefits, companies should ask some challenging questions when evaluating the move towards real-time payment processing. If the system of record itself is not operating in real time, how much benefit is realized when feeding information into it in real time? What are the steps necessary to connect the payment-acceptance web site and phone systems to the system of record? What is the notification process to tell consumers their payments have been

received on time?

EPP can help your business answer difficult questions like these and assist in providing a real-time payment strategy that will meet the needs of your consumers. For a demonstration of the way that EPP has helped companies like yours receive more payments and receive quicker access to funds more efficiently, contact us today by calling (877) 377-2677 or visit our web site at www.expresspayments.com.



Understanding Payment Options and Their Impact on Profits

As electronic-payment opportunities continue to grow among various industries, it is important to examine your system of bill-payment options in order to assess the effectiveness of cost containment for your particular industry. Javelin Strategy & Research recently conducted a survey that documented the percent of households paying their major bills with checks, ACH, credit cards, debit cards, or cash. The results of this survey revealed that as an industry, cellular- phone companies, Internet-service providers, and cable/dish companies incur the highest cost of processing compared to other industries. This high cost results from the high percentage of credit and debit payments. At the other end of the payment spectrum, industries that fare

better at managing their payment options include credit card, mortgage, and car-loan companies that often see a higher percentage of ACH transactions. While a variety of additional factors need to be considered when examining your company's payment options, such as consumer demand and regulatory issues, understanding your industry's processing methods can be an effective tool of increasing profits.

Companies that employ a multi-channel payment strategy allow consumers to choose a payment method and medium which best fits their needs. By restricting payment flow through an intermediary, such as an operator or the US mail, corporations greatly increase their costs of payment processing because

of the excessive manual work required. By implementing a multi-touch strategy, including web, IVR, and phone payments coupled with offering comprehensive payment methods (credit, debit, or ACH), companies more effectively meet consumer needs while reducing the footwork associated with that payment.

Electronic Payment Providers (EPP) offers a suite of powerful payment solutions for recurring- payment establishment for both ACH and Credit Card payments. For a free evaluation of your current practices or for a quote on establishing a multi-channel payment strategy, please contact EPP at (877) 377-2677 or visit our web site at www.expresspayments.com.

Economic Conditions Shift Agencies to Web Strategies

As the economy continues to worsen, an impact on the collections industry is inevitable for 2008. The mortgage crisis, declining values and sales of homes, as well as the credit crunch have already begun to affect the accounts-receivable management (ARM) industry as a whole. In addition, the unemployment rate has risen to a two-year high of 5% with projections continuing to rise as the year progresses. This combination of factors will inevitably impact the collections industry.

Many ARM sectors, such as collection agencies, debt buyers, and collection law firms (among others) are being forced to re-evaluate their collection strategies in order to keep pace with the changing marketplace. Using the Internet as a tool in the collections process has proven to be an efficient and effective means of satisfying debt. Using a

web-based, payment-negotiation solution serves as a convenience to the debtor who can log onto the Internet discreetly and at his or her own convenience (evenings, weekends, or daytime). In addition, it also presents a cost-effective concept to the agency that can minimize the expense associated with hiring additional employees and training collectors (and others). Ultimately, the opportunity of web-based payment methods benefits both consumers and collectors at various levels.

Although online collections seem to appeal most to early-stage, low-balance, overdue accounts, late-payers also seem receptive to the idea. Recent surveys indicate that late payers — those who say they chronically pay some or all of their bills after the due date — are amenable to the idea of online collections. Providing a method away from typical collection methods is one of the

greatest benefits of web-based collection strategies. Oftentimes, collecting agencies want only to reach their quotas and will often make a deal that is not in their clients' best interest when contacting debtors by phone. A collector may offer debtors a chance to pay 80% of their debt if they pay the full amount that day, often missing a chance to receive the total amount from debtors by asking for payment over three or four months.

With consumer trends shifting, Electronic Payment Providers (EPP) can help you establish both ACH and Credit Card payment options along with an online payment site. For a free evaluation of your current practices and a custom-benefits proposal regarding web-based collections, please contact EPP at (877) 377-2677 or visit our web site at www.expresspayments.com.

EPP TRADESHOW CALENDAR

DBA World Championship of Debt Buying

Exhibits: January 5 - 7 2008

Booth: N/A

Mirage Hotel & Casino, Las Vegas, NV

The Debt Buyers Association International Annual Convention is one of the most respected and well attended events in the industry. Welcoming over 1,100 attendees and showcasing 100 exhibit booths, it is an event that you cannot afford to miss! EPP will be in attendance to educate your staff on how the Express Payment Suite can shorten your organizations receivables cycle.



CFSA 2008 Annual Meeting & Conference

Exhibits: March 5 - 8, 2008

Booth: #30

JW Marriott Resort & Spa at Summerlin, Las Vegas, NV

CFSA's Annual Meeting & Conference is the premier networking and educational event for the payday advance industry. As a conference attendee, you will be briefed on the latest legislative and regulatory developments, gain insight on industry trends, obtain critical information on how to improve your company's bottom line, and enjoy numerous networking activities. EPP is at the forefront of payment technology within the financial services markets, stop by and see what's new that can benefit your business.



3rd Annual Credit & Collection News Conference

Exhibits: April 2-4, 2008

Booth: TBD

JW Marriott Palm Desert, Palm Desert, CA

The Credit and Collection News 3rd Annual Conference continues to highlight what is happening in our industry. This next show promises to be bigger and better than our first 2 shows. With presentations from Major Credit Grantors, news on the latest issues in the industry such as Bankruptcy, Charge Offs, technology updates and more. Don't miss your chance to meet and discuss all the relevant issues of today's marketplace. Come see EPP at our booth and find out the answer to the question on everyone's mind... who is Bobby Jones?.



INTEGRATED PARTNERS

