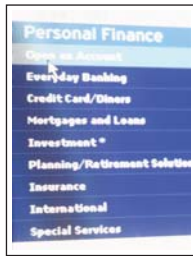




Checks of the Future *ACH Technology Continues to Evolve in 2008*

ACH transactions, or electronic checks, have experienced dynamic changes with NACHA's introduction of several new applications since the year 2000. In recent years ACH volumes have tripled compared to 8 years ago and the popular payment channel continues to grow. Recent introductions of ACH based debit card products will continue to grow the network and ultimately give rise to the eclipse of the paper check.



In addition to the existing activity surrounding electronic check transactions, there are a number of NACHA pilots either in progress or on the horizon. These pilots include efforts to enhance electronic billing and payment, to expand the use of ACH for online consumer payments, and to capitalize on opportunities associated with utilizing the ACH network to facilitate electronic processing of low volume check payments. These pilot initiatives are the Electronic Billing Information Delivery System (EBIDS), Secure Vault Payments, and Deposited Check Truncation (DCT), respectively.

Currently under way, the EBIDS pilot presents

an alternative format for electronic bill presentment and payment. The intent of this pilot is to make electronic billing, and subsequent payment, as easy for consumers and corporations as utilizing direct deposit. Using EBIDS standards, billers present e-bills to consumers' financial institutions via the ACH network, providing consumers the benefit of receiving their billing information in the same location at which they ultimately pay their bills. When consumers make those payments, the billers not only receive a credit, which is a guaranteed payment, but also the corresponding payment remittance information. The EBIDS service also offers new revenue opportunities for financial institutions.

The Secure Vaults Payments pilot is scheduled to begin in early 2008. For this pilot, payments will flow as web based ACH transactions between consumers' and merchants' financial institutions. On the merchant side, to accept Secure Vault Payments, merchants must be sponsored into the network by their financial institution. On the consumer side, when purchases are initiated, participating financial institutions will authenticate their customers and authorize purchase transactions. The benefit to consumers is

that payment information remains private. For the merchants, the service provides an alternative to card acceptance. And for financial institutions, instead of charging ACH origination fees, a structure of fees more like those levied on card payments will apply.

Beyond the above mentioned pilots, in March of 2009 new functionality over the ACH network will go into effect which allows payments to be accepted across international lines from approved locations. Today it is estimated that as few as 1 to 2 percent of US ACH volumes occur as a result of international transactions.

What began as a way to replace small-value, recurring paper check payments has evolved into much more. Thirty-five years after its initial introduction the ACH network has become a principal payment method with innovation initiatives under way that ensure it's place within the payments landscape for many years to come.

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.

The Payments Advisor

EPP Payments Advisor Newsletter Achieves a Milestone



- Checks of the Future
- Future of Contact-less Payments
- Cardholders Prefer Online Payments
- Lenders & Collection Technology
- Technology Investment Benefits
- Speed to Market Strategies

This small newsletter began six years ago as EPP was just beginning to specialize within the Accounts Receivable Management space. Since that time it has grown from a few brief articles, to a four page publication with over 11,000 opt in subscribers. The goal of this newsletter has always been to keep those within the industry abreast of the ever changing payments landscape and to provide your organization with the information needed to make educated decisions regarding your payment process and technology initiatives.

Reaching the 11,000 subscriber milestone reinforces what EPP has always believed to one of our foremost core values: "Educate the client first." With that maxim in mind, EPP

would like to hear from your organization regarding areas you would like to see covered in our quarterly Payments Advisor. Topics can be anything you deal with from day-to-day operations in accepting payment to buzz you have heard in the industry regarding new technologies. We are looking for your help in maintaining a high level of relevancy within our newsletter as well as continuing to cover fresh topics.

If you or any member of your organization has an idea submission, please contact EPP at (877) 377-2677 or send an email with the topic as the subject to info@expresspayments.com.

Fed Weighs Future of Contact-less Payments

You can call it 'cash 2.0': a new age of wireless payment technology that may replace even the smallest cash transactions in the coming years with the wave of a credit card or mobile phone.

But as major corporations like CVS, McDonald's, and Walgreens begin deploying new RF, or "contact-less", payment technology, the Federal Reserve is taking a closer look at the technology and is asking the payment industry and card companies, among other questions, whether the new payment systems are secure.

The rapid deployment of RF-equipped contact-less payment technology was behind a meeting at the Boston Federal Reserve in May. According to interviews with those at the meeting, the payments industry argued that, while not foolproof, the new RF payments systems are a vast improvement over existing "magnetic stripe" payments technology and that Americans' casual handling of their credit cards poses a far greater risk to sensitive financial information than wireless hackers that might target the cards.

Contact-less payment technology uses RF technology embedded in credit cards, mobile phones, or USB devices to negotiate credit and debit transactions. As opposed to older generation magnetic strip technology, the RF cards can be waved in front of a card reader.

While most consumers in the U.S. have yet to use the new cards, the availability of contact-less payment technology is growing by leaps and bounds. Between 18 and 20 million RF-

enabled credit and debit cards were issued between 2005 and 2007, according to Randy Vanderhoof, executive director of the Smart Card Alliance, an industry group. Payment card company Visa has issued seven million of the cards globally, the majority of them in the U.S., said Brian Triplett, a senior vice president of emerging product development at Visa.

"Adoption is growing at a faster rate than any other payment technology introduced in the last 50 years," said Vanderhoof, with banks like Chase Manhattan, Wells Fargo, and Key bank among the first to issue the cards.

The major advantages of the cards are speed and convenience, especially in the realm of "small value transactions" under \$25, he said. That's because RF equipped credit cards reduce the time it takes to complete a transaction by almost two thirds from cash transactions and take less than half as long as traditional credit or debit card transactions, according to a presentation given at the Federal Reserve by Peter Nash, CVS's director of store treasury operations.

That decrease in checkout time means increased customer volume for high-traffic retailers like CVS and McDonald's, compared with cash or traditional credit card transactions. And studies show that consumers who use credit cards for small purchases tend to buy more with each purchase, said Avivah Litan, an analyst with Gartner.

RF cards are also being used by transportation

authorities in cities like Boston and New York, where subway riders now use contact-less cards instead of tokens to pass through turnstiles.



So far, the biggest obstacle to commercial adoption has been merchant acceptance of the new platform, which requires them to purchase and install RF reader terminals and pay higher costs per transaction than with traditional magnetic stripe cards, said Litan.

Still, one security expert on the RF enabled payment cards says that bigger problems are lurking behind the scenes with contact-less payments technology, about which too little is known for consumers to be put at ease about the security of their financial information.

Kevin Fu was part of a team that published research that raised concerns about the security of first-generation RF-enabled credit cards in 2006. That study revealed that some of the cards transmitted cardholders names and account numbers in the clear to reader devices, and, in some instances, were susceptible to so-called "replay" attacks in which data eavesdropped from an RF card was "played back" to a reader, which accepted the data.

For more information on the latest payment technology, please contact EPP at (877) 377-2677 or visit our web site at expresspayments.com.

Most Cardholders Prefer Online

69% of people who have a credit card have logged into their credit card Web site to view their account balance and manage their account. Likewise, 58% of credit cardholders log in at least once a month and 63%



report that online servicing is important to their overall experience with the credit card. Visits to credit card Web sites jumped up 57% in 2006 compared to 2005 and the number of payments rose 27% in 2006.

Research by firm comScore indicates the top credit card Web sites found that 524 million credit card bills were paid online in 2006,

up from 414 million in 2005. Research also conducted by comScore also found that 62% of credit card holders are willing to receive paperless statements, a considerable cost savings opportunity for credit card issuers.

People manage their assets and bills online to gain control of time, finances and safety. Businesses can meet consumer needs while providing vital benefits such as increased payment visibility. In addition, emerging features such as two-way mobile or email alerts (interactive financial messages, or IFMs™) and preset user-defined limits and

prohibitions (UDLAPs) can transform today's overwhelming flood of online information into an experience that is truly mobile, safe and practical for everyone."

Electronic Payment Providers (EPP) can help your business establish a comprehensive consumer billing portal and accelerate the receivables processes by utilizing electronic payment strategies. For an analysis of your organization's payment practices, please contact EPP at (877) 377-2677 or visit our web site at expresspayments.com for more information.

Lenders Implementing Collection Technology More Quickly

The credit crunch is pushing lenders to implement new collection technology more quickly than they were originally planning, according to a TowerGroup survey of senior employees at major financial institutions. 57% of survey respondents ranked innovation in products, services and channels to be 1 of their top 3 strategies. 50% ranked business process automation to be 1 of their top 3 strategies. 14% already have self-service collection systems, 29% plan to implement self-service collections in 2008. One major advantage of technology allowing consumers to self-cure is that it is less expensive to scale up than hiring call center representatives.

Lowering costs and gaining competitive advantages are two initiatives forcing the hand of many business owners and placing focus squarely on offering new payment

channels with immediacy. One tool many companies are turning to is online debt negotiation. The notion of a fully "Virtual Collector" is not only attractive to owners from an efficiency standpoint but it also allows businesses to achieve true cost effectiveness as well as gain a leg up on the competition.

With Online Debt Negotiation the available options and repayment terms are individualized for each debtor in real time. Most negotiation tools use flat or reduced pricing models and since they don't work harder on larger accounts you don't pay more when you collect more. When you want debtors to participate in defining the payment plan rather than presenting

them with a multiple choice, Online Debt Negotiation is the only way to go - it does not just accept/reject - it counteroffers. Businesses get a complete online payment solution

coupled with the benefit of a live collector, minus the hefty commissions.

EPP offers a comprehensive line of automated payment solutions and can conduct an analysis of your business to determine which solution

is right for your organization. For a demonstration of the way that EPP has helped companies like yours receive more payments and gain a leg up on their competition, contact us today by calling (877) 377-2677 or visit our web site at www.expresspayments.com.



Benefits of Technology Investments

While all companies have financial goals to hit and typically evaluate technology investments based on return on investment, technology provides benefits that are often hard to take into account in a return on investment calculation. Technology investments can provide improved client and customer relations along with increased efficiencies within an organization. For instance by providing Internet payment options a business allows customers to make a payment on their account no matter where they are located.

Streamlining payment files from the Web, customer service rep, IVR, and home banking into one file can decrease the frustration of dealing with multiple payment files everyday. Also, by integrating the payment flow into your current accounts receivable software you can

eliminate the manual processes associated with payment acceptance such as payment posting and NSF returns management. These types of benefit are often difficult to quantify on the surface, however, if a business does a true cost analysis of the amount of man hours being allotted simply to payment acceptance it becomes apparent what cost savings can result from technological automation.

One of the biggest challenges with technology implementation is to gain user acceptance and adoption of the new technology while maintaining an acceptable level of productivity and performance. A number of factors influence an individual's attitude toward new technology, including gender, age, and peers' perceptions and attitudes. While all of these factors should be considered during the planning stages of

implementation, the focus should be placed on implementation methods.

The most important step in not only evaluating new technology but also in the implementation process is to partner with a vendor expert that knows your specific industry. The chosen vendor should also have strong relationships in place with the technology providers you utilize today.

Electronic Payment Providers (EPP) partners with providers within your market and offers a suite of powerful integrated payment solutions for both ACH and 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.

Healthcare Looks to Enhance Revenue Cycle Functionality

If an automated system can accurately classify, in advance, what group of consumers are going to pay bills almost 98 percent of the time, would this be of use to you? Such strategies have been in widespread commercial use for well over 30 years however healthcare providers are just now beginning to take a hard look at this technology.

Every major sector of business, except health care, has sought to understand consumer payment methods and then revamped collection efforts based on this information. This effort was undertaken for two reasons. First, commercial businesses want to

minimize writing off accounts to bad debts and, second, commercial businesses do not want to waste collection resources.

Many healthcare providers have relied on collection agencies to collect on unpaid accounts. In the meantime, write-offs have skyrocketed, and the hospital industry has been depicted negatively for some collection practices used with uninsured and underinsured patients.

As revenue cycle focus shifts from the back end to the front end, hospitals would benefit from implementing new technology that can

predict payment. This technology can help hospitals tailor their collection approach according to whether patients have a high probability of paying or a low probability of paying. The business world outside of health care uses such technology to make this distinction.

For a demonstration of the way that EPP has helped companies receive more payments and gain efficiencies in relation to their payment processes contact us today by calling (877) 377-2677 or visit our web site at www.expresspayments.com.

EPP TRADESHOW CALENDAR

HFMA ANI 2008

Exhibits: June 23-26, 2008

Booth: N/A

Mandalay Bay Resort & Casino, Las Vegas, NV

The Annual National Institute (ANI) is HFMA's premier educational and networking event that is held yearly in June. Attendees walk away with ideas, tools, and results to help their organization achieve outstanding financial and operational results, as well as move their own career forward. EPP's Payment experts will enlighten you with information and provide answers to your most pressing questions. Networking opportunities will allow you to exchange experiences and valuable knowledge with your peers.

HFMA's 2008

ANI: The Healthcare Finance Conference

CUNA America's Credit Union Conference

Exhibits: June 29 - July 2, 2008

Booth: #327

Hilton New York, NY

America's Credit Union Conference & Expo has turned on the power of authority...passion...and innovation and infused the agenda with the tools and insights you and your credit union need for success! And, we're generating it all in New York - the nation's number one city! From the power keynoters, through the thought leader sessions and the executive book series, every session in 2008 is jam packed with information. EPP will be in attendance to educate your staff on how the Express Payment Suite can shorten your organizations receivables cycle.



ACA International's 69th Annual Convention & Expo

Exhibits: July 23 - 26, 2008

Booth: #503

Westin Diplomat, Hollywood, FL

More than 1,300 attendees attended ACA's 2007 convention-now it is your turn! Participate in four renewing and invigorating days of timely and comprehensive educational programs, valuable networking events with industry professionals and shopping in ACA's Expo Hall showcasing over 150 booths of industry products and services. EPP will be on hand to act as your organizations payment advisor for success in the credit and collection industry. Let us help you "Think Fresh".



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