

A Forrester Total Economic Impact™
Study Commissioned By Ingo Money
June 2018

The Total Economic Impact™ Of Ingo Money Instant Money Services

Cost Savings And Business Benefits
Enabled By Instant Money Services

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ABOUT FORRESTER CONSULTING

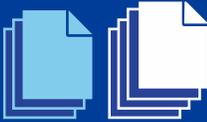
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Benefits And Costs



Transaction revenue:
\$24.7 million



New customers:
\$15.7 million



Customer loyalty:
\$10.1 million

Executive Summary

Ingo Money provides instant money services that helps its customers pay people the same easy way they are accustomed to making payments — fast, convenient, and secure. Instant money services are available through the company's Instant-Money-as-a-Service™ platform which provides real-time guaranteed check funding (Ingo Check) and real-time digital disbursements (Ingo Push). Ingo Money commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Ingo Check and/or Ingo Push. The purpose of this study is to provide readers with a framework to evaluate the potential financial impact on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed several Ingo Money customers. These organizations use the company's instant money services to instantly fund checks, loans, or cards, such as prepaid debit cards — though many other scenarios are also possible (claim payments, same day settlement for merchants, etc.).

Prior to using Ingo Money, these customers used traditional methods which caused funds availability delays and/or inconvenienced customers. Interviewed customers realized there was a better way that could deliver not only a better experience, but also create new opportunities for competitive differentiation that could lead to increased new and repeat business.

Key Findings

- › **Quantified benefits.** The following risk-adjusted present value (PV) quantified benefits are representative of those experienced by the companies interviewed:
- › **Instant money fee income of \$24.6 million.** Organizations can provide real-time, guaranteed check funding or instantly fund a loan or credit line.
- › **New business income of \$15.5 million from new customer accounts attracted by instant money services.** Instant money means not having to wait and a more convenient experience, which helps attract new customers. Many take advantage of other products and services.
- › **Repeat business income of \$10.3 million enabled by instant money services.** Once current and new customers use instant money services, they are more likely to do it again! And, again!

Unquantified benefits. The interviewed organizations experienced the following benefits from instant money services, which are not quantified for this study:

- › **The organization has reached a largely untapped market for financial services.** Customers who have opted for instant money come from all walks of life and income levels and use various financial services. With Ingo Money's instant money services, organizations can reach and serve these customers, plus offer other services like opening an account, or applying for a loan or prepaid debit card.
- › **Better customer experience.** The addition of instant money services provides customers more choice, greater convenience, and faster access to funds that are immediately available and safe to spend.



Total ROI
156%



Total benefits PV
\$50.5 million



Total NPV
\$30.8 million

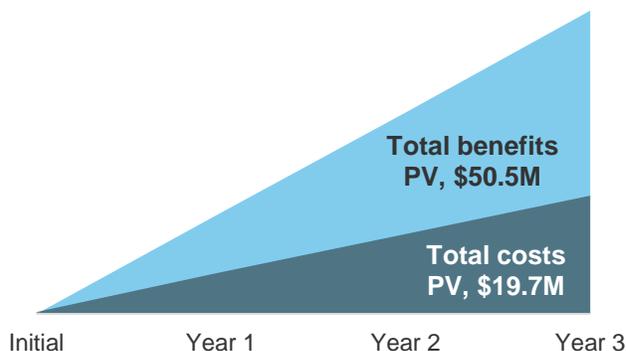
- › **New customers from referrals.** With instant money services for many transactions types, including loan funding or checks of any type or amount, customers appreciate the service and consciously tell others about their experience which results in new-customer growth in new customers. .
- › **Customers receive immediately available, safe-to-spend funds with no hidden fees.** When Ingo Money approves an instant check-funding transaction, funds are immediately available and safe to spend so the customer never has to worry about nonsufficient funds (NSF) issues and fees — a very important benefit for small business owners who receive a lot of personal checks; in the past, they could only avoid potential NSF fees by driving from bank to bank to cash the checks from each. Today, Ingo Money underwrites and assumes the risk for instant check funding, which enables organizations to provide their customers immediately-available and guaranteed funds.
- › **Customers make the choice.** Customers who opt for these services know immediately what they are getting and the associated cost. There are no hidden fees or additional charges.

Costs. The interviewed organizations experienced the following representative risk-adjusted PV costs:

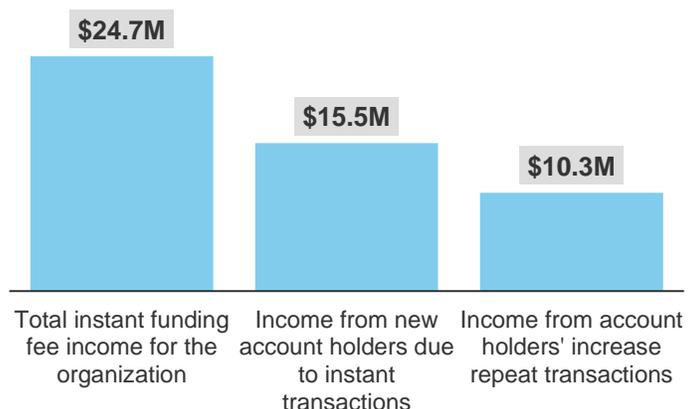
- › **Transaction fee costs of \$18.7 million.** Ingo money services are provided on a per-transaction basis. Instant check-funding fees are typically a percentage of the check amount — often passed on to the consumer as an opt-in fee. Instant transaction fees are typically a fixed fee per transaction (similar to ACH).
- › **Initial and ongoing resource costs of \$1 million.** Preparing for Ingo Money, instant money services included efforts to integrate and configure the service, train employees, and market the new offerings. Implementing the services, including adding it to employee, phone, web, and mobile processes and applications, was quite simple. Ongoing costs include a few employees to manage the processes and look for further improvement opportunities.

Forrester's interviews with four existing Ingo Check and Ingo Push customers, and subsequent financial analysis, found that an organization based on these interviewed organizations experienced benefits of \$50.5 million over three years versus costs of \$19.7 million, adding up to a net present value (NPV) of \$30.8 million and an ROI of 156%.

Financial Summary



Benefits (Three-Year)



The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TEI Framework And Methodology

From the information provided in the interviews, Forrester has constructed a Total Economic Impact™ (TEI) framework for those organizations considering implementing Ingo Money instant money services.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Ingo Money instant money services can have on an organization:



DUE DILIGENCE

Interviewed Ingo Money stakeholders and Forrester analysts to gather data relative to instant money services.



CUSTOMER INTERVIEWS

Interviewed four organizations using instant money services to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewed organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.



CASE STUDY

Employed four fundamental elements of TEI in modeling Ingo Money instant money services' impact: benefits, costs, flexibility, and risks. Given the increasing sophistication that enterprises have regarding ROI analyses related to IT investments, Forrester's TEI methodology serves to provide a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Ingo Money and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in Ingo Money.

Ingo Money reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Ingo Money provided the customer names for the interviews but did not participate in the interviews.

The Instant Money Services Customer Journey

BEFORE AND AFTER THE INGO MONEY INVESTMENT

Interviewed Organizations

For this study, Forrester conducted interviews with four Ingo Money customers. Interviewed customers were all based in the United States, operate in the financial services industry, and include the following:

BUSINESS FOCUS	REGIONAL FOCUS	INTERVIEWEE	OPERATIONS
Retail bank	Eastern US	Senior vice president	<ul style="list-style-type: none">• 1,500+ branches, 20,000 employees, ATMs, mobile app.• Use Ingo Check, real-time, guaranteed check funding services.
Prepaid card provider	Nationwide	Vice president	<ul style="list-style-type: none">• Operate in 200,000 retail locations through business partnerships.• Use Ingo Check, real-time, guaranteed check funding services and Ingo Push, real-time digital disbursements services.
Consumer/SMB lender	Southern US	CEO and director	<ul style="list-style-type: none">• 1,000 employees with online and retail locations.• Provides installment loans and lines of credit.• Uses Ingo Push real-time digital disbursements services to instantly fund loans.
Consumer/SMB lender	Nationwide	Vice president	<ul style="list-style-type: none">• 5,000 employees with online and nationwide retail locations.• Provides installment loans and lines of credit.• Uses Ingo Push real-time digital disbursements services to instantly fund loans.

Key Challenges

By implementing Ingo Money instant money services, interviewed organizations intended to improve the customer experience, modify funding and disbursements, deliver a new set of services into new markets, and extend its products and services as part of a long-term strategy to:

- › **Satisfy customer demand for instant funds that are immediately available and safe to spend.** Often called “underbanked” or “underserved” banking consumers, this group is frequently assumed to be lower-income and/or live paycheck to paycheck. However, they are really a broader customer segment using nontraditional financial services such as instant check funding, money transfers, and person-to-person payment services to meet their financial needs. Many of these customers feel that banks fail to meet their needs. According to the SVP at a retail bank, at the time that the bank adopted Ingo Check, “There was a lot of discussion about customers who need instant money to meet their daily needs; we saw an opportunity to help them.”

“There are fewer checks in the world, but they’re all coming to us now.”

CEO, consumer lender



› **Maintain pace with industry trends, including staying ahead of the decline in paper checks.** With advances in technology, including digital push payments, paper checks will eventually go away. The CEO of a consumer lender reported, “There are fewer checks in the world, but they’re all coming to us now.”

› **Serve millennials and other “connected” consumer segments who use banks less but want, need, and expect instant funds.** Millennials and other new-age segments often also use nontraditional banking services such as alternative financial service providers, peer-to-peer (P2P) money transfers, and online payment services to get faster and more convenient access to their funds. While some use traditional mobile check deposit, many want, need, and expect instantly available funds and only use banks to deal with the occasional check.

› **Serve customers who are looking for enhanced services or have unusual requests.** Consumers —, whether they are current account holders or people wanting to conduct a single transaction such as cashing a check —, are looking for quality service. Whether a guideline set by the organization, such as a waiting period for loan disbursement, or external factors, such as a check deposited because of nonsufficient funds, often surprising results would be seen as the fault of the organizations. For example:

- Consumers hate NSF fees or any other surprises.
- Customers who walk in on a Friday are often wanting — even needing — their funds for the weekend. If they’re told they have to wait one or two or more business days they will at best be unsatisfied, and at worst take their business somewhere else. According to a CEO of a consumer lender, “Friday is the biggest day; if you got a loan on Friday, you couldn’t get the money until Monday.”
- Consumers don’t want to be forced into business they don’t want. For example, after hearing they had to open an account, deposit, and then wait for their funds, customers often went elsewhere. “We were driving customers away,” said the retail bank SVP.
- Consumers also don’t want to have to deal with added inconvenience or impossible requirements. Often the only option for quick funds transfer or check cashing was to come to a retail location in person. But for organizations with a regional and/or online focus, the nearest branch might be 120 miles away, or several states away. The CEO of a consumer lender explained: “We had a ‘Send to Store’ option, and people would go to the store and pick up their money. It worked fine for many, but you can’t do that when the nearest store is 120 miles from you or in another state.”
- People are naturally risk-averse, and employees would often decline questionable requests. Many of these requests were reasonable, however employees had too much on the line to say “yes” as often as their organization would like, meaning they would not be as helpful to customers with unusual requests, such as a very large out-of-state checks. People are naturally risk-averse, and employees would often decline questionable requests (many of which would have been just fine).

“We were driving customers away. Ingo Check helped us serve them.”

SVP, retail bank



Solution Requirements

The interviewed organizations searched for a solution that could deliver:

- › Fast and easy integration: deliver a service that could be easily integrated within channels and processes.
- › Enhanced customer experience: provide convenient and needed services to customers who demanded instantly available funds, to deliver value and build trust.
- › Opportunity to attract new customers: provide useful services to millennials and other customers, so they could have more options from one provider.
- › Innovate and modernize technology: deliver services that would position organizations for future advances in the marketplace, including the coming-of-age of millennials and the surge in mobile and other channels.
- › Improvements upon the limitations of ACH and traditional bank deposit: provide a faster and better alternative to ACH and traditional bank deposit that can often take days for funds to become available.

Organizations evaluated several proposals but found Ingo Money both easy to work with and the most comprehensive instant money solution. The VP of a leading prepaid card provider said, “We tried on our own for six or seven months, then we brought in Ingo Money.” They began planning and development for deployment of new instant money services.

- › Retail banks included real-time guaranteed check funding within a broader set of banking services aimed at unlocking new customer segments that were looking for services such as cash banking, check processing, simple account management, prepaid cards, and more. They are considering retail-time digital disbursements (Ingo Push) as a replacement to paper checks.
- › Consumer and SMB lenders focused on both Ingo Check (real-time guaranteed check funding) and Ingo Push (real-time digital disbursements). The latter facilitated fast and convenient loan funding, and check funding services were provided to cash a check, deposit a payment, or add money to a prepaid debit card.

Key Results

The interview revealed key results from adopting one or both Ingo Money instant money services, as illustrated by the table on the next page. These results include the following:

- › **New services and options are available to traditional and non-traditional customers.** Real-time guaranteed check funding and real-time digital disbursements are integrated as a key part of the strategy for new financial products and services to attract new consumers, primarily due to Ingo Check. The bank services SVP said, “Now we can offer instant check funding for any check type and amount.” Instant check funding, in particular, has led to an increase in new revenue from fee-related services as consumers opt for instant check funds.



Organizations found Ingo Money easy to work with and the most complete instant money solution.

“We tried on our own for six or seven months, then we brought in Ingo.”

Vice president, prepaid-card provider



Interviewed Organizations And Typical Services

	Banks 	Prepaid Card Provider 	Financial Service Providers 
Ingo Products	Check funding	Check funding and push payments	Push payments
Common Benefits	New customers and revenue	New customers, revenue, loyalty	Revenue and loyalty

- › **Customers appreciate better communication as part of an improved experience.** Additionally, tellers at a retail bank can rely on Ingo Check for validation, which can help improve customer experience and reduce the number of declined checks. “We get to cash the check and make instant, safe-to-spend funds immediately available to customers without the risk that the check will be returned costing the bank money,” said the retail bank SVP.
- › **Educating consumers on instant money services leads to new customers.** The launch of new instant funding services is an opportunity for organizations to focus resources and money on marketing and employee training. Organizations that highlight Ingo Check and Ingo Push services in marketing materials have seen an increase in accounts opened by new customers, summarized in the table above. This investment can help educate consumers about instant check funding and instant funding services, encouraging them to walk in the door, open new accounts, and become new customers, leading to new fee-based revenue opportunities. The VP of a leading prepaid card provider said, “We see a tremendous demand for instant money services.”
- › **Instant money services can help improve customer loyalty.** When customers have more options and a faster and better experience, they’ll come back. With convenient, instant loan funding options available online and at retail locations with Ingo Push, it’s easy to satisfy customers’ needs and wants for instant money and serve them even more often, as summarized in the table above.

For example, late on a Friday a customer may want to draw on a line of credit, but making that money available immediately requires an in-person visit, which may not be feasible due to time or distance. With Ingo Push, an online request followed by instant funding to a prepaid credit card (or one of many other supported account types) can complete the transaction immediately, satisfying and delighting the customer by providing him or her with what they need for the weekend.

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an associated ROI analysis that illustrates the areas financially affected. The composite organization is representative

“We see a tremendous demand for instant money services.”

Vice president, prepaid-card provider



“We wanted to make instant check funding available to all customers, all branches, all markets.”

SVP, retail bank



of the four companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization that Forrester synthesized from the customer interviews has the following characteristics:

Composite Organization

Description of composite. A financial services organization that provides instant check funding and/or loans. It has 250 locations but delivers most services online. Services include:

- › Real-time, guaranteed check funding for anyone.
- › Instant funding of consumer and small-business loans.
- › Prepaid debit cards where a consumer can cash a check and immediately fund their prepaid card.

For this analysis, scenarios and descriptions for instant money services will tend toward nontraditional scenarios based on responses from interviewed organizations. But banks and other financial institutions should consider their own situations that may not be as described in this report but constitute an opportunity to create differentiated services that leverage real-time, guaranteed check funding or instant loan funding services.

Deployment characteristics. The composite organization adopted Ingo Check first. It is implemented across all channels, provided by request or as a suggested option by employees, online pages, and etc. Ingo Push was added six months later and is used for funding a prepaid debit card or loan instantly.



Key assumptions

- 250 locations
- Online focus
- More than 1 million new accounts opened each year, leveraging traditional services as well as instant money services (real-time guaranteed check funding and instant loan funding).

Analysis Of Benefits

QUANTIFIED BENEFIT DATA AS APPLIED TO THE COMPOSITE

Total Benefits						
REF.	BENEFIT	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Atr	Total instant funding fee income for the organization	\$8,679,960	\$9,764,955	\$11,573,280	\$30,018,195	\$24,656,260
Btr	Income from new account holders due to instant transactions	\$4,950,000	\$6,457,500	\$7,573,050	\$18,980,550	\$15,526,521
Ctr	Income from account holders' increase repeat transactions	\$3,951,338	\$4,166,865	\$4,382,393	\$12,500,595	\$10,328,371
Total benefits (risk-adjusted)		\$17,581,298	\$20,389,320	\$23,528,723	\$61,499,340	\$50,511,153

New Income Streams From Instant Money Services (Ingo Check)

Ingo Money instant money services provide customers the option to deposit or cash a check and receive instant funding for a fee. Fees are based on a percentage of the check amount, which is divided between the organization and Ingo Money.

Fees are dependent on check type and typically range from about 1.5% to 5%. Government and preprinted payroll checks are easier to validate and thus come with a lower fee, while other checks such as two-party checks are harder to verify and are charged a higher rate. The organization charges a minimum fee regardless of check type or size.

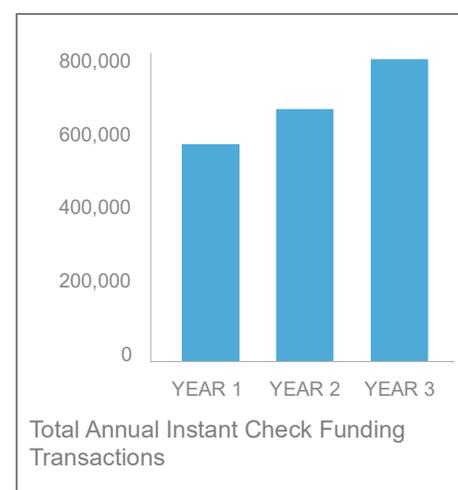
Fees are based on the following schedule:

- › A 1.5% fee for government and preprinted payroll checks.
- › A 4% fee for all other checks, except for money orders, which have a 5% fee.
- › A \$5 minimum fee regardless of check type or size.

The organization estimates that 600,000 checks were cashed using Ingo Check, growing significantly through Year 2 at 675,000 and Year 3 at 800,000. But this total number of checks cashed with Ingo Check includes check sizes and types that can vary significantly:

- › Preprinted payroll and government checks are usually not more than a few thousand dollars.
- › The \$5 minimum fee means that any two-party check less than \$125 (or a government or preprinted payroll check less than \$333) pays a premium, but, even with the potentially higher relative fee, customers will often opt for instant funding to be able to walk out with cash in their pocket or money in their account.
- › The category of “all other checks” is very broad. Personal and two-party checks can vary in size but are usually in the low hundreds of dollars on average — including gifts (such as checks from grandma), insurance reimbursements, and payments to small businesses. These checks are also regularly chosen for instant funding, both for the

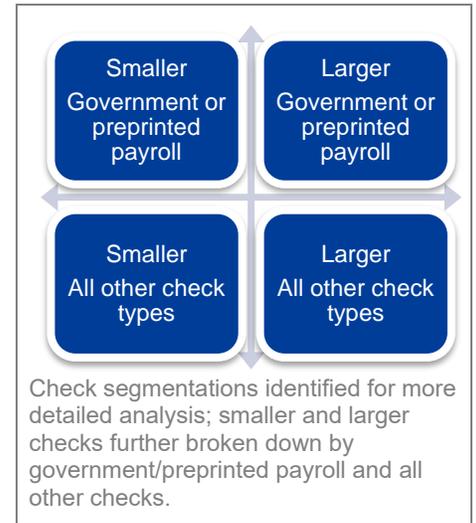
The table above shows the total of all benefits across the areas listed below, as well as present values (PVs) discounted at 10%. Over three years, the composite organization expects risk-adjusted total benefits to be a PV of more than \$49.6 million.



convenience of immediately getting money as well as avoiding any potential NSF charges.

- › Some two-party checks are of unusual size, in the thousands, tens of thousands, and even hundreds of thousands; the organization has seen checks as large as \$400,000 instantly funded with Ingo Check. These are usually large legal, investment, insurance, or inheritance payments. While there's little risk of NSF charges, and the fee is a higher dollar amount, customers often opt for instant funding to avoid the extremely long holding periods (as much as five, seven, or 10 days) the organization would otherwise need to set for larger checks.

Though the organization's financial benefit from instant check funding, income is based on a weighted average across the broad spectrum of all 600,000 (and more) checks cashed each year with Ingo instant funding services of all sizes and types, it is helpful to understand some of the differences between key segments. As an introduction, four specific segments are detailed across two axes: check size and check type. The matrix to the right shows the relationship of these four segments:



- › Smaller checks (less than or equal to \$1,000) from government or preprinted payroll sources.
- › Larger checks (larger than \$1,000) from the government or preprinted payroll sources.
- › Smaller checks from all other sources (including personal checks and two-party checks).
- › Larger checks from all other sources (including two-party checks).

The sum of all four of these items adds up to the financial benefit table for this section. A more detailed analysis of different check sizes and types can be reviewed in "The Total Economic Impact™ Of Ingo Money: Instant Check Cashing Attracts New Customers And Lifts Bank Revenue," published in August 2017.¹

"Ingo Money approves 90% of checks automatically, regardless of check type or amount."

SVP, retail bank



New Income Streams From Instant Money Services: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
A1	Number of checks processed with Ingo services		600,000	675,000	800,000
A2	Weighted average check size		\$470	\$470	\$470
A3	Weighted average fee rate		3.6%	3.6%	3.6%
A4	Total revenue for instant check funding for the organization	A1*A2*A3	\$10,152,000	\$11,421,000	\$13,536,000
A5	Percentage of fee revenue allocated to bank		50%	52%	55%
A6	Portion of revenue allocated to bank	A4*A5	\$5,076,000	\$5,939,000	\$7,445,000
A7	Income margin on instant check funding services		95%	95%	95%
At	Total instant funding fee income for the organization	A1*A2*A3*A7	\$9,644,400	\$10,849,950	\$12,859,200
	Risk adjustment	↓10%			
Atr	Total instant funding fee income for the organization (risk-adjusted)		\$8,679,960	\$9,764,955	\$11,573,280

The organization estimates that 600,000 checks were approved and then cashed or deposited with instant check funding in the first year, with growth expected in years 2 and 3. The approval rate has been 90% or higher.

Across the four segments, the weighted average check size is \$470, and the weighted average fee across both two-party and government/preprinted payroll checks is 3.6%.

This adds up to \$9.7 million in revenue in Year 1, growing to \$12.9 million by Year 3. As an easy, transactional process, the ongoing marginal costs of instantly funding a check are very low — estimated to be just 5% for other overhead (not including fees and other costs covered in the Analysis Of Costs section below).

First-year fees were split 50/50 — 50% went to the organization and 50% was paid to Ingo Money. In years 2 and 3, the portion of fees retained by the organization are expected to grow as more checks can be approved through Ingo Check’s automated decision engine, and fewer will need individual review by Ingo Check’s Risk Operations Center.

Given the potential for overestimation in the amount of fees collected and the share of fees for the organization, a 10% risk adjustment has been applied. The risk-adjusted benefit adds up to an annual benefit of \$8.7 to \$11.6 million per year, for a three-year present value (PV) of \$24.8 million.

Attract New Customers Because Of Instant Money Services (Ingo Check And Ingo Push)

The organization’s instant-funding services bring in a number of people who are not already customers. They’ve come because they heard about these services, from advertisements or referrals.

The organization estimates that more than 1 million people open a new account each year. Of those it is estimated that for 20%, instant funding options were a primary reason for opening the account. The vice president of a consumer lender explained, “Once they see that we have the ability to instantly fund them, they’re not going in anywhere else because we provide what they are looking for.”

They open their account due in some appreciable way to instant funding because:

- › The instant funding options appeal to their need for convenient and fast-money access.
- › Small business owners paid with a lot of two-party checks find instant and guaranteed check funding convenient, both to access money immediately but to also avoid NSF fees.
- › Check amounts can be quite large, and, on the advice of the organization, they open an account to keep their money safe in an account or a prepaid debit card, instead of carrying around a pocket (or even a briefcase) full of cash.

The organization estimates that these accounts generate significant transaction volume that adds up to an average of \$200 of revenue per account per year for the organization. These accounts also often remain open for more than one year, leading to increased revenue in later years. For the composite organization it is assumed:

Impact risk is the risk that the business or technology needs of the organization may not be met by the investment, resulting in lower overall total benefits. The greater the uncertainty, the wider the potential range of outcomes for benefit estimates.

“Once they see that we have the ability to instantly fund them, they’re not going in anywhere else because we provide what they are looking for.”

Vice president, consumer lender



- › All of the accounts opened in a year remain open for that year (or at least remain open long enough to contribute to the average revenue total).
- › For accounts opened in Year 1, it is assumed that about one-quarter remain open in Year 2, and about 16% of those remaining into Year 3.
- › For accounts opened in Year 2 it is assumed that about one-quarter remain open in Year 3.

Attract New Customers Because Of Instant Money Services: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
B1	Expected annual new accounts opened each year	Input	1,100,000	1,160,000	1,220,000
B2	Estimated percentage improvement in number of new accounts with Ingo Money	Input	20%	20%	20%
B3	Expected annual new accounts opened due to Ingo instant funding services	B1 * B2	220,000	232,000	244,000
B4	Cumulative total of new accounts opened and active due to Ingo instant funding services	B3	220,000	287,000	336,580
B5	Average annual volume from each new account (including interest, fees, other services, etc.)	Input	\$200	\$200	\$200
B6	Annual total account volume attributed to Ingo instant funding services (in \$ millions)	B4 * B5	\$44MM	\$57MM	\$67MM
B7	Income margin on new account revenue	Input	12.5%	12.5%	12.5%
Bt	Income from new account holders due to instant transactions	B6 * B7	\$5,500,000	\$7,175,000	\$8,414,500
	Risk adjustment	↓10%			
Btr	Income from new account holders due to instant transactions (risk-adjusted)		\$4,950,000	\$6,457,500	\$7,573,050

For simplicity, accounts and associated revenues are summarized in a few numbers, though for your own analysis there may be several inputs and factors to calculate your own account volume, rates, revenue, and margins. For example, the revenue per account can be used by an organization with high average account sizes and lower interest rates (such as a checking or savings account), or for smaller, short-term loan accounts with a higher interest rate.

It is difficult to average how much will be deposited or how long accounts will be kept open — the average revenue is dependent on the account volume, interest rates, associated fees, and other services. Additionally, for a credit line account it is more likely that an account balance will vary greatly over time as an account is accessed, paid down, accessed again, and so on. To account for these risks, Forrester adjusted this benefit downward by 25%, yielding an annual benefit of \$5.9 million to \$6.6 million and a three-year risk-adjusted total PV of \$15.5 million.

Greater Account Re-Use From Instant Money Services (Ingo Push)

In addition to new accounts, new account holders leveraging instant-loan funding and current account holders that start using these services both take advantage of additional account services, largely because of the

convenience of these services. The VP of a leading prepaid card provider said, “We want to empower people to be self-banked.”

The convenience of instant loan funding services means that even late on a Friday a transaction can be completed and money available immediately for use — instead of the more traditional one or two day waiting period.

Customers can fund many types of accounts including debit, credit, prepaid card, or even online wallets, or they can receive cash.

“We want to empower people to be self-banked.”

Vice president, prepaid-card provider



Greater Account Re-Use From Instant Money Services: Calculation Table

REF.	METRIC	CALC.	YEAR 1	YEAR 2	YEAR 3
C1	Total new account holders for financial services (including ACH and Push)	$B1*(1+B2)$	1,320,000	1,392,000	1,464,000
C2	Account holders using Ingo Push services	Input	385,000	406,000	427,000
C3	Number of additional transactions after opening new account, per account that uses ACH/check/cash	Input	3.0	3.0	3.0
C4	Number of additional transactions after opening new account, per account, using Ingo Push	Input	4.5	4.5	4.5
C5	Increase in number of repeat transactions with Ingo Push	$C2*(C4-C3)$	577,500	609,000	640,500
C6	Incremental revenue from transaction leveraging instant funds per year (average)	Input	\$25	\$25	\$25
C7	Income margin on repeat transaction revenue	Input	25%	25%	25%
C8	Average ACH charge avoided on Push transactions	Input	\$0.40	\$0.40	\$0.40
Ct	Income from account holders' increase repeat transactions	$C5*C6*C7 + (C2*C4+B3) * C8)$	\$4,390,375	\$4,629,850	\$4,869,325
	Risk adjustment	↓10%			
Ctr	Income from account holders' increase repeat transactions (risk-adjusted)		\$3,951,338	\$4,166,865	\$4,382,393

Customers that might have given up on making a transaction or taken their business elsewhere now are able to quickly do what they need and have their money available for the weekend. “You don’t spend more on transaction fees [referencing Ingo Money in particular] unless you think it’s going to get you something, and the answer is long-term customer value,” said the director at a consumer-loan organization.

These transactions may include a number of different services, most of which provide a direct fee or other revenue opportunities for the organization. For the composite organization, based on interview feedback, typical increased customer services include:

- › Taking advantage of available loan proceeds.
- › Instantly check funding.
- › Instantly funding a prepaid debit card.
- › Adding additional services to an already-instant-funding-enabled account, like overdraft protection or a savings account.

For the composite organization, Forrester assumes that:

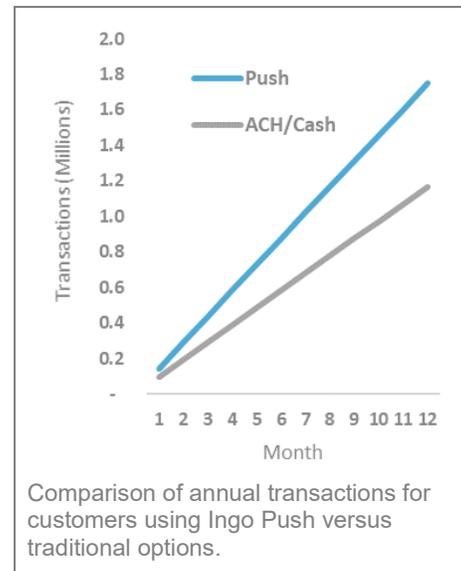
“The answer [to the question ‘Why Ingo Money?’] is long-term customer value.”

Director, consumer loan organization



- › Revenue generated by a new account — mentioned above as estimated at \$200 per account per year — is based on pre-instant-funding service offerings. So, while that number does include continued business (highlighted by the fact that revenue continues into later years), it is assumed to not include net new transactions that have been seen as a result of instant funding services.
- › New account holders due to instant money services continue to use those services.
- › Some current account holders switch to using instant money services.
- › About one-and-one-half additional transactions are conducted over a year on average by customers that leverage instant money services versus those that don't, as illustrated in the chart at right.
- › Additionally, each transaction that leverages instant money services in one way or another is larger than other transaction process options. For interviewed organizations, on average, instant loan funding options lead to \$20 per additional repeat transaction.
- › The margin for repeat transactions is expected to be higher than typical new account revenue since the marginal cost of one more transaction is much less than the acquisition cost of marketing and selling to new prospects.

The amount of new transactions and revenue per new account may be overestimated. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding risk-adjusted annual benefits of \$4 million to \$4.4 million and a three-year risk-adjusted total PV of \$10.3 million.



Ingo Push Benefit Summary

Organizations interested primarily in Ingo Check can review the earlier TEI study, “The Total Economic Impact™ Of Ingo Money: Instant Check Cashing Attracts New Customers And Lifts Bank Revenue.”²

For Ingo Push, some summary metrics can be estimated by focusing on the new business and repeat business benefits. The highlights to the right summarize the ROI and NPV estimated for Ingo Money’s Ingo Push product only, based on the following:

- › The first benefit, new transaction fee revenue, is enabled almost exclusively by Ingo Check and can be ignored.
- › Similarly, the first cost is also focused on Ingo Check and can also be ignored.
- › The Attract New Customers benefit is enabled by both Ingo Check and Ingo Push; for an Ingo-Push-only summary half of this benefit is ignored.
- › The remaining benefits and costs are primarily or completely Ingo Push related benefits and costs and are included.

Based on these focused benefits and costs, the ROI for new and repeat business benefits enabled by Ingo Push (versus associated costs) is 242%, with an NPV of \$12.7 million.

Unquantified Benefits

Along with income from fees and new customer account holdings, the



**Push
Payment ROI
242%**



**Push
Payment
NPV
\$12.7 million**

organization has seen or expects benefits in additional areas, not currently measured or difficult to directly link:

- › The organization expects that improved service for all customers will lead to future returns. Treating all customers with respect and offering a better money experience should help improve loyalty to the organization. Down the road, when a customer needs other services, they will remember their positive experience with instant money services.
- › Employees, such as those in a teller role, have already shown appreciation for the real-time guaranteed check funding services and Ingo Money's solution, as it takes pressure off their shoulders. Before Ingo Money solutions were implemented, they often had to try and identify issues with checks — and a wrong decision could cost them their job. With instant check funding, much of the pressure is off the employees because checks are guaranteed by Ingo Money, allowing them to focus more on customer relationship and service.
- › Checks and traditional ACH money transactions still make up the majority of transactions. As more customers learn about instant money services through greater word of mouth and additional marketing investment, they can take advantage of the convenience and safety of instant transactions, delivering additional revenue opportunities to the organization.
- › Organizations that provide prepaid debit cards have also identified some savings opportunities — when a customer wants to fund their card, if they already have a prepaid debit card the organization can make real-time digital disbursements to that card and avoid an ACH transfer and related fees.



Improved service today will pay dividends in the future — both from customers and from employees.

Flexibility

The value of flexibility is clearly unique to each customer, and the measure of its value varies from organization to organization. There are multiple scenarios in which a customer might choose to use Ingo Money's instant money services and later realize additional uses, business opportunities, and financial benefits, particularly outside the three-year investment window, including:

- › **Income from account holdings available beyond three years.** As mentioned above, new customer growth can increase revenue and income for the organization. But, as mentioned, the time window for this analysis is three years, and current and new accounts created and/or maintained in later years will deliver greater benefits. Repeat transactions, particularly from new accounts generated in years 2 and 3, will also bring in additional revenue.
- › **Cost savings from reduced employee turnover.** While not yet measured specifically, the organization has identified some improvement in employee job satisfaction. Retail-focused financial services employees (such as bank tellers) are a relatively high-turnover position, but some employees are now expected to stay with the organization longer, leading to some reduction in hiring needs and improved opportunities for promotion to other positions. This is further expected to lead to reduced recruiting costs and other turnover-related costs.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

Flexibility, as defined by TEI, represents an investment in additional capacity or capability that could be turned into business benefit for a future additional investment. This provides an organization with the "right" or the ability to engage in future initiatives but not the obligation to do so.

Analysis Of Costs

QUANTIFIED COST DATA AS APPLIED TO THE COMPOSITE

Total Costs							
REF.	COST	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Dtr	Ingo Check fees	\$0	\$5,329,800	\$5,756,184	\$6,395,760	\$17,481,744	\$14,407,679
Etr	Ingo Push fees	\$0	\$1,640,100	\$1,729,560	\$1,819,020	\$5,188,680	\$4,287,045
Ftr	Resource costs for using instant money services	\$351,750	\$264,600	\$264,600	\$264,600	\$1,145,550	\$1,009,771
	Total costs (risk-adjusted)	\$351,750	\$7,234,500	\$7,750,344	\$8,479,380	\$23,815,974	\$19,704,495

Transaction Fees To Ingo Money

As detailed above, consumers and small businesses that request instant check funding are charged a fee, with a portion going to the organization and a portion to Ingo Money. Fees cover costs for Ingo Money's real-time guaranteed check funding service.

Instant Check Funding Fees To Ingo Money: Calculation Table						
REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
D1	Total instant check funding revenue			10,152,000	11,421,000	13,536,000
D2	Percentage of fee paid to Ingo Money			50%	48%	45%
Dt	Ingo Check fees	D1*D2	\$0	\$5,076,000	\$5,482,080	\$6,091,200
	Risk adjustment	↑5%				
Dtr	Ingo Check fees (risk-adjusted)		\$0	\$5,329,800	\$5,756,184	\$6,395,760

Some checks are more difficult and complex and require additional manual reviews (manual). Manual reviews are performed to maximize check approvals and optimize the customer experience. Ingo Money's Risk Operations Center is staffed 24x7 to provide a personal review and relatively quick result (typically within two to three minutes). Ingo Money guarantees a 60-minute response, though the organization rarely sees any check take more than 30 minutes.

Digital Disbursement Fees To Ingo Money: Calculation Table						
REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
E1	Total number of transactions processed with Ingo Push services			1,952,500	2,059,000	2,165,500
E2	Average total fee per transaction charged to customer	Input		\$0.80	\$0.80	\$0.80
Et	Ingo Push fees	E1*E2	\$0	\$1,562,000	\$1,647,200	\$1,732,400
	Risk adjustment	↑5%				
Etr	Ingo Push fees (risk-adjusted)		\$0	\$1,640,100	\$1,729,560	\$1,819,020

For instant funding transactions, while ACH transaction fees are avoided there is an associated Ingo Push fee. While higher than ACH, the speed and convenience enable happier customers who use their account more, as highlighted in the Analysis Of Benefits section above.

Some transactions may require additional time and effort, meaning the share of fees for Ingo Money may be underestimated. To account for this risk, Forrester adjusted both Ingo Check and Ingo Push fee costs upward by 5%, yielding a cumulative three-year risk-adjusted total PV of \$16.2 million.

Implementation risk is the risk that a proposed investment may deviate from the original or expected requirements, resulting in higher costs than anticipated. The greater the uncertainty, the wider the potential range of outcomes for cost estimates.

Resource Time And Effort Costs

In addition to transaction fees to Ingo Money, the organization has invested time and money to implement instant money transactions to ensure that instant check and loan funding services are available in all locations, that all employees know how to talk about the services, and that customers (and potential customers) are educated about the services through advertising, marketing, and ongoing support.

Resource Time And Effort Costs: Calculation Table

REF.	METRIC	CALC.	INITIAL	YEAR 1	YEAR 2	YEAR 3
F1	Upfront planning, training, and other resource costs	Input	\$135,000			
F2	Training and marketing costs related to instant money services	Input	\$200,000	\$200,000	\$200,000	\$200,000
F3	Ongoing resources managing Ingo system (FTE)	Input		0.5	0.5	0.5
F4	Average annual resource cost	Input		\$50	\$50	\$50
Ft	Resource costs for instant money services	$F1+F2 + (F3 \times F4 \times 2080)$	\$335,000	\$252,000	\$252,000	\$252,000
	Risk adjustment	↑5%	□			
Ftr	Resource costs for instant funding services (risk-adjusted)		\$351,750	\$264,600	\$264,600	\$264,600

The total planning and implementation and ramp-up time was about 12 months (and about 2,700 total hours, with most of this time spent in the final four months of heavy implementation) and included the following to meet these goals:

- › Planning and development to update existing software, such as internal applications, the website, and the mobile app. “Ingo Money was great to work with, and it was relatively easy to set up,” said the bank services SVP. This step took place in the last six to nine months of the implementation period.
- › Internal education to ensure branches, managers, and executives understood the service and what changes would be required, while also explaining how the service would still meet all required regulations.
- › Employee training to help them understand the new process and teach them ways to talk with customers about the check-funding service and about opening new accounts.

“Ingo Money was great to work with, and it was relatively easy to set up.”

SVP, retail bank



- › Advertising and marketing to educate customers and potential customers about instant check funding and other new financial services.

Ongoing resource costs are minimal. Even though many employees interact with Ingo Money services (such as opening a loan or processing a check for a customer), nearly all of this effort is the same as previous check and account processes. To manage and maintain the Ingo Money solution integration (such as responding to support requests and reviewing transaction logs to identify improvement opportunities in the check and deposit process), only five employees are involved — and they only spend about 10% of their time on Ingo Money tasks, for an equivalent of one-half FTE.

- › Since resource costs may be underestimated, Forrester adjusted this cost upward by 5%, yielding a three-year risk-adjusted total PV of \$1 million.

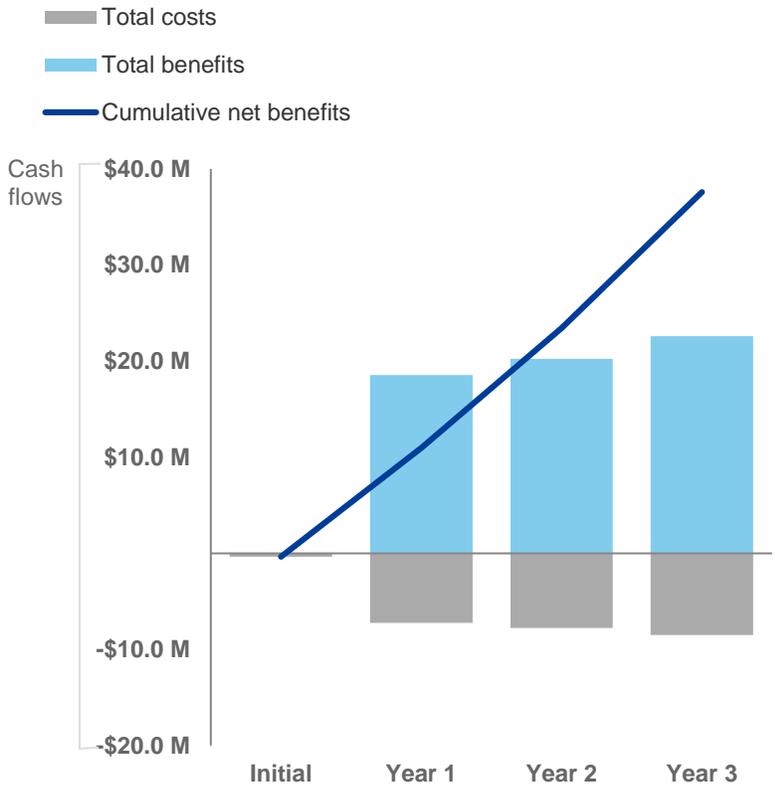


12 months:
About one FTE total implementation and deployment time, including new product development and advertising.

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.



These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Table (Risk-Adjusted)

	INITIAL	YEAR 1	YEAR 2	YEAR 3	TOTAL	PRESENT VALUE
Total costs	(\$351,750)	(\$7,234,500)	(\$7,750,344)	(\$8,479,380)	(\$23,815,974)	(\$19,704,495)
Total benefits	\$0	\$17,581,298	\$20,389,320	\$23,528,723	\$61,499,340	\$50,511,153
Net benefits	(\$351,750)	\$10,346,798	\$12,638,976	\$15,049,343	\$37,683,366	\$30,806,658
ROI						156%

Ingo Instant Money Services: Overview

The following information is provided by Ingo. Forrester has not validated any claims and does not endorse Ingo or its offerings.

Modern consumers move at smartphone speed, and they expect the same of their money. Traditional paper checks and ACH not only fail to deliver, they are a drag on a company's bottom line. Real-time digital disbursements are powering the arrival of the instant money economy within nearly every customer-facing sector.

Ingo Money is the instant money company. Founded in 2001 with a mission to digitize the paper check, the company's push payments technologies enable businesses, banks, and government agencies to instantly disburse safe-to-spend funds to more than 4.5 billion consumer accounts. Ingo Money has processed over \$15 billion in push payment transactions to date.

With Ingo Money, you can begin paying customers in the way they want to get paid, using the cards and accounts they already know and trust. Using push payment technology from Ingo Money, you can:

- › Eliminate the time, expense, and risk of cutting paper checks.
- › Lower costs and streamline operations.
- › Improve the payments experience and delight your customers.
- › Offer secure, immediate customer payment notifications.
- › Enhance reliability through redundant network connectivity.
- › Reach more than 4.5 billion consumer accounts.
- › Enable high-dollar transactions.
- › Launch a branded user experience in less than 90-days.

Ingo Money's turnkey instant money platform delivers everything needed to quickly begin issuing digital disbursements. Available as a simple Pay API or as a branded SaaS platform, Ingo Money provides:

- › **Regulatory compliance:** Built-in acquiring and settlement bank sponsorship plus compliance controls on a mature, regulatory-compliant platform.
- › **Risk management:** Multivariate user authentication, account verification, and transaction validation with 24/7 transaction and system monitoring.
- › **Redundant reach:** Independent, multinetwork connectivity to almost any debit, prepaid or credit card, mobile wallet, and cash pick-up location.
- › **Routing intelligence:** Intelligent BIN routing and automatic re-routing via alternate connections minimize transaction failures and maximize speed.
- › **Reconciliation and settlement:** Cross-party reconciliation services and a single, integrated pre-staged settlement simplify reconciliation.
- › **Research services:** End-to-end transaction processing visibility and support for customer servicing and dispute resolution.

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

Total Economic Impact Approach



Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.



Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.



Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.



Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.



Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



Payback period

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

¹ The Total Economic Impact™ Of Ingo Money: Instant Check Cashing Attracts New Customers And Lifts Bank Revenue, Forrester Consulting reported prepared for Ingo Money, August 2017.

² Ibid.