



Are You Still Paying Customers the Old Fashioned Way?

Five easy steps to pay people instantly
using any account they choose



The manner in which people want to be paid is undergoing rapid transformation. Companies that don't keep pace are going to find themselves out of favor with their customers.

Consider for a moment how innovation has reset consumer expectations for other experience as both mobile and instant.

Need a place to eat? Look it up on a phone. Have a trivia question? Ask a virtual assistant. Want to pay someone, split a bill, or get paid? Better deliver the same degree of speed and convenience.

That's because people's expectations have changed - they want to move quickly. Customers are used to making near instantaneous payments with the tap of a phone, wave of the wrist, or choosing whatever card they want. There is no turning back. Next up? Getting paid by their employer, insurer, lender, and others in the same fast, easy way.

"This expectation among consumers that things happen at web speed – payroll is not immune to that. They think, I worked today; I want to get paid today, too. We believe push payments are a way for ADP to create a more valuable financial services platform for gig workers and the employers who pay them."

Gary Lott, General Manager
Wage Payments, ADP

This speed and convenience for corporate disbursement is realized using push payments. Push payments are essentially debit transactions in reverse.

They leverage the same payment rails or networks, require the same levels of compliance and communication, and use the cards and accounts that consumers already know and trust today. Instead of consumers issuing a payment to a merchant, a company issues a payment to a consumer.

Within this eBook we'll share insights from industry experts as well as our clients and partners on the rise of push payments and share what to consider when it comes to selecting a technology approach.

"Fast isn't good enough. 'Fast funds' was last year's terminology. Now, it's 'instant money.' We're in the middle of a transformation. We'll look back in five years and say, 'remember when payments were slow?'"

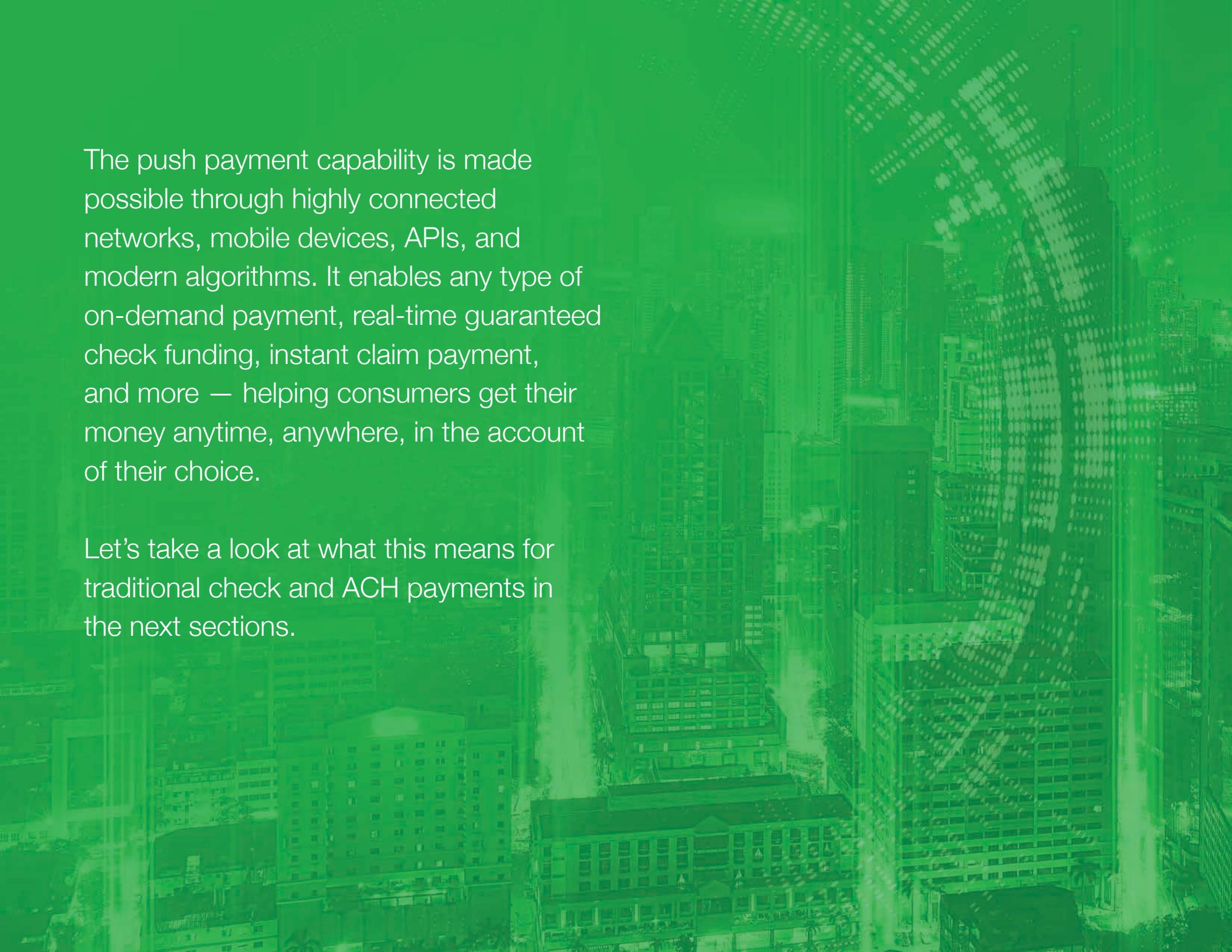
Cecilia Frew, Head of US Push Payments & SVP, Visa

What the experts say about push payments:

- 1. Stop using checks. Modern customers hate them.¹**
- 2. Focus on payment speed. Consumers are used to life at digital speed.²**
- 3. Allow customers to choose any financial account. OnDeck focuses on debit cards as that's what their customers want.³**
- 4. Push payments are a differentiator. Turnkey systems enable you to get to market in 90 days.⁴**
- 5. Make sure you have a high success rate at reaching the customer's account. The first customer experience is a big deal at creating delight and loyalty.⁵**

Sources:

1. "2017 PYMNTS Disbursement Satisfaction Index"
2. "Digital Reinvents the Rules of Business" , Brendan Miller, Principal Analyst, Forrester, May 2018
3. "OnDeck Collaborates with Ingo Money and Visa to enable real-time Loan Funding to Small Businesses" press release, October 2017
4. "Pushing Payments Over The Last (Digital) Mile", pymnts.com, May 22, 2018
5. "What's in a name? Faster payments." pymnts.com, March 2, 2018



The push payment capability is made possible through highly connected networks, mobile devices, APIs, and modern algorithms. It enables any type of on-demand payment, real-time guaranteed check funding, instant claim payment, and more — helping consumers get their money anytime, anywhere, in the account of their choice.

Let's take a look at what this means for traditional check and ACH payments in the next sections.

Killing the Check to the Delight of Customers (and Finance)

There's no disputing that the check is the primary way businesses pay people today. In fact, business to consumer check disbursements in 2017 were more than four times debit and credit card based payments. This is largely because it has been around so long and because people are so familiar with it – everyone will accept a check.

But will they like it? The answer is a resounding no. That's because there is also no dispute that the check is one of the slowest and most expensive ways to pay people. Paper checks are nearly universally despised. According to PYMITS.com's Q2 2017 Disbursement Satisfaction Index, checks are dead last when it comes to popularity. In fact, according to PYMITS.com, the check had a dismal 4.4 satisfaction score out of a possible 100.

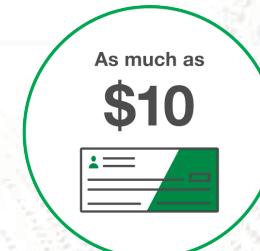
ACH (Automated Clearing House) was initially seen as an answer to the paper check conundrum. But while ACH deposits are marginally faster because they do not require being mailed or delivered to the bank, they present their own challenges. **An ACH transaction is laborious to setup, requires a consumer to know and share sensitive data like their bank routing and account numbers, and can still take 3-5 days to full settle.** The recurring nature of payroll makes ACH for direct deposit a better option than paper checks, but the advantage is negligible to nonexistent for almost every other type of payment.



Consumers' disbursement satisfaction score for paper checks



Amount of time ACH transactions can take to settle



Cost to issue a single paper check

Consumers are used to life at digital speed. They expect to click or swipe and be done with it. ACH cannot deliver this. Push payments are the only 24/7, instant funding method available to businesses today.

But it's not just the consumer experience that is a driver for push payments. Paper checks are also quite expensive for companies to issue. They are expensive to produce, manage, mail, reconcile, and, inevitably, reissue when consumers claim they never received the checks. Then there are stolen checks and other security-related issues that are bound to arise when dealing with paper and complex processes.

Some studies estimate the cost of a single paper check is as much as \$10 to issue. Push payments are a tiny fraction of this cost, while delivering better tracking and security.

The success of push payments is also a matter of customer loyalty. As customers, vendors, and others come to expect payment in real-time, organizations will be able to differentiate themselves by pushing a payment straight to the account of the payee's choice.

Every consumer already has everything they need to receive a push payment in their wallet today



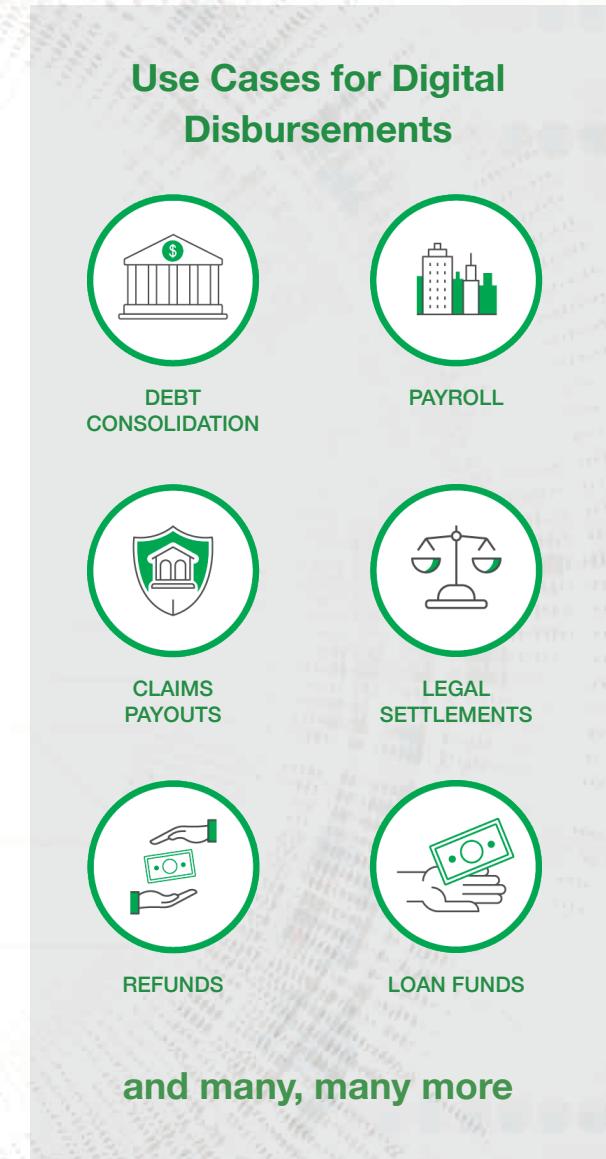
Faster Loan Funding Use Cases and Innovator Examples

Any organization that issues disbursements - bank, insurer, lender, retailer or other – invests heavily in the customer experience. From branding and advertising to attract customers, to the initial customer contact experience, to actual service provided. But then, when it comes time to fund that personal loan or pay an insurance claim or issue a refund, the customer waits. And they wait. And they wait even longer. Even “same day” ACH is slow by consumer standards. Worse, it’s not really “same day” because it’s a batch payment and is not completed 24/7. In fact, many times they are actually next day or second day payments.

Customers are becoming increasingly vocal that they simply will not wait any longer for their money.

They don’t have to wait for their food, to find a ride, or to discover the name of that new song playing on the radio. Why should they have to wait for money that rightfully belongs to them through a freelance gig, a loan, or insurance claim payment?

In fact, people in those situations typically need the money and they need it right away. But that’s not the traditional experience of most customers when it comes to loan proceeds, insurance claims, invoice payments, contractor payments, or other disbursements.





The nation's largest online lender to small business, OnDeck, gets it. OnDeck recently announced its agreements with Ingo Money and Visa to enable real-time funding of loans to small businesses using their debit cards.

This has made OnDeck the first company in the online lending industry to provide its customer's real-time access to capital to the small-business debit card of their choice. OnDeck is pioneering this approach to meet the demands of their customers. Improved cash flow and more rapid payment experiences are a competitive advantage for small businesses.

According to a recent survey, 70 percent of small business owners have a small business debit card, and 87 percent of those without debit cards said they would get a new debit card if it meant receiving real-time transfers.

This is why OnDeck chose Ingo Money's technology platform as a way to disburse loan proceeds securely and in real time to credit customers. Ingo Money's real-time push payments platform enables companies to offer an instant payments experience that can reach any consumer or small business with a debit card.

"By partnering with Ingo Money and Visa to deliver real-time capital to our customers, we will empower small businesses in the next decade to achieve their goals with the fastest and most flexible credit solutions in the market."

Noah Breslow, CEO

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Disruption Can Be Seamless

One compelling advantage of push payments is that this disruptive new capability doesn't have to be disruptive to the business. In fact, using Ingo Money's Instant Money as a Service platform, deployment can be painless.

"Instant Payments are a compelling business case. You have the ability to layer on a solution that is no risk to you, makes policyholders happy and might save you money. It's a quick win."

Jay Sarzen, Senior Analyst, Aite Group

Ingo Money provides three convenient integration options:

- A simple, lightweight API that supports push-payment transaction origination by a two-step sequence of calls invoked upon the receipt of payment instructions;
- A PCI-compliant, software-as-a-service branded user notification and payment claims interface that captures recipient account data and payment-destination preferences; and
- An iframe component service that provides secure, PCI compliant platform integration with tokenization.



Using any of these simple integrations, Ingo Money's Instant Money as a Service is typically deployed within six to eight weeks.

For those organizations that choose to manage and provide their own instant-payment capabilities, expect to invest considerably in the effort. Aside from coding direct to dozens of separate payment networks, companies must carefully navigate complex regulatory and bank compliance requirements. Not to mention having to build the security, reconciliation and settlement, payment routing, and problem-resolution capabilities. Most organizations either don't have this expertise in-house or don't want to take the time and money necessary to build, manage, or pay for these capabilities.

Through Ingo Money, organizations can tap one simple turnkey service to quickly begin paying anyone anywhere, instantly and securely to more than 4.5 billion different consumer accounts.

This push payment functionality will modernize your disbursement infrastructure, enhance your brand, and improve the customer experience.

"Forrester saw three significant economic benefits of push payments technology when studying Ingo Money's customers: new transaction revenue, bringing in new customers, and building loyalty with customers."

Sean Owens, Principal Consultant, Forrester

Real-time Money Movement is Hard. We Make it Easy!

As consumer attitudes evolve and the instant mindset becomes the norm across industries, companies must deploy a payments disbursement system to match.

The combination of Ingo Money and Visa's push payments technology, support and expertise makes it fast and easy for companies to modernize their disbursements infrastructure and experience. With Instant Money as a Service, you can pay anyone, anywhere, for anything in an instant with real-time, secure funding to more than 4.5 billion consumer accounts, plus cash out disbursement locations.

To learn more about how push payments can delight your customers while saving you operational time and costs, visit biz.ingomoney.com or email Instant@IngoMoney.com to schedule 20 minutes with one of our payments experts today.

