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THE CHECK ISN'T IN THE MAIL. As consumers embrace electronic payments, your B2C receivables solution needs to be more than a lockbox.

By Gregory J. Cicero, senior vice president, Department head, Mellon Working Capital Solutions

Until the late 1990s, when your consumer payers told you “*the check is in the mail*”, you couldn’t do much other than wait a few more days for the payment to arrive. Chances are, you heard that line frequently — and in some circumstances — you probably discovered that the check had never been sent.

Fortunately, you shouldn’t hear that hackneyed excuse for late payment as often today — *if* you are offering your consumers a sufficient array of electronic payment alternatives. So if your B2C receivables strategy consists solely of a lockbox — or, if your customers aren’t exactly flocking to the electronic payment alternatives you currently offer — you probably need to reassess your solution.

Most companies find that they must balance the need to cost effectively process diminishing — but not disappearing — check payments (a process that relies heavily on technology and infrastructure) *and* to offer a variety of convenient, secure and efficient electronic payment vehicles. Designing the right solution for *your* customers can not only help you increase on-time payments and accelerate your access to cash, but can also assist you in bolstering customer satisfaction.

That’s why Mellon Financial Corporation recently acquired ClearTran — one of the country’s leading providers of consumer electronic bill pay solutions and, at the same time, continues ongoing investment in building our Retail Lockbox capabilities.

How would you like to pay for that?

Today, nearly every business, regardless of its offerings, asks payers this seemingly simple question. But, as the

array of payment options increases, some consumers don’t necessarily find the answer to be quite so elementary.

This gives businesses an opportunity to guide clients to the solution(s) that: (a) make the most sense for the company; and (b) have the best chance of customer acceptance. Of course, this generally means that companies suggest fast, economical electronic alternatives that accelerate their access to cash. How likely they are to succeed depends on many factors like the typical size of incoming payments, the company’s ability to market electronic payment programs, and the composition of their customer bases (e.g., age, income level, education, etc.). Designing the optimal solution is an art and a science. Often, companies need help.

Today, your consumers can pay you electronically...

As more consumers employ electronic payments, companies have reaped the benefits of faster cash flow and their payers have found convenience, speed and reliability as well.

Through our new relationship with ClearTran, Mellon WCS clients can accept and manage electronic check (ACH) and credit and debit card payments enterprise-wide, via mechanisms including Web sites, automated voice systems, call centers, walk-in payment centers, automated recurring payments, and more. Our B2C experts work one-on-one with clients to select and implement the methods that make the most sense for them and their payers.

Mellon WCS can also help when an existing electronic payment process is not working as well as hoped for.

Take, for instance, “check and list” exception items (i.e., checks that arrive in a lockbox with a list of payment originators with or without payment stubs) that have to be removed from automated processing. In this case, Mellon’s CER (Consumer Electronic Receivables) service can eliminate this issue by letting you receive electronic payments directly from consumer service providers (CSPs) — the third parties that originate consumer electronic payments — via the ACH or MasterCard® RPPS networks. The payments can be received in a variety of formats — lockbox, EDI or NACHA file transmission — to reduce costs, accelerate cash flow, enhance posting accuracy and timeliness and reduce delinquencies and customer service costs.

In addition, recent enhancements to CER add value by detecting and working to correct consumer data entry errors at the point of payment and by helping companies that have undergone a merger or acquisition or are installing a new billing system address issues commonly associated with mass account number conversions.

Or, they can still write you a check...

Undoubtedly, some of your customers still use checks. It follows that you still need a lockbox solution, whether in-house or outsourced. But technology has changed the face of lockbox by speeding the process, while at the same time, improving quality, access to payment information and control. Thus, a state-of-the-art lockbox can serve as more than a central point of receipt.

Mellon’s lockbox service not only enables you to collect payments near your payer locations nationwide, but also lets you:

- **Convert incoming paper payments to ACH debits using Accounts Receivable Check Conversion** enabling you to speed processing and help you quickly address issues such as closed accounts and NSF.
- **Resolve exception items** — which can account for up to 20 percent of your incoming payments — **on a same-day basis via a secure Website.**

- **Reduce the amount of paper correspondence you receive** using our correspondence imaging option.
- **Use image to route/share document images** to support decision-making.
- **Be notified by phone, pager, e-mail, fax or wireless device when an important transaction** — for instance a sizeable payment — **is received.**

So, today’s lockbox is really about accelerating your paper collections, delivering timely information to support decision making, and shaving administrative time and costly manual labor off your process.

Design a B2C solution that is right for you and your consumer payers

To meet the distinct needs of our customer base, which includes mortgage companies, automotive companies, utilities, healthcare organizations, insurance providers, retailers, colleges and universities and many others, Mellon Working Capital Solutions (WCS) offers one of the industry’s most comprehensive B2C solution sets. With 50 years of experience to draw from, the spectrum of our services extends from “traditional” retail lockbox to automated/image-enhanced lockbox to abundant innovative electronic payment options that enable consumers to pay via numerous electronic means. Drawing on this portfolio, we help companies stay a step ahead of the electronic payments revolution and provide their consumers with the options they want. It’s just one more reason we continue to be recognized as the provider unsurpassed for customer satisfaction in independent industry surveys.

I would welcome the opportunity to talk with you about your B2C receivables challenges and opportunities. Feel free to call me at (412) 236-9085 or send me an e-mail at cicero.g@mellon.com.

