Reducing the Costs of **Disbursements**

With prepaid card solutions

2015 Governmental Account and Financial Management Update

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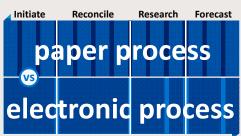


Bank of America **Merrill Lynch**

Electronic payments

Bank of America Merrill Lynch

Leading companies are taking advantage of the up to 75% cost savings by going from paper checks to electronic payments



Average cost per check payment³

or less internal cost for electronic payments

Paper to electronic (P2E) consumer payments mean more "green" to your bottom line

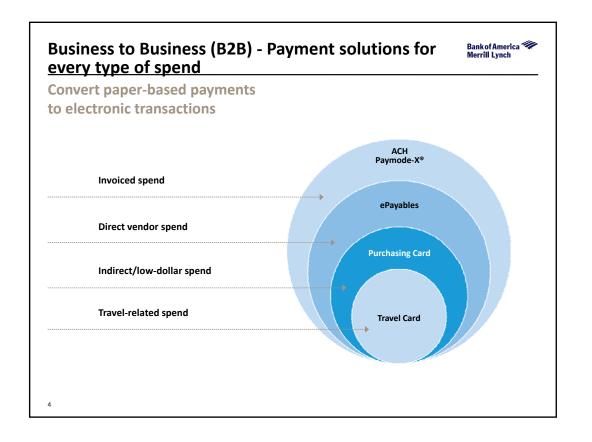
Because trees remove carbon dioxide from the earth's atmosphere, cutting them down to produce checks actually speeds up climate change (a tree can only produce, on average, 17 reams of paper and takes about 100 years to grow¹). The benefits of going paperless are enormous. Going electronic for payments means fewer file cabinets in the landfill, fewer printer cartridges and less ink and toner.



of respondents cited reducing overall processing costs was the top factor for driving a focus on electronic payments²

1. 2/2015 http://paperlessproductivity.com/eco-impact/ 2. Electronic Supplier Payments; PayStream Advisors Q3 2013
3. Anecdotal estimates shared with us by our clients have ranged as high as 255 per payment. In recognition of the variability of costs across our clients and of the presumed partial cost offset offered by check float, Bank of America hypically references a conservative seriantee of 54 per check when discussing the potential benefit of electronic payments.

Bank of America 🤏 Merrill Lynch Electronic payments help with fraud prevention "Companies are moving away from manual, paperof companies surveyed experience attempted or actual payments fraud1 based payments to help deter fraudulent activity."1 reported checks were the primary target for fraud attacks at their companies1 Solutions being implemented **Common cases of fraud** Altered checks Hacked systems Digital disbursements Organized crime Spyware ACH positive pay solutions Malicious insiders Card solutions Check outsourcing "As the EMV is adopted in the United States, and credit cards become a less attractive payment method to attack, fraudsters will follow the path of least resistance: checks." 2 2014 AFP Payments Fraud and Control Survey KOFAX White Paper • Verify Checks in Real-Time: Meet Customer Expectations While Reducing Fraud, 1/2015



Business to Consumer (B2C) - Options to replace costly paper checks





B2C Payment profile

- Used for non-recurring and recurring payments
- Most cost effective payment method if customer will share account information
- Broadly used, highly reliable
- Robust remittance capabilities
- Bank account required
- Submit payments online or via transmitted file

Anticipated benefits

- Establish recurring payments to reduce cost
- Pay on the next or a future business day—you set the date
- Electronic deposit on an automated basis
- No lost or stolen checks

Prepaid Card

ACH Transfers

(Automated Clearing House)



- Use for recurring and non-recurring payments
- Established payment type—accepted worldwide
- Faster and less costly processing when compared with paper checks
- No bank account required
- Provides a branded reminder in your customers' wallet
- Fast and easy to use—on an automated basis requires less manual intervention than checks
- Provides greater security then paper checks

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BofAML Prepaid Cards





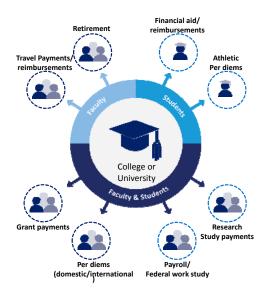
- Streamline administration by eliminating difficult, time-consuming reconciliation process
- Reduce expenses reduce costs associated with check production, reconciliation, bank fees and customer replacement requests
- Reduce risk exposure eliminates check fraud exposure and improves audit reporting
- Security/safer than cash improves safety, fraud protections and provides 24/7 customer care. If lost or stolen, the unspent amount can be replaced
- More choices & convenience Unlike gift certificates and checks, customers have access to use funds wherever Visa or MasterCard debit cards are accepted
- Online activation and balance availability –
 Cardholders can activate their cards immediately
 and have 24/7 access to their available balance



BofAML Prepaid Cards for Higher Education

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 Meeting the same benefits of regulatory compliance, streamlined administration, reduced expenses, reduced risk exposure, security/safer than carrying cash, more choices & convenience, online activation and balance activity



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Bank of America Government Prepaid

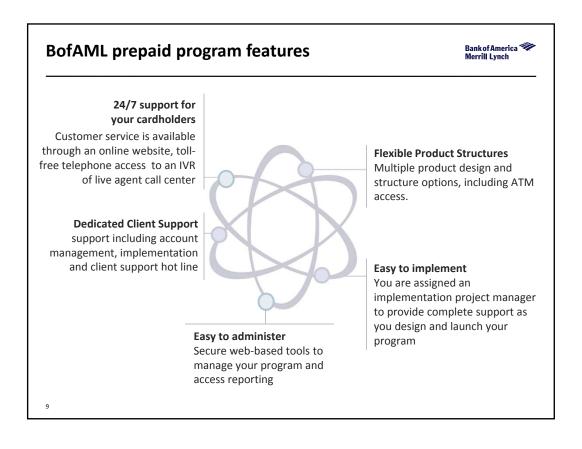
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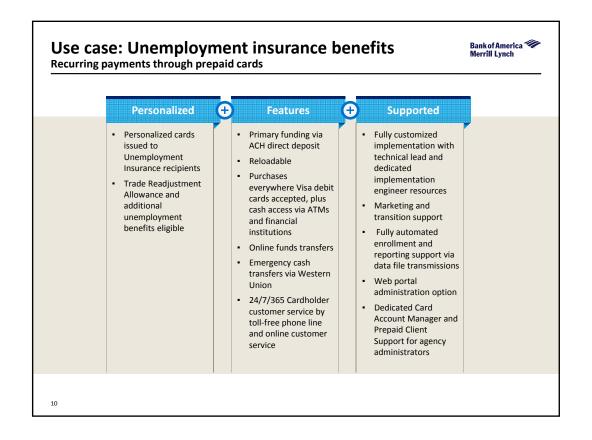
Current State-level Bank of America Programs:

- ☐ State of Arizona Payroll, Retirement, Unemployment, Child Support
- ☐ State of California Unemployment, Disability
- ☐ State of Georgia Income Tax Refund
- ☐ State of Iowa Unemployment
- ☐ State of Kansas Unemployment
- ☐ State of Maryland Child Support, Unemployment
- ☐ State of Michigan Unemployment
- ☐ Commonwealth of Massachusetts –Unemployment, Child Support
- ☐ State of New Hampshire Payroll
- ☐ State of New Jersey Unemployment, Disability, Payroll
- ☐ State of New York Income Tax Refund
- ☐ State of North Carolina Unemployment (Launch July 2015)
- ☐ State of South Carolina Unemployment, Income Tax Refund
- ☐ State of Texas Payroll
- ☐ State of Virginia Lottery
- ☐ State of Washington Child Support









Use Cases: Per diems & research study payments



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Under Construction

Per Diems

Student & Employee Per Diems

- Supports consumer-owned funds study abroad, NCAA athletic per diems, student activity programs, infrequent traveler
- Supports business-owned funds athletic department coaches/managers, grant funds
- Personalized cards w/mail delivery order cards as you need them; we personalize and mail them to the cardholder; logo option
- Instant issue cards non-personalized, nonloaded/non-activated, can upgrade to personalized cards
- Reloadable or one-time issuance; Point-ofsale and/or cash access
- 24/7 enrollment & funding via web-based tool
- Client reporting package
- Escheatment liability shifts to bank
- 24/7 cardholder customer service, with FDIC insurance and zero liability coverage (consumer funds programs)



Research Study Payments

Student & Consumer Payments

- Supports registered, anonymous or self-service reward cards
- Personalized cards w/mail delivery order cards as you need them; we personalize and mail them to the cardholder; logo option
- Instant issue cards non-personalized, nonloaded/non-activated, can upgrade to personalized cards
- Reloadable or one-time issuance; Point-of-sale and/or cash access
- Anonymous cards no cardholder data passed, instant issue non-reloadable, maximum value \$1,000.00, cash access ONLY
- 24/7 enrollment & funding via web-based tool
- Client reporting package
- · Escheatment liability shifts to bank
- 24/7 cardholder customer service, with FDIC insurance and zero liability coverage



Electronic Funds Transfer Overview Electronic Funds Transfer 101 EFT Master Services Agreement EFT Fee Schedule Standard NACHA Format

EFT Frequently Asked Questions nternational ACH Transaction (IAT) Rules

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How to Participate

How to enroll in the program

Start by visiting the Office of State
Controller's website http://www.osc.nc.gov/
Under the programs tab select Electronic Commerce.

2 Then select EFT Services from the left table of contents and then Enrollment and Forms.

3 Complete the Agency Participant Agreement and Participant Setup Form. OSC and Bank of America associates are available to review the setup form.

Upon receiving the approved form from the Office of the State Controller and
 Department of the State Treasurer, Bank of America associates will contact you to review program options .

Programs

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Questions & Open Discussion



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