

Electronic Payment Options A Comprehensive Solution

2019 OSC eCommerce Conference

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April 17, 2019



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The move away from paper payments



Top reasons cited for P2E Migration¹

Increased efficiency **88%**

Reduced costs **82%**

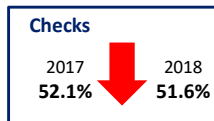
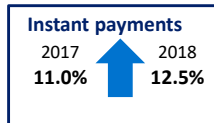
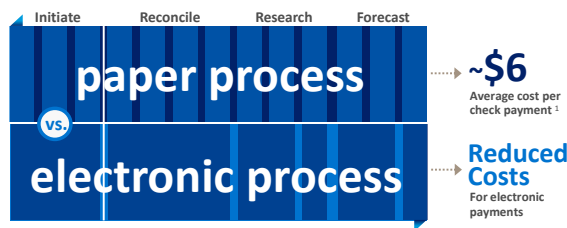
79%

Working to achieve P2E check conversion¹

Check challenges driving decline:

- Increasing cost of paper processes—including postage costs
- Slow to reach customers—perceived as poor customer service
- Losses from fraud and theft—plus the additional costs for stop-payment and reissues

Non-cash payments are growing while check payments decline*



1. 2015 AFP Payments Cost Benchmarking Survey. Best Estimated Cost for issuing a paper check on a per item basis—mean: \$5.91, median: \$3.00

1 | <https://www.pymnts.com/disbursements/2018/disbursement-satisfaction-index-convenience-certainty-choice-payment-methods/>

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B2C options to replace costly paper checks

Paper-to-electronic solutions



Solutions have evolved to lower your costs while **increasing customer satisfaction**

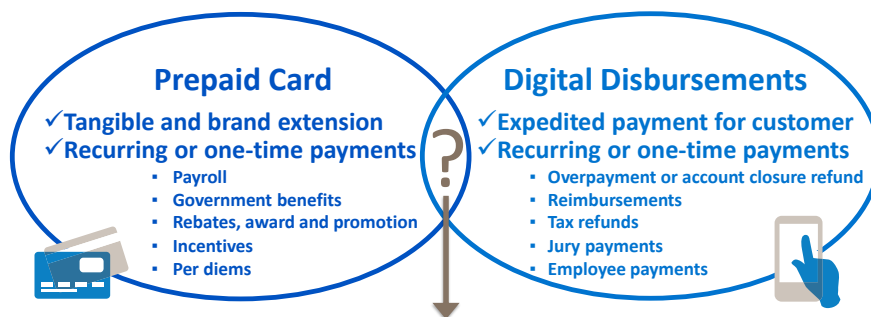
	Payment Profile	Anticipated Benefits
ACH Transfer <small>(Automated Clearing House)</small> 	<ul style="list-style-type: none"> ▪ Recipient must provide bank account info ▪ Robust remittance capabilities ▪ Credit push and debit pull 	<ul style="list-style-type: none"> ▪ Most cost effective electronic payment method ▪ Broadly used, highly reliable ▪ Flexible payment value date
Prepaid Card 	<ul style="list-style-type: none"> ▪ Use for recurring and non-recurring payments ▪ No bank account required ▪ Established payment type—accepted world-wide 	<ul style="list-style-type: none"> ▪ Full escheatment management ▪ Faster, less costly than check and more secure than cash ▪ Provides a branded reminder
Digital Disbursements 	<ul style="list-style-type: none"> ▪ Best for B2C non-recurring payments ▪ U.S. bank account required—but NO account info needed ▪ Use email or phone number for payment file 	<ul style="list-style-type: none"> ▪ Innovative, customer-centric option provides fast payment ▪ Eliminates need to ask for and store bank account info ▪ More predictable settlement than checks

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Addressing your payment needs

Determining which B2C solution is the best fit



Although it seems like there might be overlap, usually one of the solutions is preferred for a specific use.

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Prepaid Card Solutions



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Commitment to Prepaid



Global brand recognition. Strong national footprint.

20 years Experience in prepaid solutions	\$20bn Disbursed annually	TOP FOUR ISSUER COMMERCIAL PREPAID PROGRAMS 2018 Nilson Report
99.99% Authorization uptime	25mm Transactions processed monthly	BEST IN THE INDUSTRY PREPAID GOVERNMENT PROGRAMS 2017 Survey, National Consumer Law Center
\$100+mm Invested since 2010	100% Call Center availability	GREATEST GAINS AUTHORIZATION APPROVAL RATE, POS USAGE, PORTFOLIO GROWTH AND GROSS FRAUD RATE REDUCTION 2018 VISA DPS Client Achievement Awards



- Strong relationships and understanding of regulatory environment
- Industry-leading reputation and world-class service capabilities
- Zero Liability Coverage, FDIC insured accounts
- Fair and reasonable cardholder fees
- Largest bank-owned ATM network with 16,000+ locations nationwide

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Getting started with Prepaid

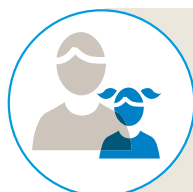


Who can you pay with Prepaid Card?



Employees

- Payroll
- Retirement/Pension
- Per diems
- Payments/Reimbursements
- Incentives/Rewards
- Workers Compensation



Recipients

- Unemployment/Disability
- Tax Refunds
- Child Support
- Refunds/Disbursements
- Financial Aid/Title IV Payments
- Per diems – domestic and study abroad
- Research Study Participant Payments

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Valuable benefits of prepaid card vs. check



Reduced Costs

Eliminates check processing expenses; reduces bank fees and account reconciliation costs



Reduced Risk

Mitigates the liability/cost associated with cash or lost or stolen checks



Streamlined Administration

Successfully helps integrate electronic payments, while improving staff productivity



Better Efficiency

Quicker and more successful reconciliation of funds than through paper-based, manual methods



Improved Transparency

Easier to monitor disbursements to show effective management and accountability



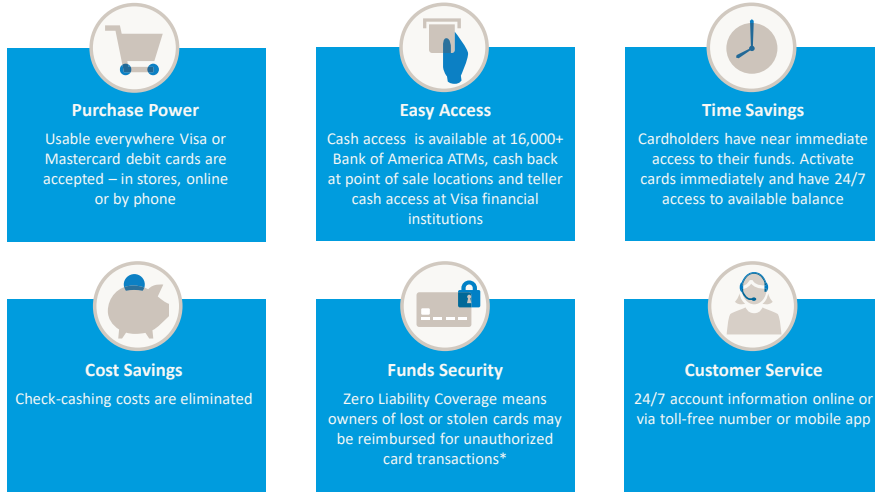
Regulatory Compliance

We manage the escheatment process and compliance state regulations.

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Valuable benefits of prepaid cards for cardholders

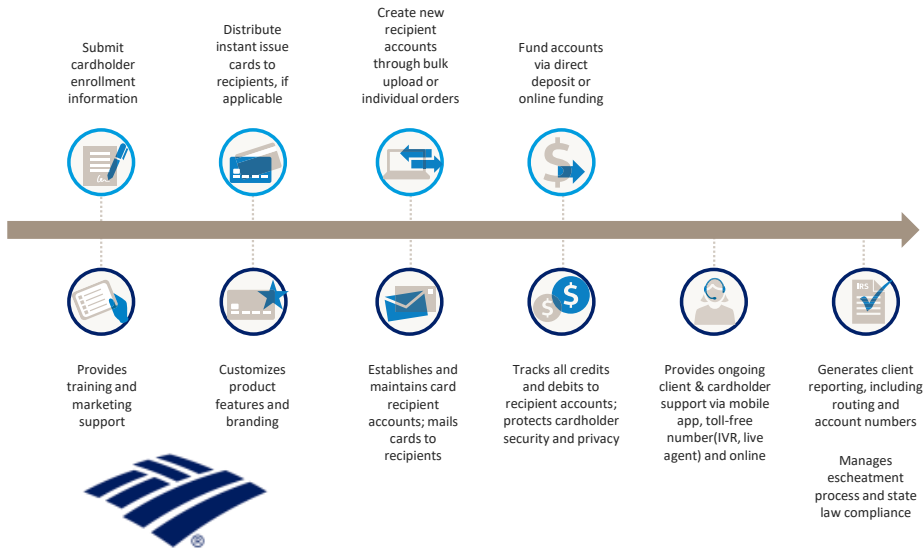


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*Subject to certain terms and conditions set forth in the cardholder deposit agreement

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How our Prepaid program works



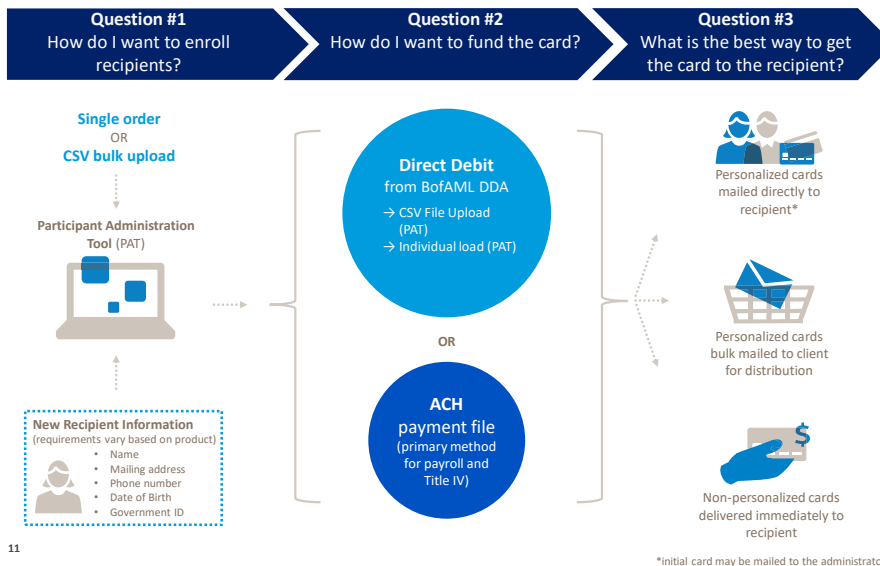
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Account enrollment and funding



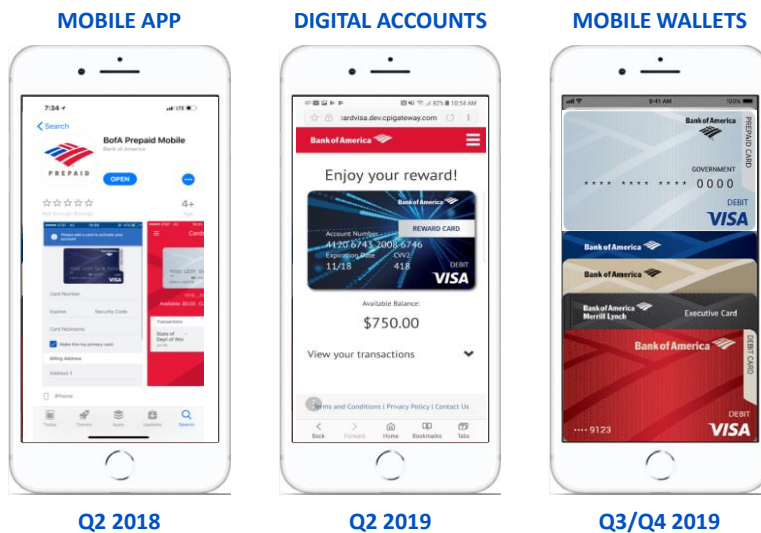
A simple process, from payer to payee.



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Prepaid digital roadmap



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Digital Disbursements



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Digital Disbursements Overview



Distribute funds electronically

Recipients receive payments more quickly

To anyone with a U.S. bank account

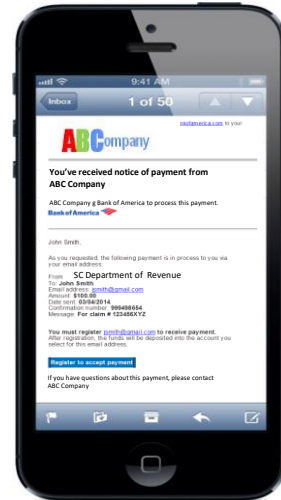
Higher customer satisfaction

Using their mobile phone number or email address

Potentially reduce payment expenses



No need to obtain recipient bank account information



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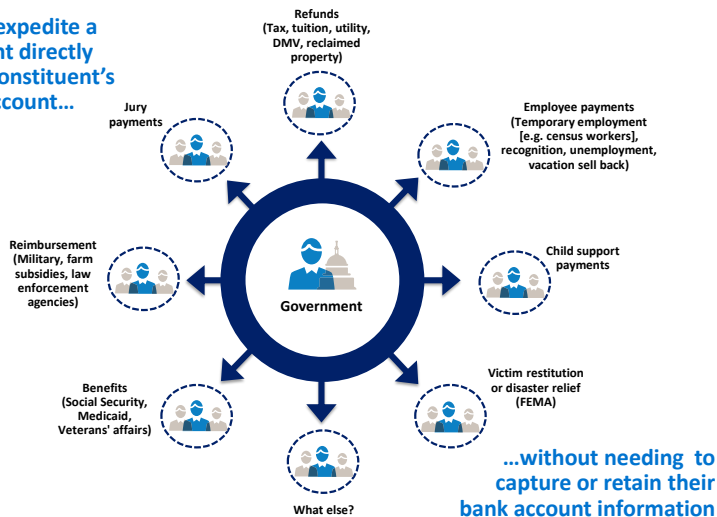
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Digital Disbursements for the public sector



Employee and constituent applications

Use to expedite a payment directly into a constituent's bank account...

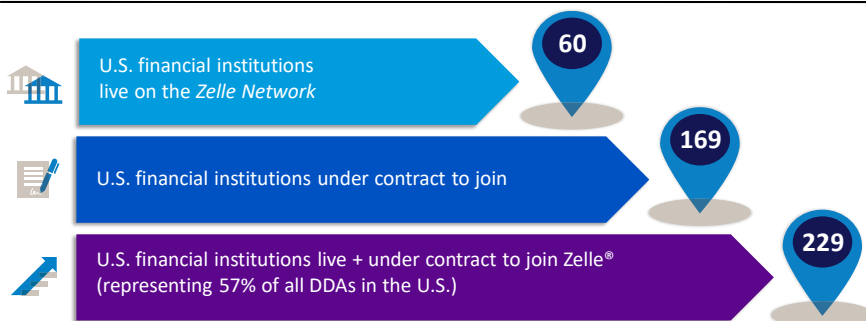


...without needing to capture or retain their bank account information

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The Zelle Network[®] is growing rapidly



Why is network growth important?

Growth drives user adoption
When participating banks and credit unions make Zelle available to their Mobile app and online banking services, they typically market Zelle capabilities to their consumer customers.

FAST PAYMENTS
When the recipient is already enrolled, payments arrive fast, typically within minutes

16 All Data: Q4 2018 Zelle Quarterly Statistics
Zelle and the Zelle related marks are wholly owned by Early Warning Services, LLC and are used herein under license.

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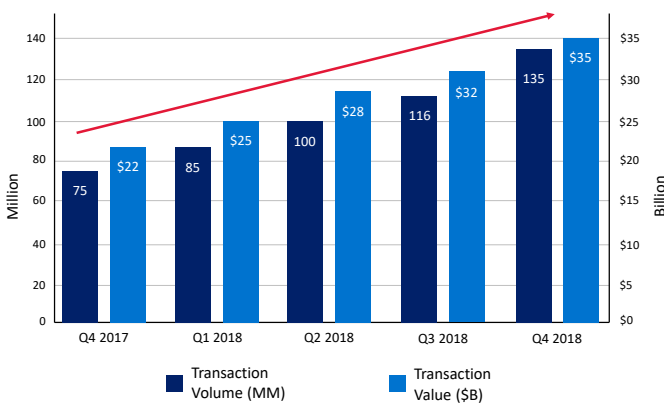
Growth

Onward and upward with rapid adoption



Strong market traction

Fast Fact: The Zelle Network® celebrated its 1st year of operation in June 2018. The network has achieved significant growth since launch.



84 Million
tokens enrolled



100,000+
new U.S. consumers
enrolling daily

17 All Data: Q4 2018 Zelle Quarterly Statistics
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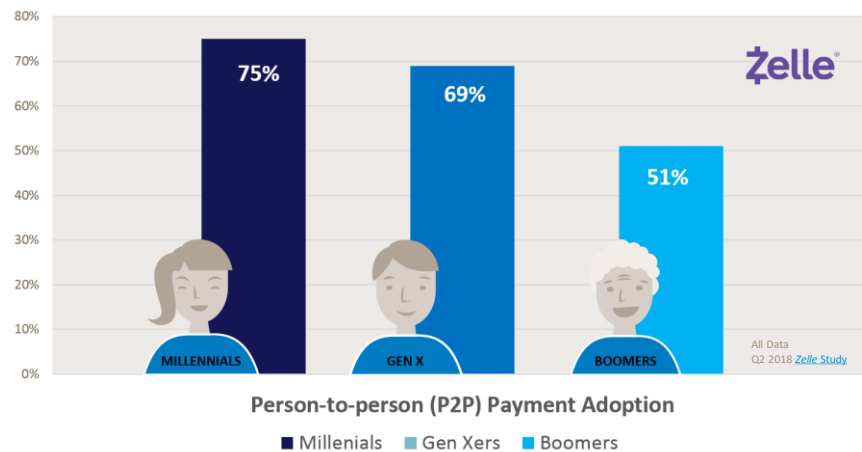
Zelle adoption and demographics

Not just for millennials



Gaining popularity across ALL generations

Significant research across 9,000 U.S. mobile-savvy Millennials, Gen Xers and Boomers who own smartphones proves mobile payment platforms are gaining traction.



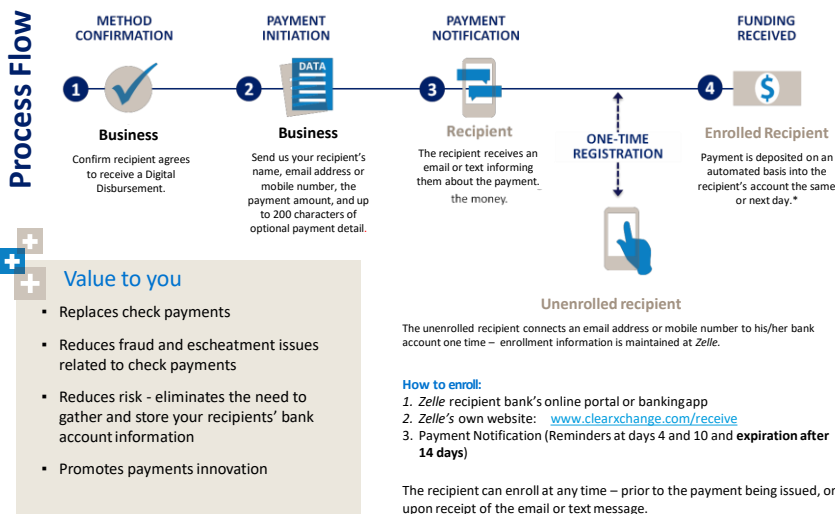
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Digital Disbursements (via Zelle®)



How the program works



* Please note: Refers to period of time during which payments are generally available. Enrollment required. Payments can arrive as quickly as minutes or may take up to three business days. Actual times may vary. Must have a bank account in the U.S. to use Zelle.

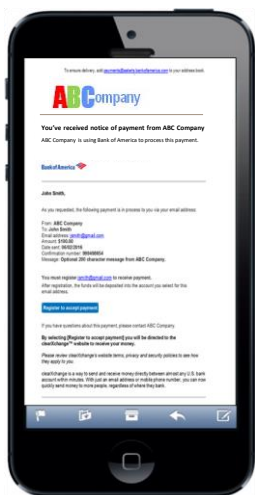
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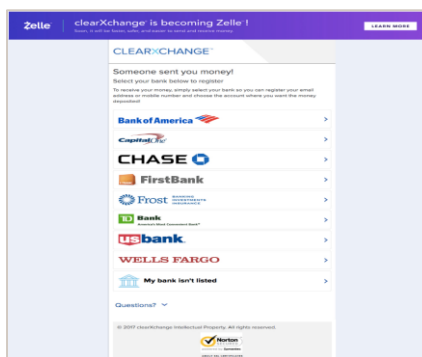
Digital Disbursements Notification to unenrolled email recipients



1 Unenrolled recipients receive notification of funds with a call-to-action to enroll to accept the funds.



2 After choosing their bank to enroll in the service, they are able to accept funds.



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Digital Disbursements

Notification to registered recipients (Bank of America customer example)



Registered recipients receive notification and the funds are deposited same or next business day.*



* Refers to period of time during which payments are generally available. Enrollment required. Payments can arrive as quickly as minutes or may take up to three business days. Actual times may vary. Must have a bank account in the U.S. to use Zelle.

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Digital Disbursements by the numbers



From initiation to receipt
85%
of registered and unregistered users receive payment in
less than 24 hrs

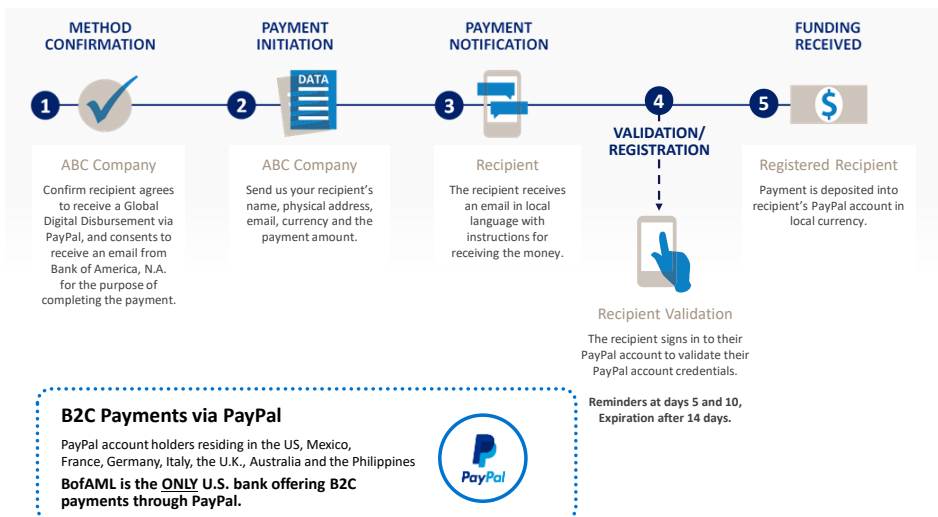
68%
of registered recipients are at On-Us and In network banks
and receive payments within
5 minutes

The average transaction value is
\$2,200
with the highest transaction value being
\$2.7 MM

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Global Digital Disbursements (via PayPal)

How the program works



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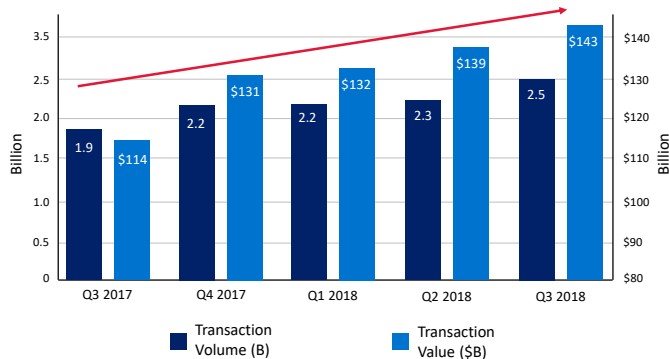
PayPal Growth

Increasing prevalence as digital payments take off globally



Established global coverage

Fast Fact: The PayPal platform, including Braintree, Venmo and Xoom, enables receipt of money in more than 100 currencies.



200+
countries & territories



254 Million
active account holders

24 Source: PayPal Quarterly Statistics; account holders and market presence as of Q3 2018

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Application Program Interface (APIs) for Global Digital Disbursements



APIs are **sets of routines, protocols and tools** for building software applications. APIs provide **a way to connect computer software components**.



Establish protocols for interaction of both integrated and disparate technology components



Define interfaces by which components or systems communicate



Describe the data exchange between components

Advantages	Security	How APIs can be used
<ul style="list-style-type: none"> ✓ Speed and convenience ✓ Direct interface without a website ✓ Flexibility to connect from mobile apps or other sources 	<ul style="list-style-type: none"> ✓ Dynamically generated security tokens and URLs ✓ Limited access to page sources 	<ul style="list-style-type: none"> ✓ Initiate payments ✓ Request payment status ✓ Receive payment status ✓ Cancel payment requests



Client via desktop, mobile, or tablet



Connect via API to send payment instructions, receive payment status & issue payment cancellations



Recipient receives email and takes necessary steps to accept payment



Recipient receives payments via PayPal or Zelle¹

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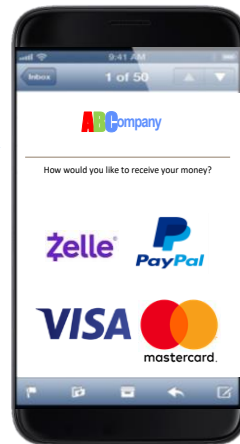
Beneficiary Choice



As payment preferences change, consumers value the ability to choose from a variety of convenient payment options.



Changing consumer payment preferences:



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U.S. Real-Time Payments

A new way to receive payments with speed, messaging capabilities and immediate availability.

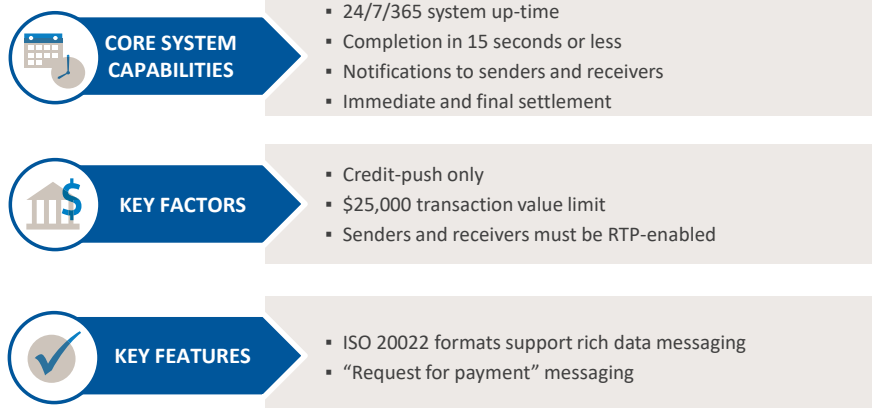
Bank of America
Merrill Lynch

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U.S. Real-Time Payments – an overview

Bank of America
Merrill Lynch

The Clearing House Real-Time Payments system is the first new payments rail in the U.S. in over 40 years.



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Data and information



The integrated capabilities of RTP can unlock processing efficiencies and new business opportunities.


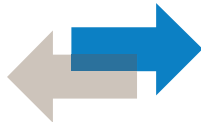


<p>Streamlined reconciliation of payments and receipts</p> <ul style="list-style-type: none"> ▪ Unique identification numbers connect related messages ▪ Failed messages reject on origination for immediate repair 	<p>End-to-end paperless interaction</p> <ul style="list-style-type: none"> ▪ Remittance data travels with payment or request ▪ Requests for information and acknowledgments reduce burden on service teams ▪ Alerts and notifications in line with increasingly mobile expectations 	<p>New insights into customer behavior</p> <ul style="list-style-type: none"> ▪ Connected messages can show speed of customer reaction and effectiveness of outreach ▪ Maintain control of the client's entire online experience
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API and channel development



<p>24/7 connectivity</p>  <p>The evolution from batch file transfers, to an always-on connection</p>	<p>Simplified information flow</p>  <p>Access only the relevant information for a particular task</p>
<p>Integrated customer experience</p>  <p>Leverage direct bank connections within an online environment you control</p>	<p>Distributed work force</p>  <p>Communicate with untethered agents in real-time using your preferred systems</p>

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