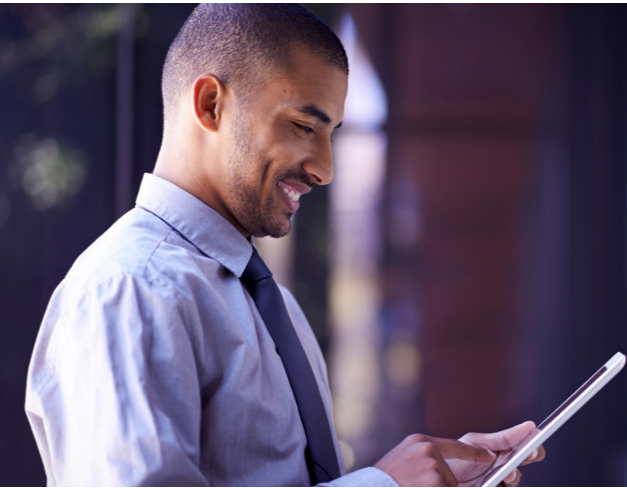


# Beyond Paper: B2C Payments

New tech and consumer preferences reduce check usage



A seismic shift has transformed business-to-consumer (B2C) payments in recent years, thanks to near-universal consumer adoption of mobile phones and electronic payments. Nearly 80% of companies are exploring ways to move payments to individuals beyond paper. With the coronavirus pandemic adding new difficulties to check production and redemption, that number is growing.

## The case for electronic

Clients cite efficiency and cost as primary reasons for seeking electronic alternatives. Checks on average cost \$6–\$8 apiece, and their cumbersome production process can bog down operations and worsen the recipient experience. Checks are also highly susceptible to fraud and require staff to manage escheatment (the process by which issuers manage unclaimed payments).

Arguably the biggest reason for the shift is that more consumers are demanding better, faster payments. They expect the ability to receive funds electronically as soon as possible via their channel of choice — preferably without divulging sensitive bank account information. Satisfying these demands can help organizations to deepen customer loyalty and cement relationships.

## Electronic payment types

There are many electronic B2C payment types, which means organizations can tailor a program for any type of recipient, from employees to insurance policy holders and benefit recipients. Here are some common use cases that cover customers, employees, insurance policyholders and benefit recipients.

### Authors

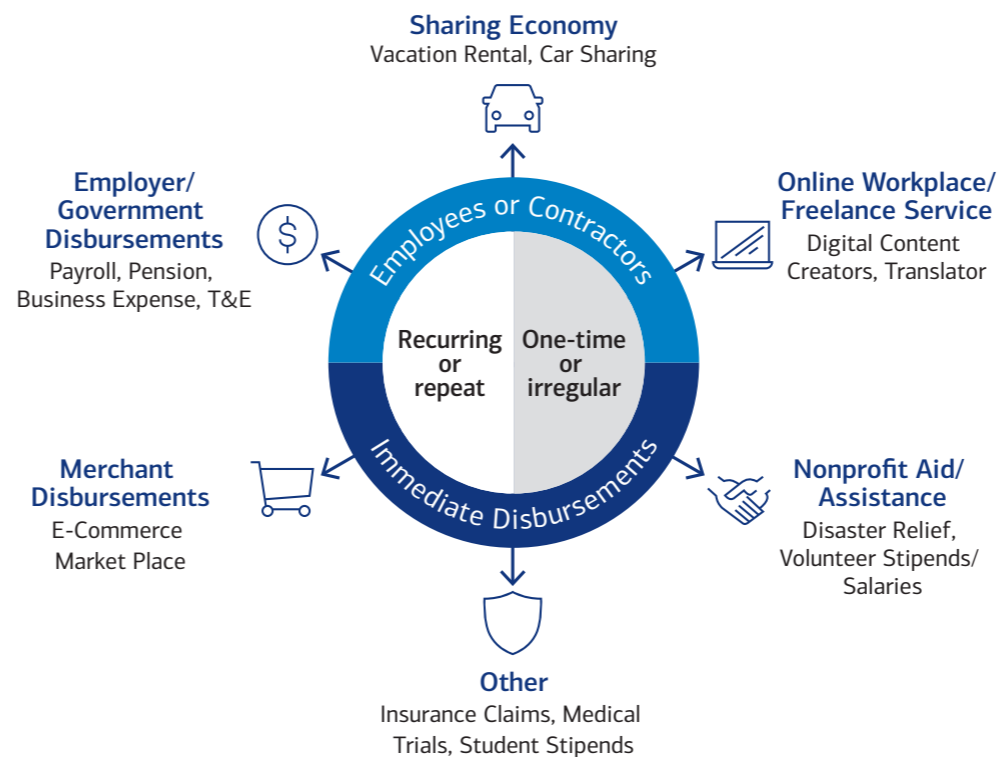


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### Types of B2C payments



To help clients meet these wide-ranging needs, our B2C payment offering covers three main categories:

**Prepaid card**

- Physical plastic or digital card
- One-time or recurring payments
- BofA handles all escheatment

**Mobile phone or email**

- Zelle<sup>®</sup>,<sup>1</sup> PayPal
- One-time recipients who will not share account info
- Gig/freelance workers

**Account transfer**

- Automated Clearinghouse (ACH) or Real-Time Payments (RTP)
- Recurring payments to known recipients

Choosing the right payment type

The following questions can help you choose the right payment type from the categories above for a given group of recipients:

- What information about the recipient do you have?
- What information can you get?
- What does the recipient want?

For example, if the recipient is willing to share bank-account info — and your organization can safely store it — ACH could be the best option. If the recipient won't share bank-account info, Zelle could work well. Prepaid card is a good choice when some or all recipients are unbanked or would benefit from the ability to use the funds at the point of sale.

Driving the decision

Available information	Payment type	Desired experience or outcome
Account number	ACH	Inexpensive
	RTP	
Email address or mobile phone number	Zelle	Fast and mobile
	PayPal	
	Digital prepaid	
Mailing address or physical presence	Prepaid card	Ubiquitous and managed

Product spotlight



Prepaid and digital prepaid card		U.S. Real-Time Payments (RTP)		Zelle		ACH	
Pay business expenses, customer and patient refunds, customer and employee rewards, government benefits and more.		Send customer and patient refunds, commissions, emergency payroll and more, 24/7/365, on this new network.		Send claims, customer and patient refunds, freelance wages and emergency aid to U.S.-based bank accounts using just an email address or U.S. mobile phone number.		Make payroll, trade and tax payments (local, state, federal) using a ubiquitous electronic network.	
<b>Benefits:</b> <ul style="list-style-type: none"> <li>• Branded design</li> <li>• BofA manages escheatment</li> <li>• On-demand orders</li> <li>• Reloadable</li> <li>• Banked and unbanked recipients</li> </ul>	<b>Channels:</b> <ul style="list-style-type: none"> <li>• API</li> <li>• File transfer</li> <li>• Online</li> </ul>	<b>Benefits:</b> <ul style="list-style-type: none"> <li>• Instant settlement</li> <li>• Enhanced payment messaging for easier reconciliation</li> </ul>	<b>Channels:</b> <ul style="list-style-type: none"> <li>• API</li> <li>• File transfer</li> <li>• Online</li> <li>• Mobile</li> </ul>	<b>Benefits:</b> <ul style="list-style-type: none"> <li>• Convenient for recipients</li> <li>• No need to collect recipient's bank account info</li> <li>• Branded recipient notifications</li> </ul>	<b>Channels:</b> <ul style="list-style-type: none"> <li>• API</li> <li>• File transfer</li> <li>• Online</li> </ul>	<b>Benefits:</b> <ul style="list-style-type: none"> <li>• Greater speed, accuracy and efficiency</li> <li>• Multiple processing and settlement options</li> </ul>	<b>Channels:</b> <ul style="list-style-type: none"> <li>• API</li> <li>• File transfer</li> <li>• Online</li> <li>• Mobile</li> </ul>

## Four-stage implementation

Going live with new B2C solutions typically involves the following stages. Our experts work closely with you and your IT team throughout each stage, offering hands-on help and guidance. In normal circumstances, getting through these four stages can take some time. But clients who need to go live quickly to overcome coronavirus restrictions can find ways to compress the timeline and get faster results.

Here's an in-depth look at each implementation stage:

### 1 Define



- Understand the characteristics of the recipient population
- Select the right payment option
- Determine the best channel for bank communication (API, file transmission, manual upload or online)

### 2 Design



- Customize branded materials for recipients (email and text message notifications, prepaid card carriers, physical plastic and more)
- Understand technical aspects, such as API and/or file formats for instructions and reporting

### 3 Deliver



- Build and test new files, reports and processes
- Establish user access to management platforms and workflow tools
- Integrate bank systems with ERP/TMS systems
- Communicate changes to recipients and educate internal stakeholders

### 4 Review



- Monitor and validate early results
- Compare straight-through processing (STP) rates to old benchmarks
- Identify areas of improvement for enhanced ROI
- Turn the new process into "business as usual"

## Conclusion

Whether you're seeking cost and efficiency benefits, higher customer satisfaction or ways to get past coronavirus check barriers, there's never been a better time to go beyond paper. As a longtime payments innovator, we've been at the forefront of helping clients — and their recipients — adopt new electronic solutions. Reach out to your BofA representative to see how we can help.



<sup>1</sup>Zelle and the Zelle-related marks are wholly owned by Early Warning Services, LLC and are used herein under license.

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