



Checking Is Out, Online Is In

Redefining Receivables Processing

Delores Morgan, CTP

First Vice President

Treasury and Payment Solutions

Alicia Treadway, AAP, CTP

First Vice President

Treasury and Payment Solutions Product Manager

Agenda

- ❑ The Receivables Landscape Change
- ❑ The Receivables Cycle
- ❑ New Receivables Solutions

Receivables Landscape Has Changed

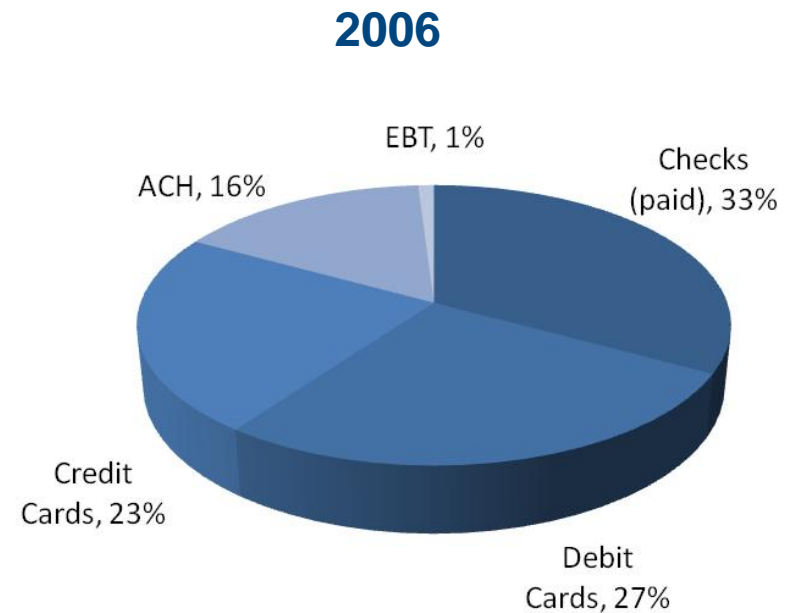
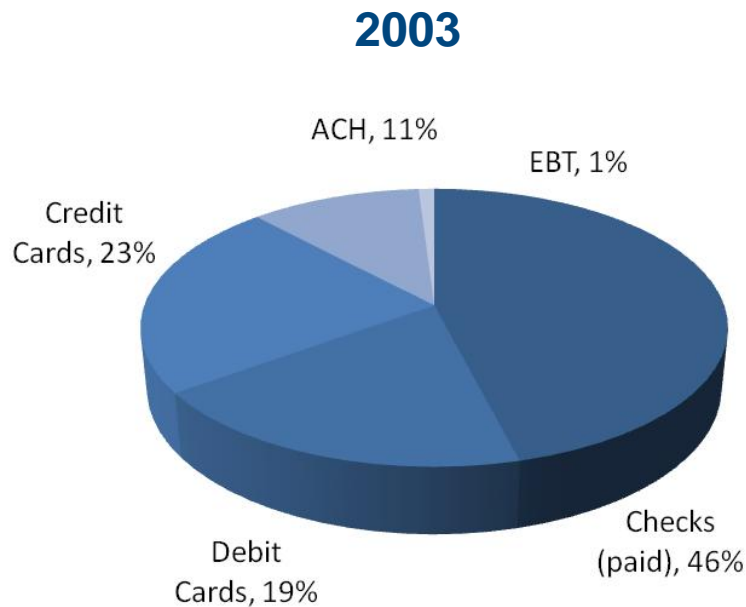
Checks Are Declining

**Customers Requesting More
Convenient Payment Methods**

Postal Service Is Reacting

Check Origination and Receipt

- 2006 Non-cash payments increased to 9.3 billion transactions worth \$75.8 trillion.

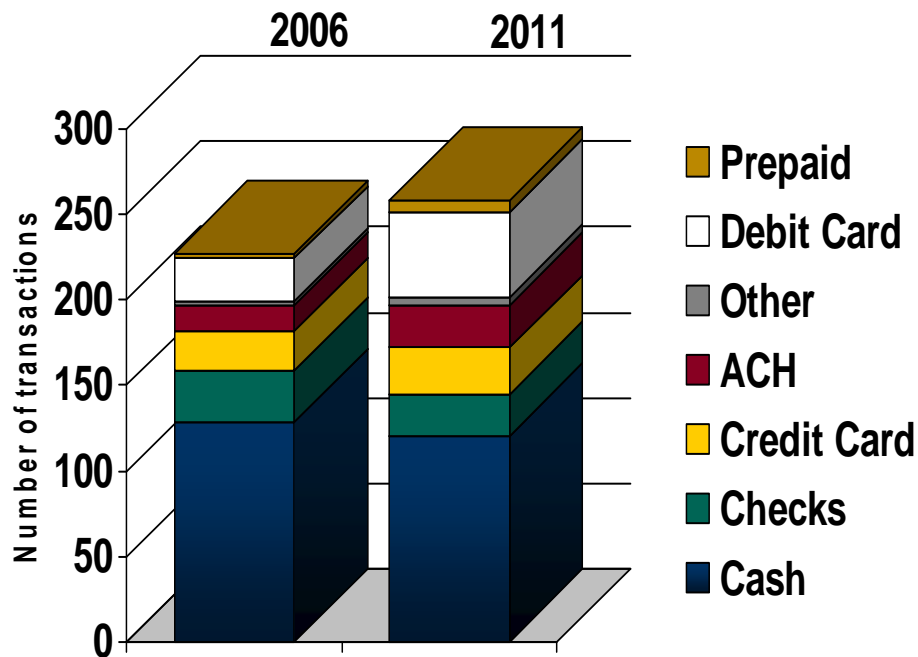


- Electronic payments now exceed two thirds of all non-cash payments.

Source: 2007 Federal Reserve Payments Study, American Banker, 03/26/2008

Crystal Ball: Will the trend continue?

- Anticipate ACH having the highest growth rate by 2011, while cash and checks continue to decline in volume.



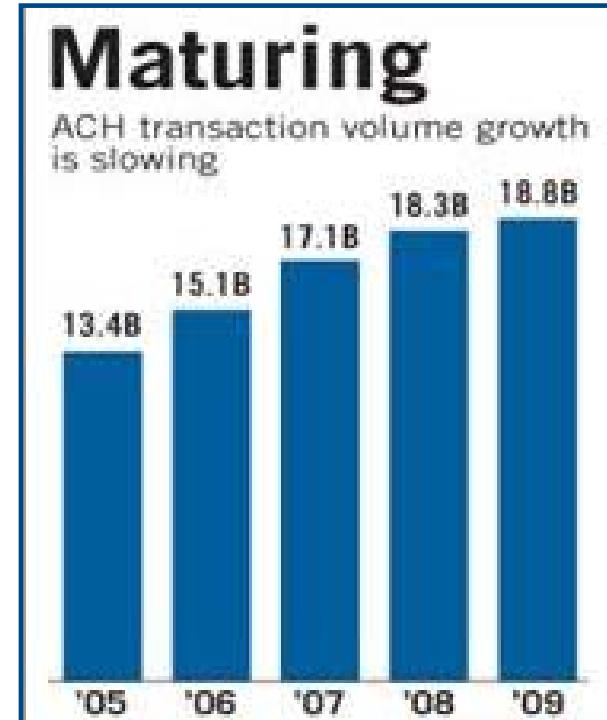
Type	CAGR
Cash	-8.6%
Checks	-9.3%
ACH	10.3%
Credit Cards	4.3%
Debit Cards	2.4%
Prepaid Cards	3.6%
Other	1.6%

While checks will not be used as widely, you'll still need the means to accept and deposit them

Source: 2007 Federal Reserve Payments Study

2009 ACH Trends

- ❑ The number of ACH transactions increased 2.6% from 2008 to 2009.
- ❑ Dollar value of ACH transactions *decreased* 1.1% from 2008 to 2009.
- ❑ 5.8% fewer checks were converted to ACH transactions in 2009 than in 2008.
- ❑ ACH growth drivers were Internet-initiated (“WEB”) and business to business (“CCD”) payments.



Source: NACHA, American Banker, 04/08/2010

21st Century Check Clearing

The Check Clearing for the 21st Century Act (Check 21) went into effect October 28, 2004. Check 21 had three purposes:

- Facilitate check truncation
- Foster innovation in the check payment system
- Improve the overall payment system

Goals

- ❑ Increase speed of collection and cash application
- ❑ Reduce expense associated with processing receivables
- ❑ Simplify the process of application and concentration
- ❑ Increase staff efficiency

Understand Your Receivables Cycle

- Who pays you?
- Where do they pay you?
- How do they pay you?
- How do you apply the payments?
- What do you do with the money?

Solutions to Expedite Your Receivables

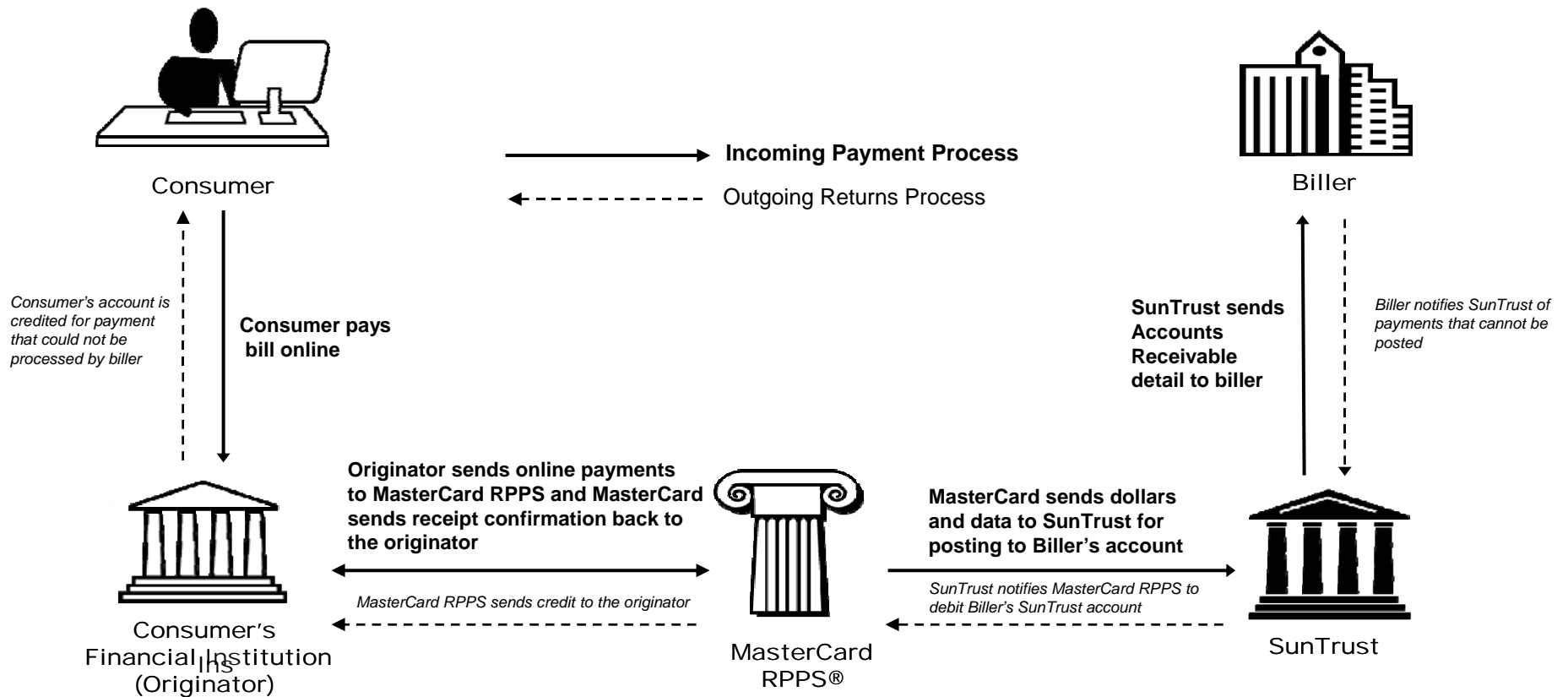
Online Bill Payment Acceptance and Processing	Aggregate payments from multiple online bill payment providers into one file for expedited, hassle-free reconciliation.
Biller Direct Payment Acceptance	Accept, originate, and reconcile customer payments initiated online or over the phone (CSR or IVR) 24-hours per day.
Point of Purchase	Convert checks received in-person to an ACH debit
Remote Deposit Capture – Low Volume Solution	Deposit checks electronically to your account – directly from your office – using a scanner and a secure, direct connection.
Image Cash Letter	Either you or your third party processor can capture and transmit check images quickly and securely to your Bank.

**Online Bill
Payment
Acceptance
and
Processing**

Aggregate payments from multiple online bill payment providers into one file for expedited, hassle-free reconciliation

Bill Payment Acceptance Workflow

Online Bill Consolidator Process Flow



Bill Payment Acceptance

Online Bill Consolidator

- **Reduce mail float and receive your payments by ACH**
- **Increase accuracy of account data and reduce manual-entry errors**
- **Improve efficiency by receiving both your payments and data electronically**

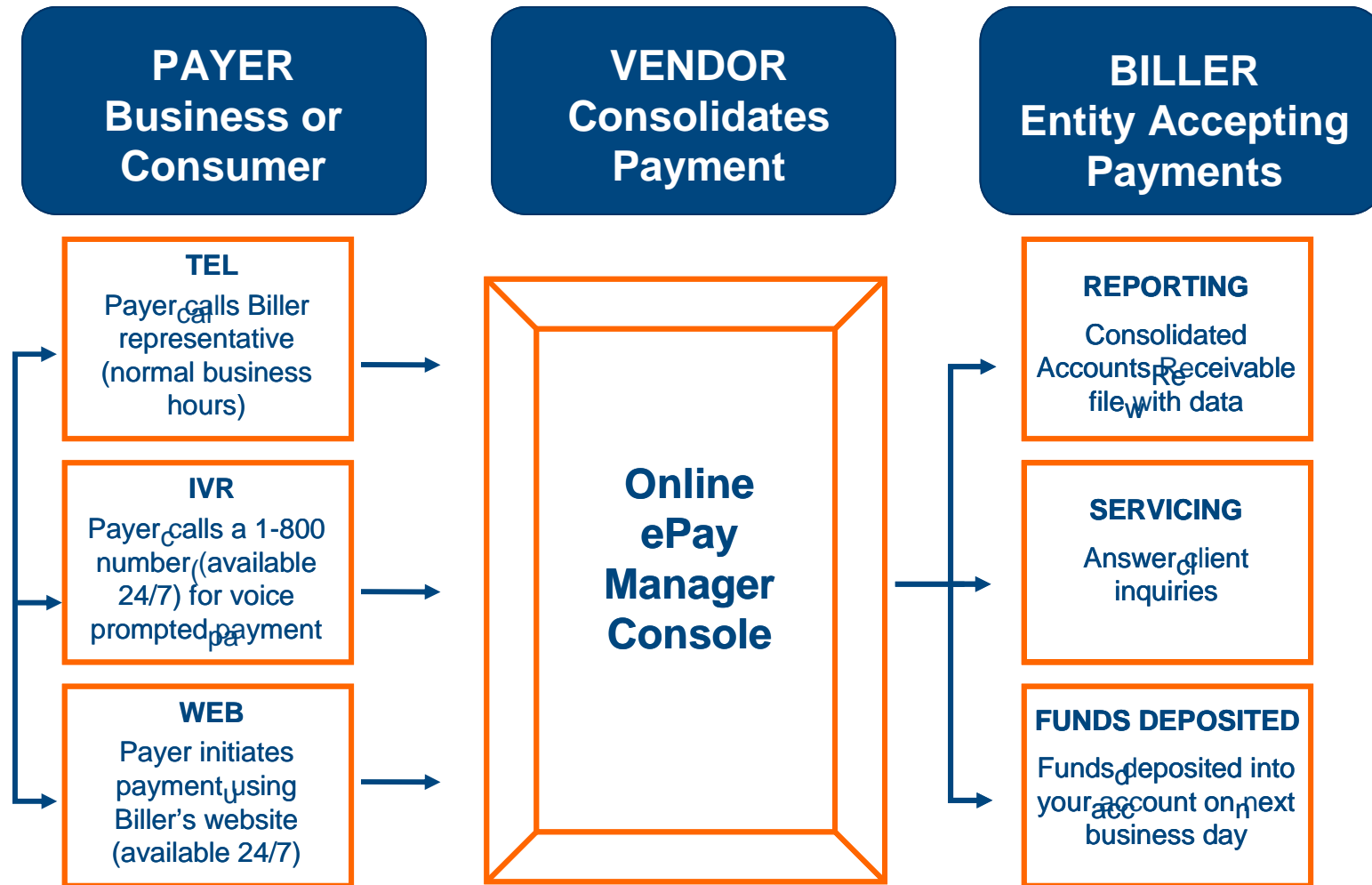
Is It For You?

- **Do you receive consumer payments from multiple bill payment originators**
- **Are you manually reconciling multiple payment files**

**Biller Direct
Payment
Acceptance**

Accept, originate, and reconcile customer payments initiated online or over the phone (CSR or IVR) 24-hours per day

Bill Direct Acceptance Workflow



Biller Direct Payment Acceptance

Online ePay Manager

- Accelerate funds availability by processing customer-initiated payments electronically
- Provide payment options either through your website or over the telephone – all without the use of in-house development
- Improve customer service with the ability to quickly research and respond to customer inquiries

Is It For You?

- Would you like to offer your clients additional payment options and reduce the length of time your payments are outstanding?
- Would you like your payments directly fed into you're A/R system?
- Would you like to receive payments over the weekend?

Point of Purchase

Convert checks received in-person to an ACH debit.

Point of Purchase

Point of Purchase

- Checks received in-person, no business checks, less than \$25,000
- Must have written authorization – customer's signature
- Customer can opt out
- NACHA Rules, EFTA/Regulation E applies

Is It For You?

- How many checks do you receive?
- How many checks are returned for insufficient funds?
- What percentage of checks are received in-person vs. in the mail?
- Is back office conversion, ARC or image cash letter a better solution?

Front End ECS Processing Solutions

Processes checks “real-time” at the POS

Presented any way

- At the point of sale (POP)
- Through the mail / drop box (ARC)
- Converted in back office (BOC)

Back it with the proper risk mitigation protection

- Guarantee
- Verification with Collections
- Verification
- Conversion only

Optimizes processing through least-cost routing

- Direct DDA access
- ACH conversion
- Check 21/Check Replacement Document

Various imaging options

POP Workflow

ACH Network: Consumer checks drawn on non-participating banks are processed via ACH. The ACH network is a safe reliable system used by hundreds of thousands of companies for Direct Deposit of payroll and by the Federal government for benefits payments, such as Social Security. The ACH system is a closed, private network that is not accessible to the general public.



Checks decided and eligible items captured using POS data for ACH origination.



Processor manages required risk decisioning and originates all approved ACH transactions either real-time or batch through ODFI bank for clearing. Processor manages merchants settlement.



ODFI sends converted checks via ACH Network.



Checks post via ACH debit to check writer's account.

ACH Check Conversion Matrix

SEC Code	Description	Conversion Method	Notification Method	What Happens to the Check	Legal Framework
POP (Point of purchase)	Used as an ACH debit application as a method of payment for in-person purchase.	Checks taken at a business to pay for good and services. Checks equal to or less than \$25K without an Auxiliary ON-Us field.	Written authorization (customer's signature) obtained from the consumer at time of transaction	Check is stamped VOID and returned to the check writer.	NACHA Rules, EFTA/Reg E
ARC (Accounts Receivable Truncated Check)	An ACH debit of a check received in the US Mail to pay an item and converted to an electronic item.	Checks mailed or placed in a drop box. Checks equal to or less than \$25K without an Auxiliary ON-Us field.	Must post conspicuous notice at point of purchase regarding collection method.	Originator must employ commercially reasonable methods to securely store the source document.	NACHA Rules, EFTA/Reg E
BOC (Back Office Conversion)	An ACH debit representing a check that was taken at the point of sale but converted to ACH in the back office.	Item taken over the counter. Checks equal to or less than \$25K without an Auxiliary ON-Us field	Notice on receipt or other takeaway document. Must post notice at point of purchase. Provide opt out option.	Originator must employ commercially reasonable methods to securely store the source document.	NACHA Rules, EFTA/Reg E

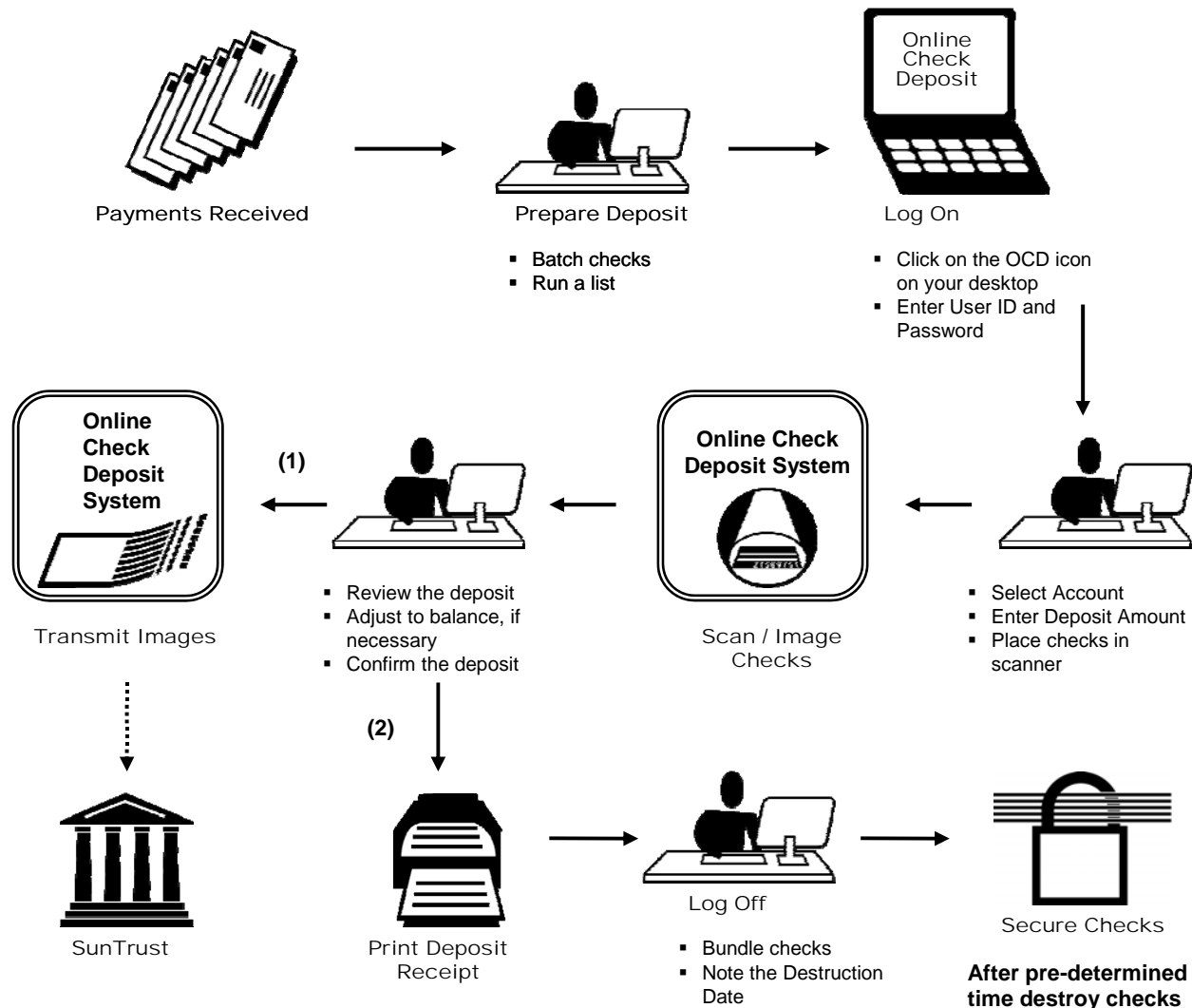
ACH Check Conversion Matrix

SEC Code	Description	Conversion Method	Notification Method	What Happens to the Check	Legal Framework
WEB (Internet Initiated Entry)	A single or recurring debit entry to a consumer account pursuant to an authorization that is obtained from the receiver via the Internet.	N/A. Consumer supplies the MICR line data on the internet which is used to initiate the ACH debit.	Customer provides information to enable creation of transaction during the online session, so no additional notification is required.	N/A as no paper check was involved.	NACHA Rules, EFTA/Reg E
TEL (Telephone Initiated Entry)	A single debit entry transaction to a consumer's account pursuant to an oral authorization obtained from the receiver via the telephone. Must have existing relationship with customer or customer initiated the call.	N/A. Consumer supplies the MICR line data on the telephone which is used to initiate the ACH debit.	Customer provides information to enable creation of transaction during the telephone call, so no additional notification is required.	N/A as no paper check was involved.	NACHA Rules, EFTA/Reg E

**Remote
Deposit
Capture – Low
Volume
Solution**

Deposit checks electronically to your account – directly from your office – using a scanner and a secure, direct connection.

Remote Deposit Capture – Low Volume Solution



Remote Deposit Capture – Low Volume Solution

Online Check Deposit

- Focus more attention on your business by limiting trips to a branch to make deposits
- Concentrate deposits at one bank – no matter where your company has locations
- Reduce the need for paper deposit tickets and banking expense with this electronic deposit solution

Is It For You?

- Do employees interrupt their work to make deposits at the bank?
- Do you receive additional checks that don't go to a lockbox?
- Do you have locations that aren't near a branch?

Image Cash Letter

Either you or your third party processor can capture and transmit check images quickly and securely to your Bank.

Image Cash Letter

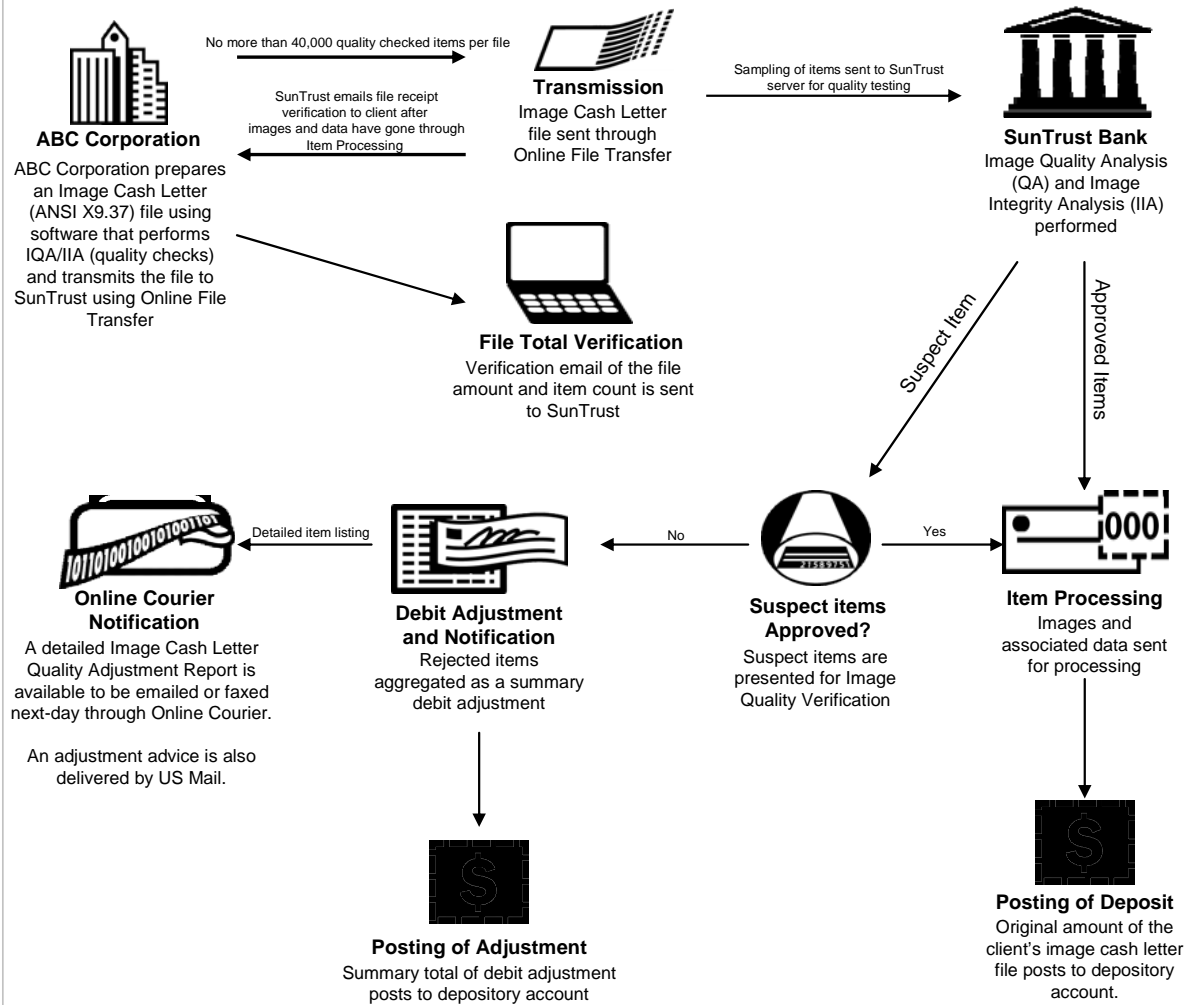


Image Cash Letter

Image Cash Letter

- Expedite delivery of checks to the bank for deposit
- Receive processed control totals for each file within 2 hours
- Same-day credit for cash letter deposits transmitted by 9:30 pm ET
- Handle A/R processing utilizing an integrated software solution

Is It For You?

- Would you like to minimize the costs related to paper checks?
- Would you like to automate your deposit processing?

What Do I Do With the Checks?

Scanned original checks should be retained for a predetermined time.

Protect original checks from duplicate deposit or theft:

- Create a form that can be used to record when the deposit was made and when the deposited items should be destroyed.
- Place checks and form in defined safekeeping facility.
- Destroy items at a predetermined time.

Building the Business Case

Current processing pain points

Face-to-face collection points

Lockbox (internal/external)

Increase in the number of collection points not integrated into your accounts receivable process

Increase in the number of payments processed

GOAL: Expedite the Receivables Process

- Streamline current operations
- Increase efficiencies
- Integrate and accelerate receivables while servicing account base

Questions????

Delores Morgan, CTP

First Vice President

Treasury and Payment Solutions Sales Officer

delores.morgan@suntrust.com

Alicia Treadway, AAP, CTP

First Vice President

Treasury and Payment Solutions Product Manager

alicia.treadway@suntrust.com