

Comprehensive Payables

Ideas on how to streamline the electronic payment process

MCCBOA Presentation
Thursday, March 5, 2015

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agenda

- Bank of America Merrill Lynch Presenters
- ACH Statistics and Electronic Payment Migrations
- Today's Vendor Account Verification Process
- Electronic Payment Solution Options
- Questions

Appendix:

- What your student sees with Digital Disbursement

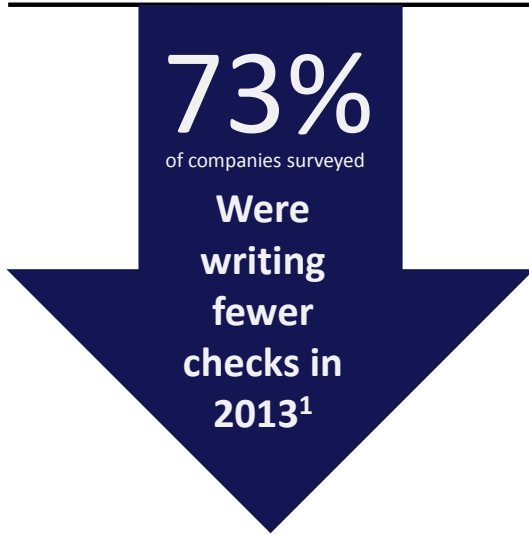
Bank of America Merrill Lynch presenters

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Decline in check payments accelerating



Total U.S. bill payments²

46%

were made online in 2013



6%

decline in mailed payments by 2016

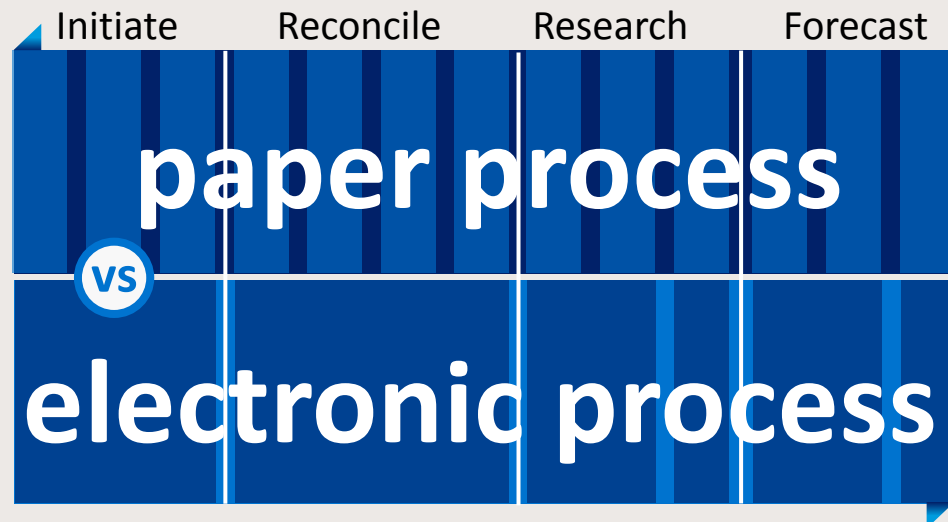


3%

increase in payments by mobile device by 2016



Leading companies to consider digital disbursements for one-time payments to their customers



\$4

Average cost per check payment³

\$1

or less internal cost for Digital Disbursement

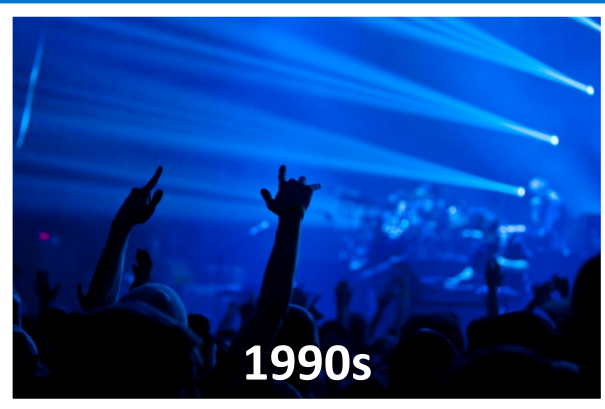
1. Electronic Supplier Payments; PayStream Advisors Q3 2013

2. Aite Group, 2013

3. Anecdotal estimates shared with us by our clients have ranged as high as \$25 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 typically references a conservative estimate of \$4 per check when discussing the potential benefit of electronic payments.

The move to mobile

Life has changed



- With 200% growth (42M new consumers in 2013), tablet adoption is outpacing smart phone adoption (36M new in 2013)— showing consumers are adopting new technologies faster than ever. ⁽¹⁾
- Nearly as many mobile devices as people in the world by 2015 ⁽²⁾
- In 2013, 95 million U.S. adults used mobile banking – a gain of 27 million mobile bankers over 2012. ⁽¹⁾
- By 2018, 63% of the mobile consumer population is forecasted to be using mobile banking ⁽²⁾

(1. Javelin Strategy & Research, MOBILE BANKING, TABLET AND SMARTPHONE FORECAST 2013-2018: Smart Device Adoption Drives Mobile Banking Boom, March 2014

(2. Javelin Strategy & Research, Mobile Payments to hit \$20 Billion in 2012

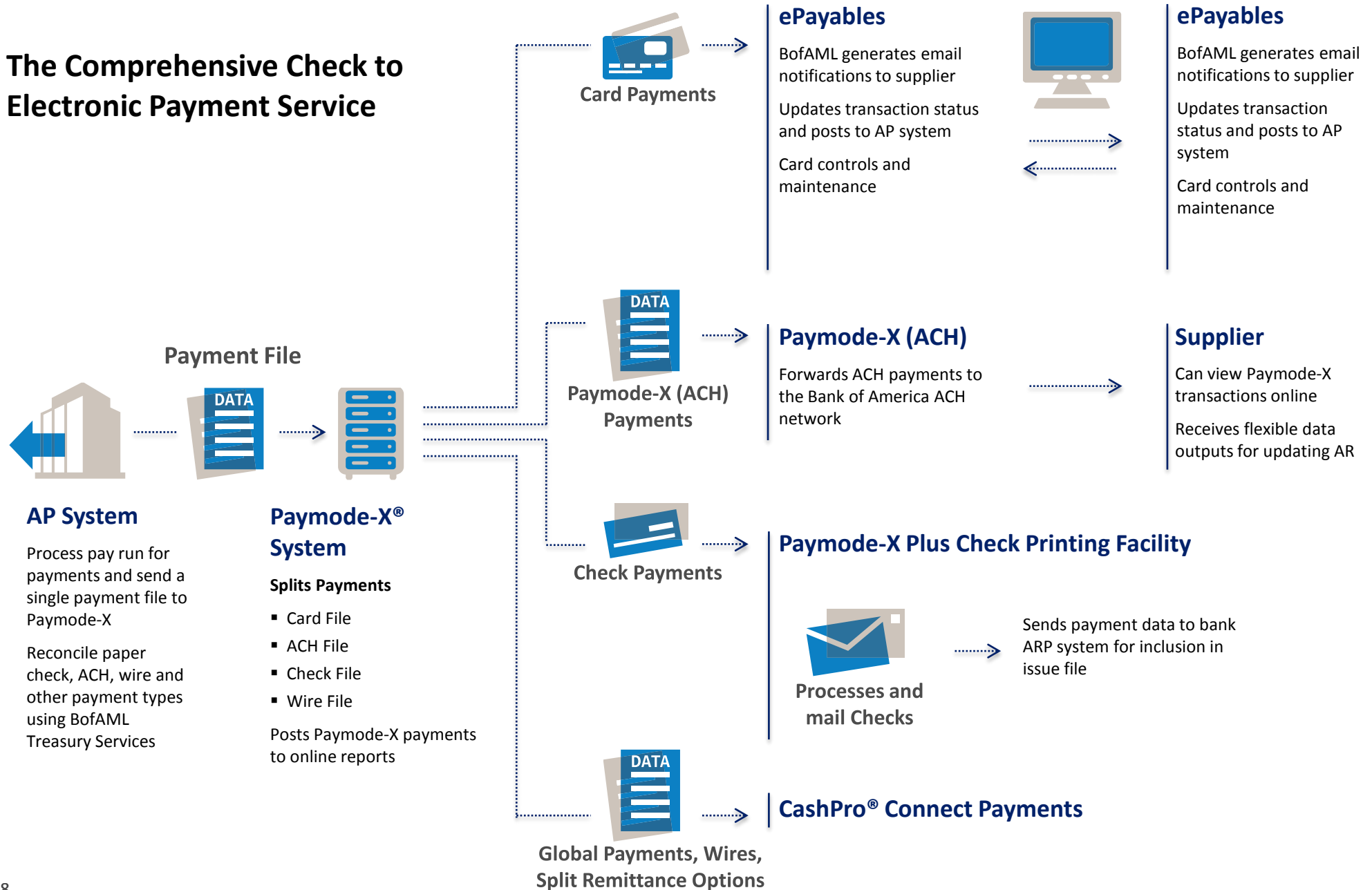
- Today, universities must collect, verify and protect account information in order process ACH vendor payments
- Process to do this is cumbersome and multi-step
- No silver-bullet to convert all paper payments
- In development – ACH account verification service
- Our approach is to segment vendors/constituents and apply specific solutions options

Payments that don't require the state to gather and maintain recipient account information:

- Purchase Card payments for small-dollar transactions
 - Vendor accepts payment directly from state employee at time of order/purchase
- Pre-paid Cards for Student and Staff disbursements
 - Recurring payment types; i.e., per diems, student refunds, Federal work study, grant payments, payroll, etc.
- Comprehensive Payables
 - A/P Card (ePayables) payments for vendors
 - 3rd Party-hosted ACH vendor payment network (PayMode-X)
- Digital Disbursements for non-recurring Student Disbursements

Comprehensive payment services

The Comprehensive Check to Electronic Payment Service



Digital Disbursements

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Rethink your payment process

Distribute funds
without paper

To any financial
institution

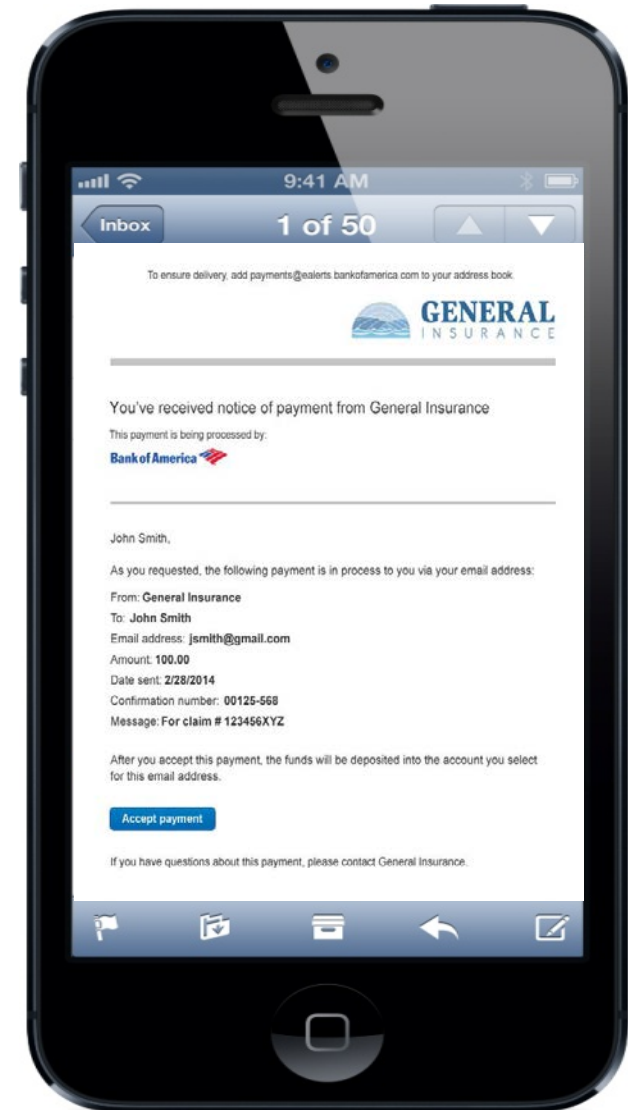
Using mobile number
or email address

Potentially reduce disbursement
expenses by as much as 75%¹

helps minimize escheatment
management

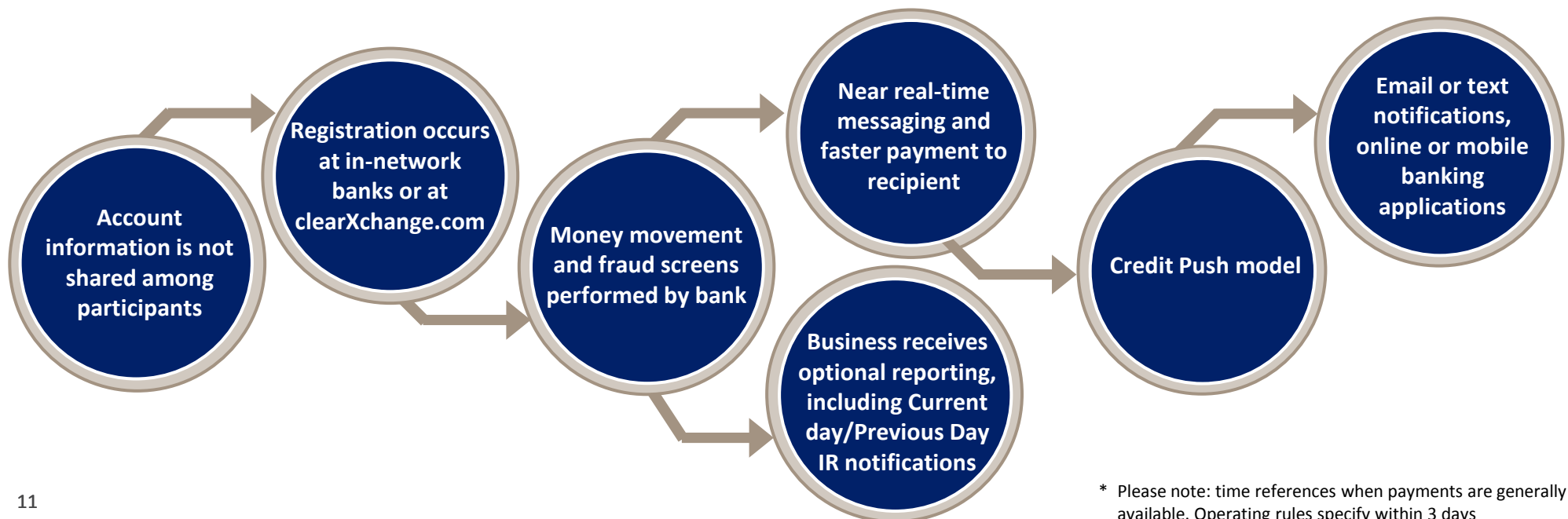
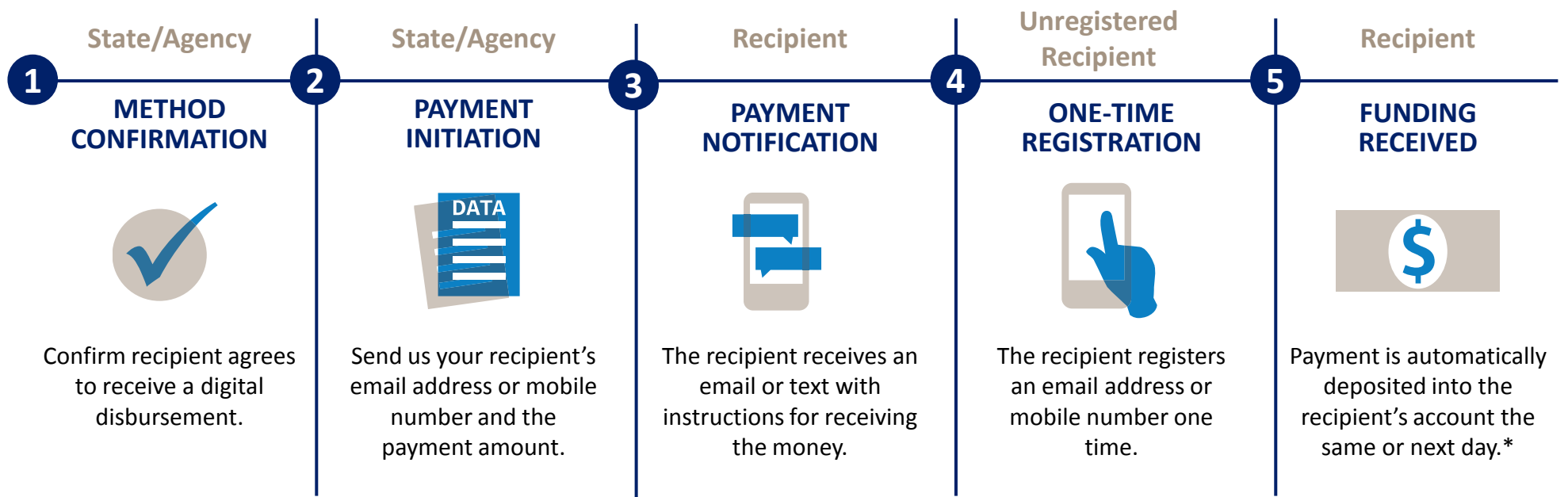
recipients receive
payments more quickly

eliminate the need to obtain
sensitive bank account information



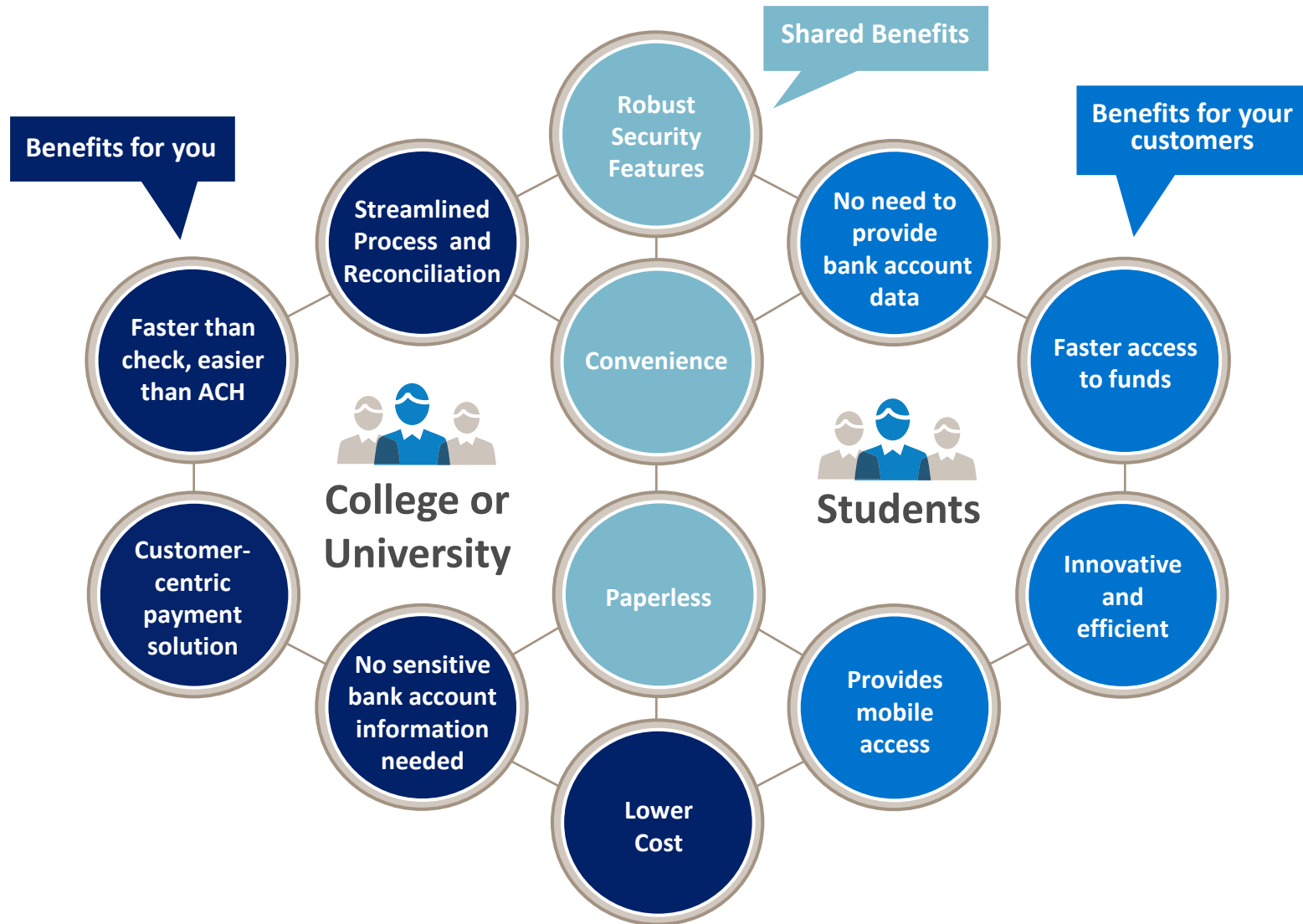
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Customer payment solution: Digital Disbursements



* Please note: time references when payments are generally available. Operating rules specify within 3 days

Benefits for you and your students

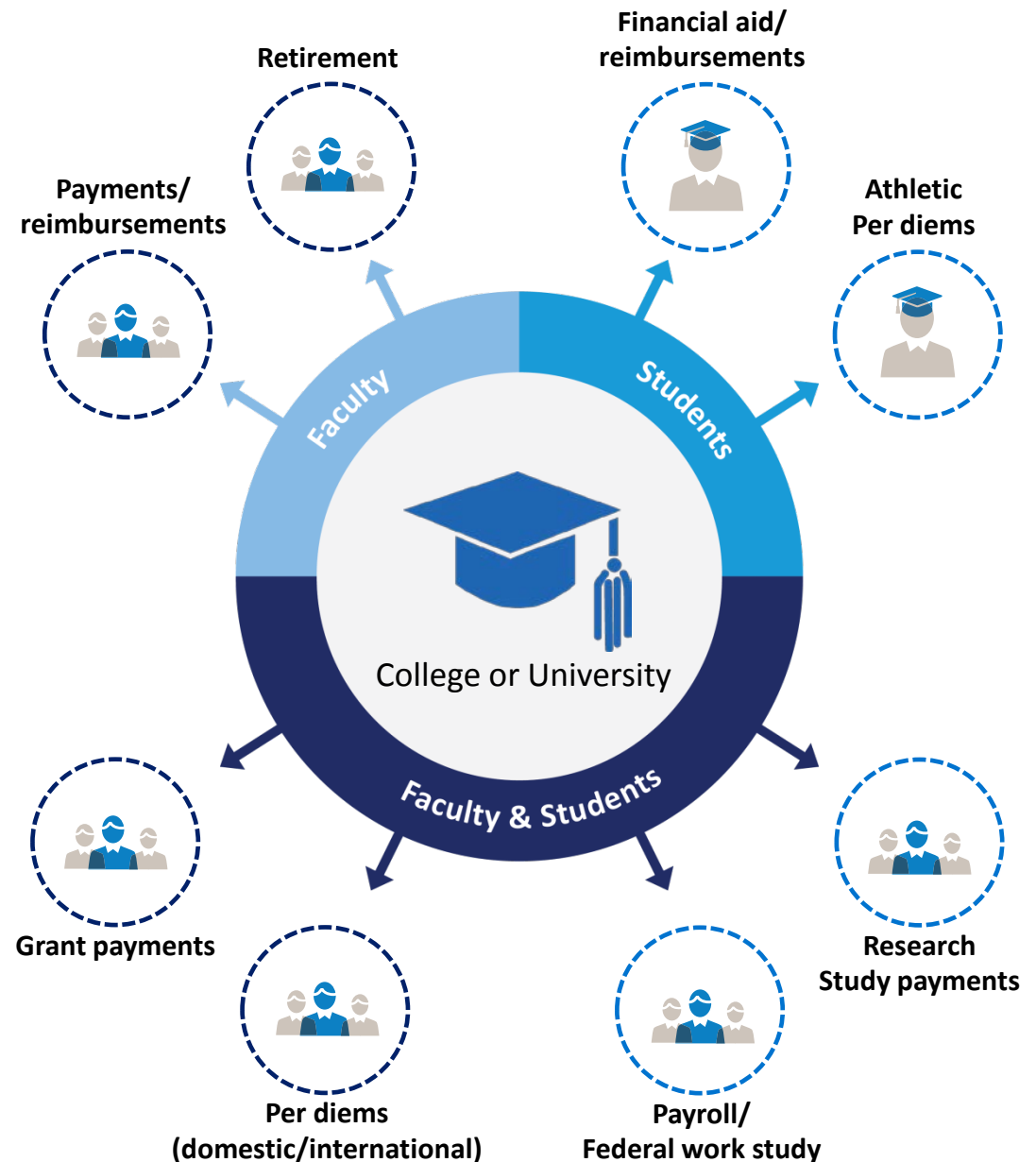


Prepaid Card

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Higher Education Prepaid Card

- Visa® prepaid card that can be branded with your school's logo
- Easy program implementation and account enrollment
- Allows colleges/universities to directly deposit financial aid into individual student accounts
- Protected against unauthorized transactions by Bank of America zero liability (subject to certain terms and conditions)
- Allows cash access at 16,300 Bank of America ATMs, cash back at point of sale locations and teller cash access at Visa financial institutions
- Funds can be used everywhere Visa debit cards are accepted—in stores, online or by phone



MiDeal Update

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MiDeal Update

State of Michigan Procurement Card Services

Bank of America Merrill Lynch has been the provider for the **State of Michigan Electronic Payment Card Services – Statewide Procurement Card Contract** since 2008. Under the Contract, Bank of America provides purchasing card and ePayables services to public higher education, municipalities, and government bodies within the State as long as they are a member State of Michigan MiDeal program and meet the program volume requirements.

A current listing of approved program members is available at: <http://www.michigan.gov/mideal>.

Benefits of MiDeal PCard Program

- The need to go through the RFP process is eliminated
- Easy enrollment
- No program or cardholder fees
- Networking and Best Practices
- Assigned Card Account Manager
- Assigned Card Account Specialist for servicing needs
- Works application to manage your card program
- Rebate rate tier determined by adding state and local government bodies



Current Higher Education Card Members



Other Members

- State of Michigan
- City of Muskegon
- Constantine Public Schools
- Lansing Board of Water and Light
- Livingston County
- Muskegon County

MiDeal Rebate Schedule

Calculation Period (March – February)

Annual USD Card Volume Tiers Excludes Large Ticket		Cycle days	7	14	14	30	30	30	30	30
			3	3	7	3	7	14	20	25
			REBATE BASIS POINTS							
\$1,000,000	\$1,999,999		114	110	106	102	98	91	85	80
\$2,000,000	\$2,999,999		134	130	126	122	118	111	105	100
\$3,000,000	\$4,999,999		149	145	141	137	133	126	120	115
\$5,000,000	\$9,999,999		181	177	173	169	165	158	152	147
\$10,000,000	\$14,999,999		183	179	175	171	167	160	154	149
\$15,000,000	\$19,999,999		185	181	177	173	169	162	156	151
\$20,000,000	\$34,999,999		187	183	179	175	171	164	158	153
\$35,000,000	\$49,999,999		189	185	181	177	173	166	160	155
\$50,000,000	\$74,999,999		191	187	183	179	175	168	162	157
\$75,000,000	\$79,999,999		193	189	185	181	177	170	164	159
\$80,000,000	\$84,999,999		195	191	187	183	179	172	166	161
\$85,000,000	\$89,999,999		196	192	188	184	180	173	167	162
\$90,000,000	\$94,999,999		197	193	189	185	181	174	168	163
\$95,000,000	\$99,999,999		198	194	190	186	182	175	169	164
\$100,000,000	\$104,999,999		199	195	191	187	183	176	170	165
\$105,000,000	\$109,999,999		200	196	192	188	184	177	171	166
\$110,000,000	\$114,999,999		201	197	193	189	185	178	172	167
\$115,000,000	\$119,999,999		202	198	194	190	186	179	173	168
\$120,000,000	\$124,999,999		203	199	195	191	187	180	174	169
\$125,000,000	\$129,999,999		204	200	196	192	188	181	175	170
\$130,000,000	\$139,999,999		205	201	197	193	189	182	176	171
\$140,000,000	\$149,999,999		206	202	198	194	190	183	177	172
\$150,000,000	\$159,999,999		207	203	199	195	191	184	178	173
\$160,000,000	\$169,999,999		208	204	200	196	192	185	179	174
\$170,000,000	\$179,999,999		209	205	201	197	193	186	180	175
\$180,000,000	\$189,999,999		210	206	202	198	194	187	181	176
\$190,000,000	\$199,999,999		211	207	203	199	195	188	182	177
\$200,000,000	\$224,999,999		212	208	204	200	196	189	183	178
\$225,000,000	\$249,999,999		213	209	205	201	197	190	184	179
\$250,000,000	\$274,999,999		214	210	206	202	198	191	185	180
\$275,000,000	\$299,999,999		215	211	207	203	199	192	186	181
\$300,000,000	+		216	212	208	204	200	193	187	182

2014 →

Projected 2015 →

Appendix

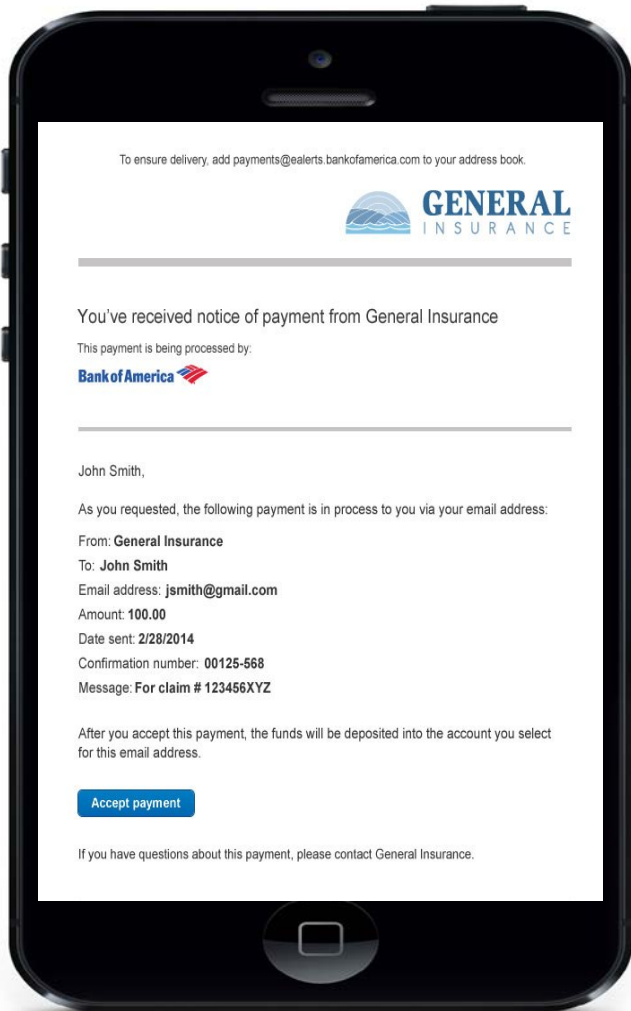
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Customer Notification

Unregistered Recipient

1

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



Secure area | En español

Accept Your Payment

General insurance sent you a payment by email or text.

This payment is being processed by:
Bank of America

Select a bank to accept your payment

Bank of America customers

You're protected by our [Online Banking Security Guarantee](#).

Secure Sign In

[Enroll](#) | [View demo](#) | [Learn more](#)

Online ID:

Save this Online ID

[I forgot my Online ID](#)

Check Your SiteKey

Participating banks

Deposit your money at a participating bank.

WELLS FARGO

If your bank isn't listed

Deposit your money at most other banks through clearXchange™. [What is clearXchange?](#)

clearXchange

Bank of America has partnered with clearXchange and the other banks listed on this page to make person-to-person payments easier. Money sent to you by one of our customers can be deposited with Bank of America, one of the other listed banks or by registering your eligible personal savings or checking account with clearXchange.

Secure Area | [Privacy & security](#)

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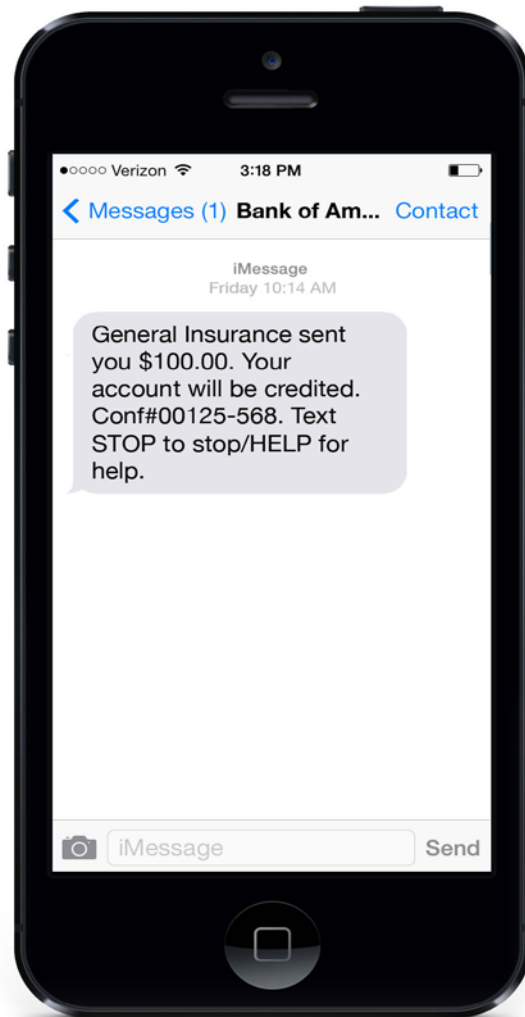
After choosing their bank to enroll in the service, they are able to accept funds.

Notification

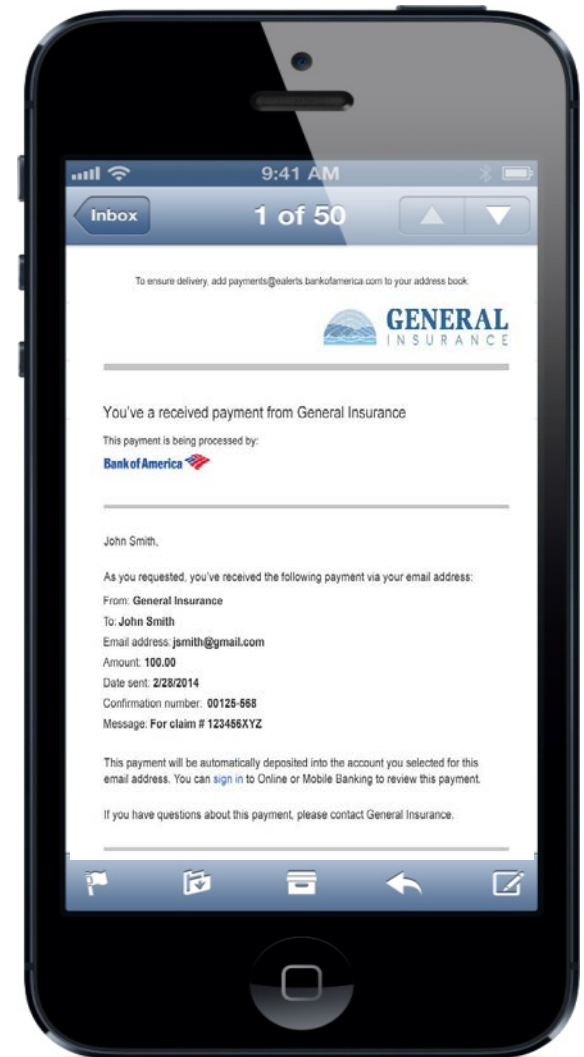
Registered Recipient

Registered recipients receive notification from their bank (text or email) and the funds are deposited same or next business day.

By text if
using mobile
number



By email
message if
using email



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