



## Payment Processing Comparison

Traditional Paper Payment Processing	Electronic Payment Processing
<b>High Banking Costs</b> - Banks routinely charge high item fees on deposits, and even higher NSF return fees on those checks not clearing.	<b>Reduced Banking Fees</b> - Processing checks electronically dramatically reduces or eliminates bank deposit item fees and NSF return fees on those checks not clearing.
<b>NSF Checks High Return Fees</b> - Bank return fees range from \$5 - \$20 for each NSF paper check resubmitted and processed manually.	<b>NSF Checks Eliminate Return Fees</b> - Checks processed and returned electronically only incur a nominal transaction charge.
<b>NSF Check Slow Notification</b> - Businesses may have to wait 7 - 10 days or longer for bank notification on returned items.	<b>NSF Check Fast Notification</b> - Most electronic transactions are processed in 24 - 48 hours. Faster processing means faster NSF notification and more efficient check recovery.
<b>NSF Check Slow Settlement</b> – As NSF checks are resubmitted, businesses still have to wait 7 - 10 days or longer for bank notification on returned items.	<b>NSF Check Fast Settlement</b> – Electronic items, including NSF checks, are processed ahead of paper items and cleared or rejected faster. Faster notification speeds up the collection process.
<b>NSF Check Poor Resubmission Success</b> – Businesses can't afford to keep resubmitting returned checks when bank return fees range from \$5 - \$20 for each NSF paper check resubmitted and processed manually.	<b>NSF Check First Claim To Account Funds</b> - Electronic transactions usually get first claim to any cash in the account. The reason is that banks routinely post ACH transactions before they post paper checks. Even if the available funds are insufficient to cover all items posted, the likelihood that you'll collect is higher if you re-present an electronic ACH entry rather than a paper check.
<b>NSF Check Limited Resubmissions</b> - NSF Paper checks may only be submitted twice (the original transaction and the redeposit), for a total of two submissions. Up to 50% of NSF checks are collected on first re-presentation. That leaves 50% or more of returned checks that are not collected.	<b>NSF Check Recovery Odds Increased 33%</b> - Electronic submission allows a third redeposit electronically, significantly enhancing the chances of collection. As the saying goes, "Third time's a charm." Once paper checks are returned through the check-clearing network, they may be resubmitted for payment twice more--for a total of three submissions. The resubmissions may both be electronic, or one paper, the other electronic,
<b>NSF Check Manual Collection Is Unreliable</b> – Businesses need to increase the success collection ratio when resubmitting NSF checks for payment.	<b>NSF Check Collection Ratios up to 85%</b> - Electronic check recovery collection ratios have exceeded 85%, based on age of check, when processed electronically. In many cases more than double those submitted manually. Electronic checks are processed ahead of paper checks--jumping to the front of the check que, clearing ahead of checks written days earlier.
<b>NSF Check Customers Are Lost Customers</b> – Most customers who write NSF checks do so unintentionally, and are unable to continue shopping until the NSF check is cleared. The longer it takes to clear the longer they stay away.	<b>NSF Check Customers Return Faster</b> - Faster NSF settlement brings customers back into the clients' business that much faster, allowing them to resume purchasing goods or services.



<p><b>Slow Payment Settlements</b> - Businesses need dependable payment products with fast turnaround times that build positive cash flow.</p>	<p><b>Fast Payment Settlements</b> - Most electronic transactions are processed in 24 - 48 hours. In addition, faster processing translates in to increased cash availability and the potential to earn higher interest through better cash management.</p>
<p><b>High Paper Check Processing Costs</b> – High paper check volumes generally mean increased labor costs and higher error rates due to manual entry.</p>	<p><b>Automated Payment Entry Options</b> - Electronic MICR Check Readers are available that help make transaction processing volume more manageable, dramatically reducing entry errors.</p>
<p><b>Smaller Check Amounts Carry More Risk</b> - Smaller checks carry more risk if returned uncollected for NSF, and are more expensive to deposit due to item fees charged by banks.</p>	<p><b>Check Amount Doesn't Matter</b> - No NSF return fees or deposit item fees to consider, pay only a nominal flat fee per electronic transaction.</p>
<p><b>COD Transactions</b> - COD shipments are too involved--payment turnaround times too slow. If payment isn't made at delivery, the business faces a re-stocking expense.</p>	<p><b>COD - Customer Service</b> - Next day settlement allows merchants to hold shipments until check clearance is verified, eliminating potential bad debt losses and re-stocking expenses.</p>
<p><b>Increased Competition</b> - Retail Industry consolidation has produced larger, better-capitalized competitors, pressuring pricing and lowering margins. In addition, electronic payments and more efficient automation have made it easier and more cost effective for competitors to lower prices.</p>	<p><b>Competitive Payment Options</b> - Competition is tough. Many businesses are offering consumers the option of paying by check by telephone, fax, or over the Internet. Customers are coming to expect multiple payment options, when purchasing merchandise or services.</p>
<p><b>Payment Contracts Not Honored</b> – Consumers often delay or miss scheduled payments, reducing cash flow and creating additional collection expense.</p>	<p><b>Contract Fulfillment</b> - Electronic check processing helps ensure that contract payment clauses are fulfilled. Automatic debits to the customer's account take away payment-delaying tactics.</p>
<p><b>Payment Plans Not Offered</b> – Many businesses don't offer customers payment plans due to inadequate billing methods, payment controls, and processing options.</p>	<p><b>Payment Plans</b> - Customized automated payment plans are easily implemented to meet the customer's personal financial abilities. Enter the payment information into the software once and forget it—the program automatically debits the customer's account as scheduled.</p>
<p><b>Consumers Want Payment Options</b> - Today, consumers want multiple payment options to choose from. Over 200 million consumers write checks while only 80 million carry credit cards.</p>	<p><b>Customer Service-Convenience</b> - More and more consumers are opting for electronic solutions for recurring payments and direct deposits. They are looking for convenience and ways to eliminate mundane tasks such as writing and mailing the same checks every month.</p>
<p><b>Limited Payment/Order Channels</b> – Not accepting checks by telephone, by fax, or over the internet, may limit a business' marketing reach, reducing the potential customer base.</p>	<p><b>Multiple Payment/Order Channels</b> - Check acceptance broadens the customer base; increasing customer options leads to more sales, increased revenues, and higher profits.</p>
<p><b>High Payment Processing Expense</b> – Processing paper checks and credit cards are costly, employee administration costs and percentage of the total sale with credit cards.</p>	<p><b>Reduced Payment Processing Expense</b> - Electronic transactions are less costly--flat fee per transaction versus a percentage of the total sale with credit cards, manual handling dramatically reduced.</p>



<p><b>High Administration Costs</b> - Paper check processing carries costs associated with preparing and mailing customer invoices, and other costs such as: Accounts receivable follow up; bank fees; bad debt; collection expense; and administrative expenses.</p>	<p><b>Reduced Administration Costs</b> - Electronic Check Processing virtually eliminates the costs associated with preparing and mailing customer invoices, and other costs such as: Accounts receivable follow up; bank fees; bad debt; collection expense; and administrative expenses.</p>
<p><b>Controlling Payment Options</b> - Businesses that limit payment options are not positioned to reduce payment processing expense and diminish the ability for a wider consumer audience as customers.</p>	<p><b>Influencing Customer Payment Options</b> - Businesses want control over costs associated with payment options--if one payment option is less costly than others; they want the knowledge and ability to influence the customer's choice.</p>
<p><b>Technical Software</b> –Businesses can't use overly technical software and operational tools to operate their business. Learning curves are too steep and employee turnover high.</p>	<p><b>Non-Technical User Friendly</b> – Affirmative's software is user-friendly--entry-level personnel become familiar with its operation very quickly.</p>
<p><b>Transaction Processing Security Concerns</b> – Many businesses are concerned over processing files containing individual's banking information, and the possibility that the file containing the data could be diverted and used for illegal purposes. Many businesses are also concerned about the ability of "hackers" to somehow enter their electronic payment processing applications, and "steal" critical information by which to commit fraud, etc.</p>	<p><b>Transaction Processing Security Measures</b> - Affirmative's software employs SSL, 128 bit encrypted transmissions. This meets the highest standard of the government's current transmission requirements. Modern encryption technology is often misunderstood. In layman terms, breaking or corrupting a 128-bit encryption transmission is often described as dedicating a powerful PC full-time for 150 years. When data files are sent for processing, they are scrambled prior to transmitting, then unscrambled prior to processing, adding to the prevention of fraud and unauthorized access.</p>
<p><b>Internal Security Concerns</b> – Every business is concerned about security, fraud prevention, and employee theft. Business owners and managers must have sufficient controls over the movement of funds electronically to determine without question which individual employee authorized specific transactions and funds transfer.</p>	<p><b>Internal Security Measures</b> - All of Affirmative applications can be configured with a biometric authentication layer for the ultimate in security measures against fraud currently available. This technology is used to verify that an individual with proper security permissions has authorized all transactions processed. Biometrics provides the ultimate level of security, convenience, and ease of use.</p>
<p><b>Accounting Nightmare</b> – Businesses can't consider software or payment processing options that over burden their accounting functions, creating reconciliation problems and loss of control.</p>	<p><b>No Accounting Nightmare</b> - Automatic posting of settlements matches paid checks and lists those checks that did not clear for immediate follow up. NSF checks can be automatically resubmitted. Affirmative's software exports/imports an ASCII comma delimited file that communicates with most accounting packages or accounting software applications offered today.</p>