

Identifying costs – initiation through reconciliation.

In making the case for the conversion of paper payments to electronic payments solutions, we are often faced with the question of how much a paper check actually costs. It's easy to limit cost considerations to the physical materials used to print and mail checks at the front-end of the process, but that may only scratch the surface. In truth, costs can exist at every step – from initiation through reconciliation – and can be broken out across seven key components.

Key components

Labor – Initiation

Paper check payment initiation is labor intensive, with tasks including: purchasing, safeguarding, and maintaining supplies; reviewing and approving invoices for payment; and, printing, signing, packaging, and mailing checks and remittance materials.

Materials

Materials include check stock, remittance paper stock, envelopes, and postage. In many instances, postage costs may far exceed the cost of a stamp depending upon the urgency of payment and mode of delivery.

Fraud Control

Fraud protections are robust and absolutely needed to help thwart check fraud, but necessarily may have associated labor, system, and service costs.

Equipment / Systems Integration

Equipment costs include not just the check printer, but also the space to house it and your check stock securely, servicing contracts, and the systems to support reconciliation data delivery, receipt, and A/P integration.

Labor – Reconciliation

Reconciliation and research of paid and outstanding payments, along with escheatment, may be some of the largest components of cost for paper check issuers, whether managing in-house or leveraging outside services.

Cash Management

The uncertainty of check clearing timing can wreak havoc on cash forecasting needs for making daily investment/borrowing decisions. Controlled disbursement solutions can assist but have associated costs.

Bank Fees

In addition to check fraud protection and controlled disbursement services, banks provide check outsourcing and account reconciliation solutions to automate and streamline many of the labor-intensive elements of the check creation and reconciliation processes, but these solutions come with their own costs and cannot eliminate expenses entirely.

Paper Checks – Estimate your costs

Analysis of your own infrastructure and workflows is required to determine where you fall on the wide spectrum of per check costs. The below worksheet can be utilized to review your process and their associated costs.

Labor Costs - Initiate Payment	Review invoices and approve payment	\$
	Print and sign checks	\$
	Sort/Distribute	\$
	Check Control	\$
	Prep/Mail	\$
	Purchasing (supplies)	\$
Labor Costs – Reconciliation / Research	Manage return mail	\$
	Reconcile paid check details received from bank	\$
	Research payment details	\$
	Reissues	\$
	Manage outstanding payments & escheatment	\$
Fraud control	Decision positive pay suspects	\$
	Place stop payments	\$
	Submit fraud claims if applicable	\$
Treasury / Cash Management	Receive controlled disbursement totals	\$
	Update cash position	\$
	Make investment/borrowing decisions	\$
Equipment Costs	Service Contract	\$
	General Overhead	\$
	Per minute fax charges for remittance information	\$
	Printer	\$
	Warehouse	\$
Other Systems	Transmit positive pay file to bank	\$
	Receive paid check file from bank	\$
	Receive end of month recon from bank	\$
	Update A/P system	\$
Material	Checkstock	\$
	Envelopes	\$
	Remittance Documents	\$
	Postage / Overnight Mail	\$
Bank Fees	Bank Processing Fee Per Check Paid	\$
	Bank Reconciliation Fee Per Check	\$
	Positive Pay/Payee Positive Pay (Cost Per Check)	\$
	Check Image Capture/Retrieval	\$
	Maintenance Fees (Controlled Disb, Pos Pay, Payee Pos Pay)	\$
	Exception Handling fees	\$
	Photocopy Requests	\$
	Stop Payment Requests	\$
Other	Check Outsourcing fees (e.g. multiple pages, special handling, express mail)	\$
	Late Fees Paid to Vendors	\$
	\$ Values of Discounts Lost	\$

Electronic payment options

Digital Disbursements – The Bank of America Merrill Lynch Digital Disbursement service provides an economical and convenient way to distribute funds to your U.S. consumer customers using just their mobile number or email address – regardless of which U.S. based financial institution they use. With this business-to-consumer solution, we can help you gain efficiencies and potentially reduce your disbursement costs for such payments as product rebates, insurance claims, invoice overpayments, or whatever other type of consumer payment you need to make.

CashPro® BillPay – Transform your payables process to a simplified, comprehensive and electronic environment with CashPro BillPay. The CashPro BillPay end-to-end workflow streamlines a paperless payables process from invoice management to payment reconciliation. Efficiency is key to spending less time on accounts payable and more time focused on growing your business:

- Electronically receive or upload invoices, route them for approvals and schedule electronic and paper payments.
- Integrate seamlessly with most widely-used accounting packages to speed reconciliation and offer a more complete view into your cash position.
- Check production is handled by us, eliminating the need for physical signatures, printing equipment, mailing and storage.

Prepaid Card – Bank of America Merrill Lynch Prepaid Cards, like Digital Disbursements, help you to make fast, easy and secure payments to consumers. Cards are easily reloadable for recurring payments, and offer a convenient payment solution for those customers who may not have a checking account, giving recipients access to their funds at ATMs or any merchant that accepts Visa® or MasterCard® debit cards.

Comprehensive Payables – The Comprehensive Payables service, which includes Paymode-X® and ePayables, is an easy-to implement, electronic payments processing solution that can significantly reduce your non-payroll check volume while increasing your accounts payable speed and efficiency.

Automated Clearing House (ACH) Services – Bank of America Merrill Lynch ACH is an electronic payment delivery system that allows you to pay electronically through the ACH network. We can help you take full advantage of the speed, accuracy, and efficiency of electronic payments available through ACH, giving you better control over the timing of payments posting to your bank accounts.

Wire Transfer – Bank of America Merrill Lynch offers wire transfer services that are among the most advanced, allowing transfer of funds to or from virtually any place in the world – in almost every currency. Wire transfers assure finality of payment, provide immediate availability of funds, and provide global payment capabilities.

Work with a global leader for Treasury Services

As a long-time leader in treasury management services with a powerful global platform, we welcome the opportunity to put our electronic payment services to work for you. To learn more, including terms and conditions that may apply, contact your Bank of America Merrill Lynch representative today. Visit bankofamerica.com.

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