



# Cash Management

Trends & Best Practices

**first**

first financial bank

## Caroline Bove, CTP

- VP, Public Funds
- Been w First Financial for almost 10 years and worked exclusively with PF Entities for 7 years.
- From Sweden and used to be a professional golfer.



## Brandon Parker

- i3 Verticals  
Executive Vice President of ERP
- 20+ years of Public Sector experience
- Software solutions and merchant processing



# Agenda



## ■ Banking RFP Experience Discussion

- RFP tips

## ■ Merchant Services

- Rates and Payment channels
- Disbursements and Reports
- Security

## ■ Cash Management Services

- Lockbox / Remote Deposit Capture
- Credit Cards / Automated Payables
- Fraud Protection
- Other Services / Trends

## ■ Questions

# RFP Experience



- The RFP Process is so much fun!
- We make sure there are no outdated questions.
  - CD-ROM anyone?
- We only include things in the RFP that is applicable to our entity.
- We know what a good RFP timeline looks like.
  - A week is sufficient time for banks to respond, correct?!

# RFP Experience

## Timing

- For questions/Completion

### CALENDAR OF EVENTS

October 21, 2022	Requests for Proposals mailed
November 7, 2022	Last day to submit questions in writing
November 17, 2022	Proposals Due
January 31, 2023	Selection and Notification of Awardee
May 31, 2023	Deadline for Contract Negotiations and Finalizations
Nov. 1, 2023	Contract period begins

# RFP Experience



- Question Format
  - Written/Virtual town hall/Deadline
- Response Format
  - PDF/word/fillable PDF
  - Paper/electronic (financials)

# RFP Tips



- Timing
- RFP structure
  - Group questions
  - Pricing form
- Responses
  - Paper vs electronic
- Outdated Questions
- Specific Questions



# RFP Example

## Three+one example:

Date	Time	Description
April 30	N/A	RFP issued.
<b>May 3</b>	<b>4:30 P.M.</b>	<b>Email RFP Contact Person to express interest in responding.</b>
<b>May 8</b>	<b>3:30 P.M.</b>	<b>Mandatory prebid web conference call.</b>
May 13	1:00 P.M.	Phase 1 questions submitted. <b>Answers provided continually through 1:00 P.M. on May 17.</b> *
<b>May 22</b>	<b>1:00 P.M.</b>	<b>Phase 1 responses submitted through the online portal.</b>
May 31	1:00 P.M.	Phase 2 finalists will be notified.
June 5	N/A	Additional information, if any, provided to Phase 2 Proposer(s).
June 10	1:00 P.M.	Phase 2 Proposer(s) must have interviews scheduled or will be disqualified. **
June 14	1:00 P.M.	Proposer(s) submit questions to RFP Contacts, if any, for Phase 2. Answers provided continually through June 18.*
<b>June 20</b>	<b>1:00 P.M.</b>	<b>Presentations due.</b>
June 25 and 26	TBD	Virtual presentations/interviews conducted.
July 2024	N/A	Final negotiations, if applicable, and agreement completion.
July 2024	TBD	All Proposer(s) notified of results.
August 2024	N/A	Transition begins, if necessary, and completed within 270 days.

# RFP - Merchant Services



## ■ Be Specific!

- There are a lot of variables when it comes to merchant services
- Technology might have changed since your last RFP
- Proprietary Software/Hardware could limit compatibility
- Additional Services

# RFP - Merchant Services



## ■ Give a breakdown of what they need to expect

- Average Sale Amount
- Number of Transactions
- Monthly or Annual Volume
- Card Present vs. Online/CNP
- Chargeback Rate
- PCI Scope
- Current Hardware
- Current Merchant Services Provider
- Merchant ID count and types

# Merchant Services



## ■ Questions you'll want answered...

- What's the rate?
- What payment channels are available?
- How is my money disbursed?
- What report options are available?
- Are you secure?
- What's trending?

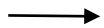
# What's the rate?

Passed Fees



Processing fees passed to the cardholder.

Absorbed Fees



Processing fees absorbed by the merchant.



# What's the rate?

Percentage Fee Model



- Most common model in the public sector.
- Generally, a Passed Fee – Processing fees are passed to the cardholder.

What your customer sees...

Base Bill Amount:	\$226.83
Processing Fee:	<u>\$ 8.51</u>
Total Charge:	\$235.34

## Notice of Service Fee

Please note there will be a **3.75% Service Fee** charged by a third-party company to cover the cost of this secure and convenient payment service.



# What's the rate?

Tiered Fee Model



- Flat fee based on the bill amount.
- Generally, a Passed Fee – Processing fees are passed to the cardholder.

What your customer sees...

Base Bill Amount:       \$ 1.00  
Processing Fee:         \$ 3.00  
Total Charge:           \$ 4.00

Or

Base Bill Amount:       \$100.00  
Processing Fee:         \$ 3.00  
Total Charge:           \$103.00



## Transaction Fee Schedule

Any single cumulative transaction totaling	Convenience Fee
\$ 1.00 through \$100	\$3.00
\$100.01 through \$200	\$6.00
\$200.01 through \$300	\$9.00
\$300.01 through \$400	\$12.00
\$400.01 through \$500	\$15.00

# What's the rate?

Interchange +



- A small fee is added in addition to the interchange fees.
- Absorbed Fee – Processing fees are absorbed by the merchant.

What your customer sees...

Base Bill Amount:	\$ 73.58
Processing Fee:	<u>\$ 0.00</u>
Total Charge:	\$ 73.58

What you see...

Base Bill Amount:	\$ 73.58
Processing Fee:	<u>\$ 1.87</u>
Total Funds Collected:	\$ 71.71



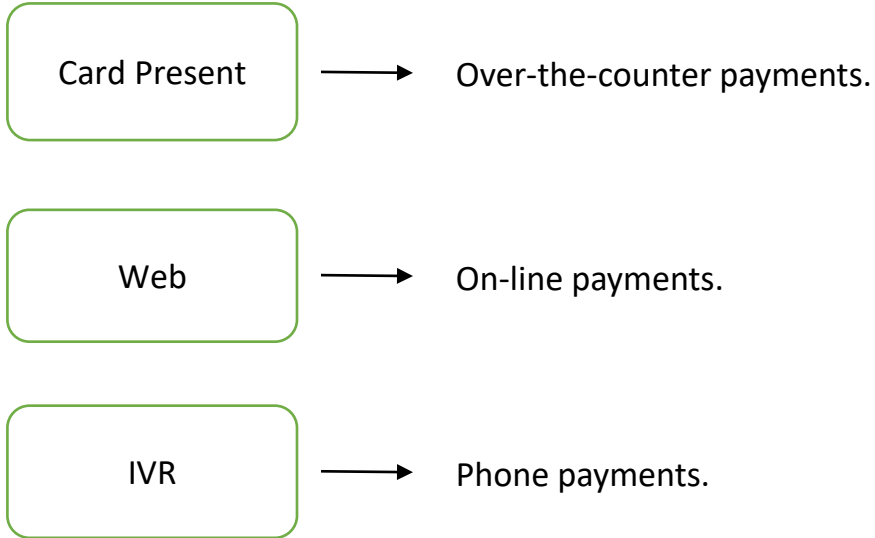


# What's the rate?

## Other rate questions to consider...

- Is there a minimum fee?
- What card brands are accepted?
- Is there a flat rate available for debit cards?
- Can you process e-checks? Are those processed at a different rate?
- Do the rates vary per payment channel?

# What payment channels are available?



# What payment channels are available?

## Card Present

Its all about devices. What you need to know...

- What types of devices are you receiving?
  - EMV?
  - Contactless?
- How many devices are you receiving?
- What are the cost of those devices?
  - Free?
  - Purchased?
  - Leased?
  - Ongoing Maintenance?
- Virtual Terminal or Stand-alone?
- Phone Payments?



# What payment channels are available?

## Web Integrated vs. Blind Submission

### Integrated – Fully integrated with your system of record.

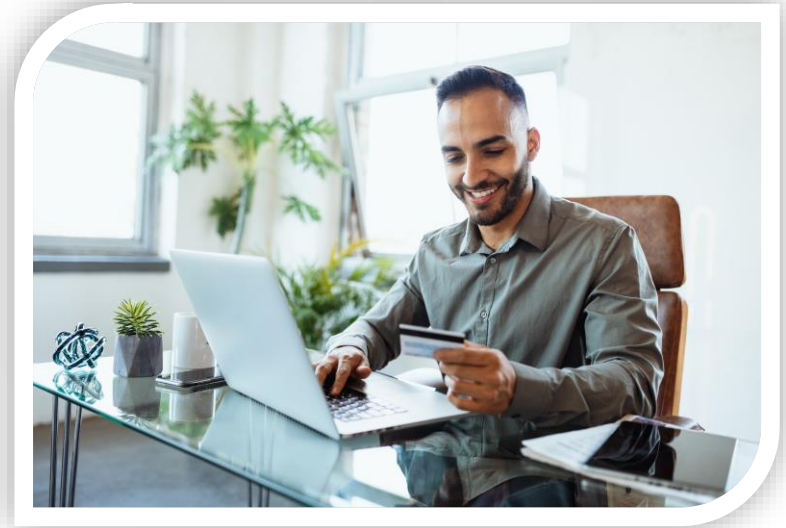
Integrated payments doesn't necessarily mean that you are limited to your system of record vendor. Some third-party payment platforms provide functionality to receive from and post to primary systems.

- Will my vendor work with a third-party processor?
- Are there any development fees?

### Blind Submission – Requires no system integration.

Quickest way to start taking payments online. Users enter their information and the amount they wish to pay. Ideal for any office with no integration capabilities.

- Are the forms configurable?
- Is there a review process?
- How am I alerted that a payment was received?



# What payment channels are available?

## IVR

Automated, live agent, or both?

### Automated IVR:

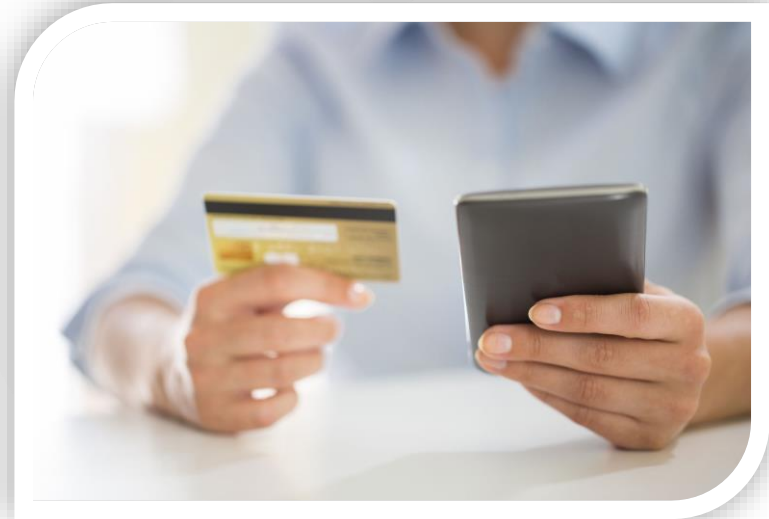
Interactive Voice Response is a phone system feature that interacts with callers and gathers information through a menu. The IVR then takes action based on the caller's answers, including processing the users card payment.

### Live Agent:

Call center agents assist customers with making payments over the phone.

### Both:

Does the solution offer both services?



# How is my money disbursed?

Timing



How many days for the funds to hit your account?

Fees

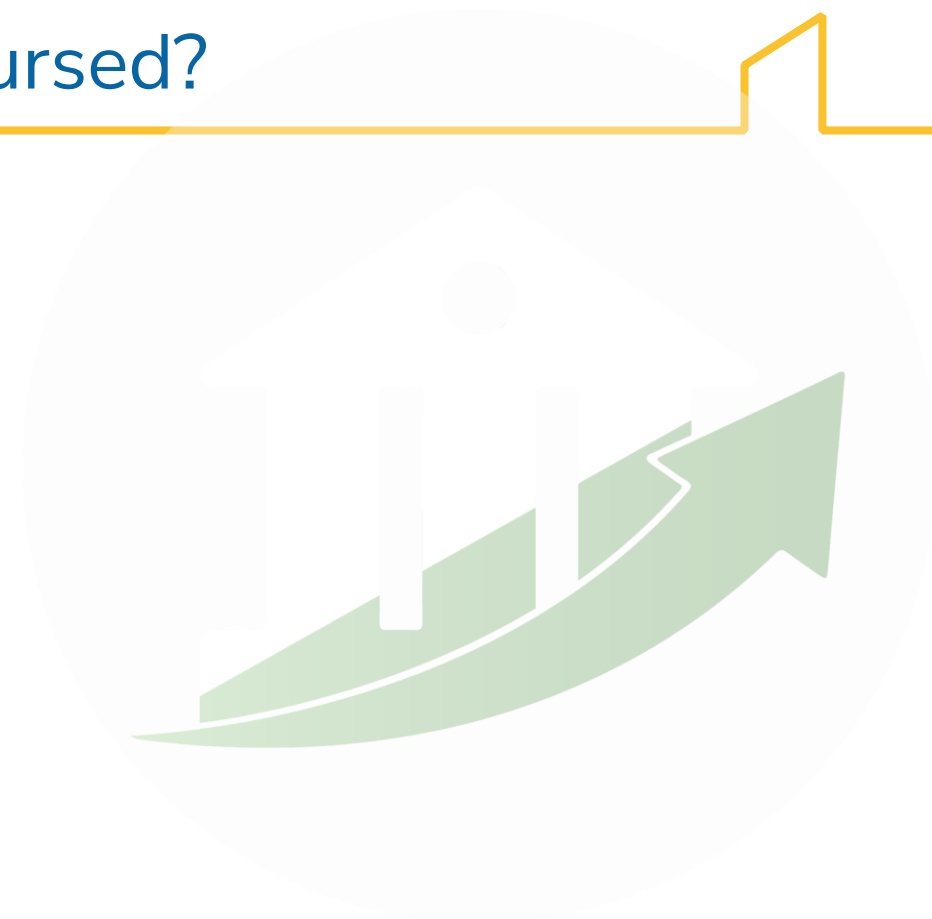


How are the processing fees handled?

Grouping




Are multiple daily batches combined into a single deposit?



# How is my money disbursed?



## Other disbursement questions to consider...

- Can the solution accommodate multiple bank accounts?
  - How easy is it to change bank accounts in the future?
- 

# What report options are available?

Transaction

Transaction reports should include:

- Transactions detail.
- Open vs. settled batches.
- Batch totals.

Disbursement

Disbursement reports should provide:

- Disbursement details.
- Drill down capabilities

Audit

Audit reports should show any modifications that occurred in the system.

- User changes
- Transactions changes including voids, returns, etc.





# Are you secure?

P2PE



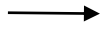
Point-to-point encryption.

Tokenization



Data replacement of sensitive cardholder data.

PCI



Payment card industry security standards.



# Are you secure?

PCI



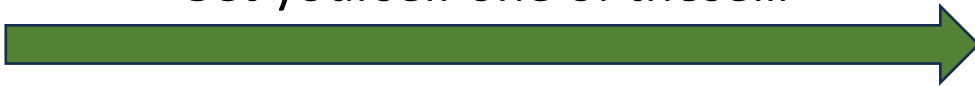
Payment card industry security standards.



PCI Security Standards are developed and maintained by the PCI Security Standards Council to protect payment data throughout the payment lifecycle. The different PCI Standards support different stakeholders and functions within the payments industry.

**Payment Card Industry (PCI)  
Data Security Standard**

Get yourself one of these...

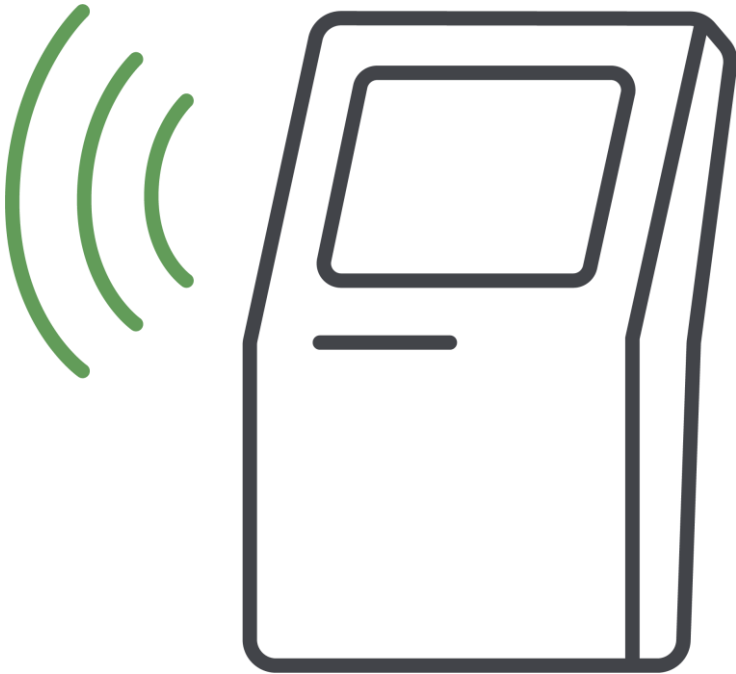


**Attestation of Compliance for  
Onsite Assessments – Service Providers**

Version 3.2.1

June 2018

# What's trending?



# Cash Management Services



- Remote Deposit Scanner / Lockbox
- Credit Cards / AP Automation
- Fraud Protection - Positive Pay
- Other Services + Trends
  - Cash Vault
  - Same Day ACH
  - Insta Payments
  - Embedded Banking
  - Fraud

# Remote Deposit Capture

## Remote Deposit Capture

There's no need to drive to the bank to make a deposit. With Remote Deposit Capture you and your employees can easily prepare and process check payments from multiple locations and to multiple accounts from the same platform.

### Benefits include:

- improved efficiency
- time and money savings
- increased deposit security
- faster access to funds.



## ■ Lockbox = Outsourcing Receivables.

- Process your receivable payments safely and efficiently using advanced imaging and scanning technologies with lockbox services.
- Enhanced reporting that captures critical payment data, creating an effective digital audit trail.
- View and print remittance reports that same day.



## Key Benefits

- Expedite Collection of Receivables
- Establish an External Audit Trail
- Enhanced Reporting
- Obtain remittance information on the same day the items are processed
- Eliminate internal Costs and inefficiencies by automating much of the account receivable process
- Secure online portal allows quick access to view and print reports of remittance data and check images



# Lockbox

## ■ Retail Lockbox

- Large Volume (i.e. retail store) / scannable MICR line

## ■ Wholesale Lockbox

- Smaller volume / no MICR line

## ■ E-lockbox

- i.e. utility payments/bill pay





# Lockbox

## ■ RFP – no current Lockbox

- Provide average monthly or annual volume
- Disclose if there will be a MICR line on the payment stub
- File integration for data upload



## ■ RFP – current Lockbox

- Provide average monthly or annual volume
- Retail or Wholesale Lockbox?
- File integration for data upload
- Explain certain line items

Check MICR Capture

Postage ?

Online Lockbox Software Maintenance



## ■ RFP Sample Questions

5.3.1 Describe the available lockbox system solution capabilities, including the following:

- a. Capabilities for both wholesale and retail lockbox.
- b. Discuss the system's ability to provide image capture and retrieval of checks and payment stubs.
- c. Discuss the system's ability to provide batch and system deposit reports.



## ■ RFP Sample Questions

- 5.3.2 Indicate the location of the lockbox processing site that would service [REDACTED]
- Does the Respondent offer a PO Box with a Columbus, Ohio address? If so, please indicate whether that PO Box will remain active during the proposed term of an Agreement with [REDACTED]
  - Describe the mail delivery process from the time it is picked up at the post office until its delivery in the lockbox processing area. Discuss any time delays associated with the mail if it is not directly delivered to the lockbox. Indicate whether the mail is delivered to the Respondent operations center and then to lockbox operations.



## ■ RFP Sample Questions

5.3.3 Describe the lockbox operating environment.

- a. Provide the hours of operation including weekends and holidays.
- b. Describe the cut-off times for same-day ledger credit of lockbox deposits.
- c. What are the Respondent's established procedures for disaster recovery if [REDACTED] assigned processing site is unable to process items?



# Credit Card Program



## Business Credit Card

Purchasing/ travel entertainment expenses through credit card  
Vendor payments through virtual/ghost card

A card program could:

- improve efficiency and cash flow
- increase working capital
- reduce payment fraud
- track and control employee spending
- optimize the accounts payable process (AP Automation)

<b>Structure</b>	Receive 1.00% on monthly net spend for the first \$39,999 Receive 1.25% on monthly net spend over \$40,000
<b>Redemption</b>	Rebate will be credited monthly to your VISA® business account's central billing account

# Credit Card Program

- Why banks pay you for using a credit card?
- LTI & other “Buckets”
- Rebate/cash back/points
- Annual/monthly rebate



# AP Automation



Utilize payments technology to streamline your accounts payable process. Transition to electronic payments, originate multiple payment types with a single file, and get the data you need to reconcile accounts.

Many Automated Payables Solutions can deliver on all payment types including virtual card, ACH, and check.

**Virtual Cards:** Highly-secure, single-use digital credit cards issued for the exact invoice amount and expires after use.

**Automated Clearing House (ACH):** Push funds directly into an account through the ACH network.

**Checks:** Create efficiencies and save time for your AP staff by automating your checks process.



# Positive Pay



- ▶ <https://www.youtube.com/watch?v=4bbHF0khuBA>



# Positive Pay



## Fraud Control – Positive Pay

Every fraud control toolkit should have ACH Positive Pay and Check Positive Pay. Control which checks or electronic debits/credits are allowed on your account, as well as block unauthorized transactions.



With ACH Positive Pay we review debits presented against your account based on the parameters you've established. For even more control, there's Check Positive Pay where you can decide the best way to review checks presented against your account and return any fraudulent items.

Altogether, Positive Pay is a proactive approach to protecting your business, keeping your transactions secure and unauthorized activity\* at bay.

\*Fraudulent or suspect items must be decisioned by 1:00 PM ET.

# Positive Pay



- (Standard) Check Positive Pay
- **Payee Check Positive Pay**
- Reverse Positive Pay
- Check Block
  
- **ACH Positive Pay**
  - Federal Regulation

# Other Products + Trends

A thick yellow horizontal line spans the width of the slide, with a small yellow graphic element on the right side consisting of a vertical line, a horizontal line, and a diagonal line forming a corner shape.

- Cash Vault
- Same Day ACH
- Instant Payments
- Embedded Banking
- Fraud

# Questions

