

dLx

## Donation Processing:

What technology is available to manage check donations?



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*106 year old check company*

*Transforming into a technology company*

*Deep routes in the Payments space*

*Continued investment in Receivables and Payables*

Checks are a  
reality.

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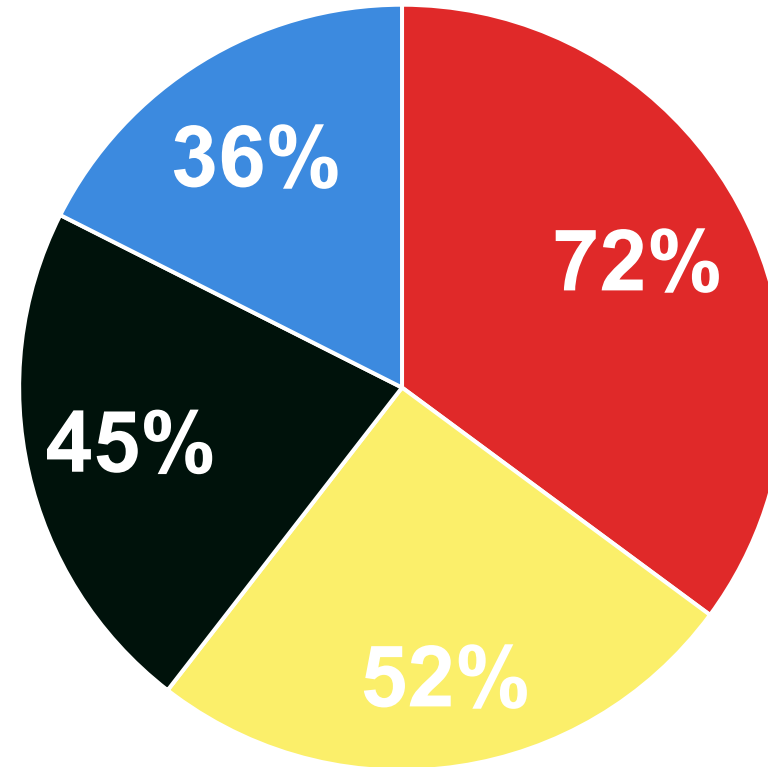
## Paper Deposits = High Cost and High Risk

- » Drive them to your bank for deposit
  - » Risk in transit...increase in insurance costs
  - » Paying for FTE's time away
  - » Bi-weekly deposit means reduced cash flow and funds availability
- » Mailing from your office
  - » Paying for expedited postage
  - » Realizing mail float, reduced cash and funds availability
- » May not be feasible due to the check volume you are receiving

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## Modernizing AP/AR Processing

What primary factors drive automation in your Receivables operation?



■ Efficiency

■ Error Reduction

■ Control/Security

■ Forecasting Accuracy

# Using Technology for your Paper Deposit Needs



Checks received in the mail



Checks received in your office



Checks received on the go

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## Caging

Processing direct mail responses in a lockbox environment.

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## What is Caging?

A cage-like enclosure for a bank or cashier.

Term used in the nonprofit space, but not elsewhere.

Most commonly referred to as Lockbox



# A little history...

- » Lockbox is traditionally a bank service, starting in the 1930's.
  - » Built on safety and security
  - » Ability to send physical checks around the country for collection
- » Purpose was to facilitate the handling of receivables for large billers
  - » Retail – Traditionally B to C, uniform invoice/coupon, highly optimized
  - » Wholesale – Traditionally B to B, random, high touch
- » Ultimately, banks wanted to gain the deposits of large commercial clients.
- » Banks were successful in lockbox:
  - » Deposit the payment immediately
  - » Limited data entry requests (namely address changes)
  - » Client maintained data entry in house

# How it all changed...

- » Imaging technology was introduced in the 1990's
  - » Focus on high speed processing
  - » Conforming documentation to leverage automation
- » Automating the processing of receivables work became affordable and efficient.
  - » Third party processors began forming.
  - » Service became commoditized.
- » By the late 1990's banks began selling their lockbox contracts to major third party processors.

## On the caging side...

- » Nonprofit organizations required a higher level of special handling than banks provided.
- » Caging providers began forming
  - » Focus on manual data entry direct into client's system
  - » Little to no automation, primarily manual servicing
  - » Timing wasn't as strong of a consideration
- » Security changes and the need for transparency in the early 2000's changed the game for cagers.
- » Accountability, transparency, and efficiency requires controls and technology.

# What we See Today...



Largely outsourced through bank or third-party providers



Lockbox/Caging being offered down market (no longer just a volume play)



Expansion in data entry requirements, higher focus on full service

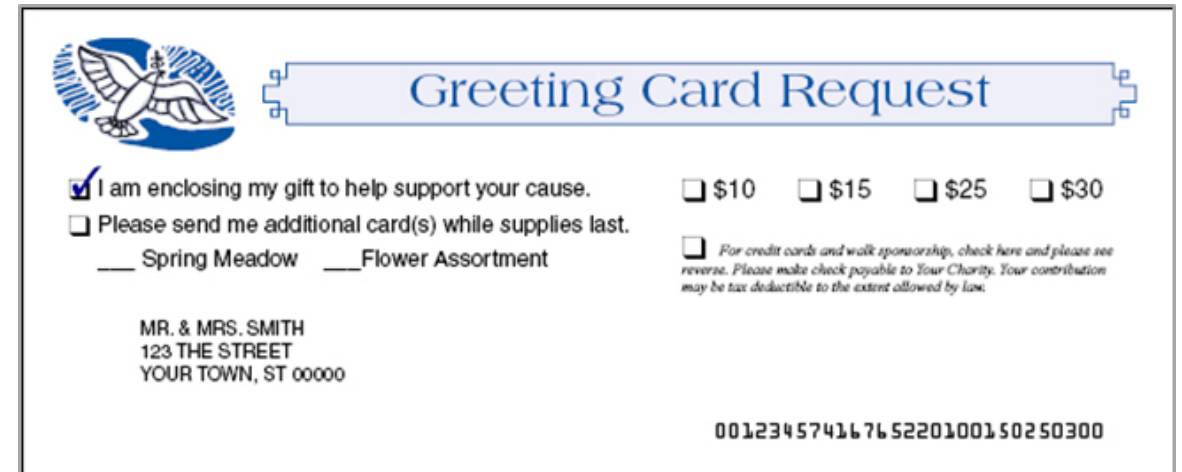



Some marketing design streamlining to leverage more automation in processing

# Pairing Creativity + Technology

## » Value:

- » Enabling technology to automatically read and compute information
- » Increasing throughput by reading known information...donor ID, campaign ID
- » Mitigating risk associated with keying errors in a manual environment
- » Quality assurance through check digit routines



 **Greeting Card Request**

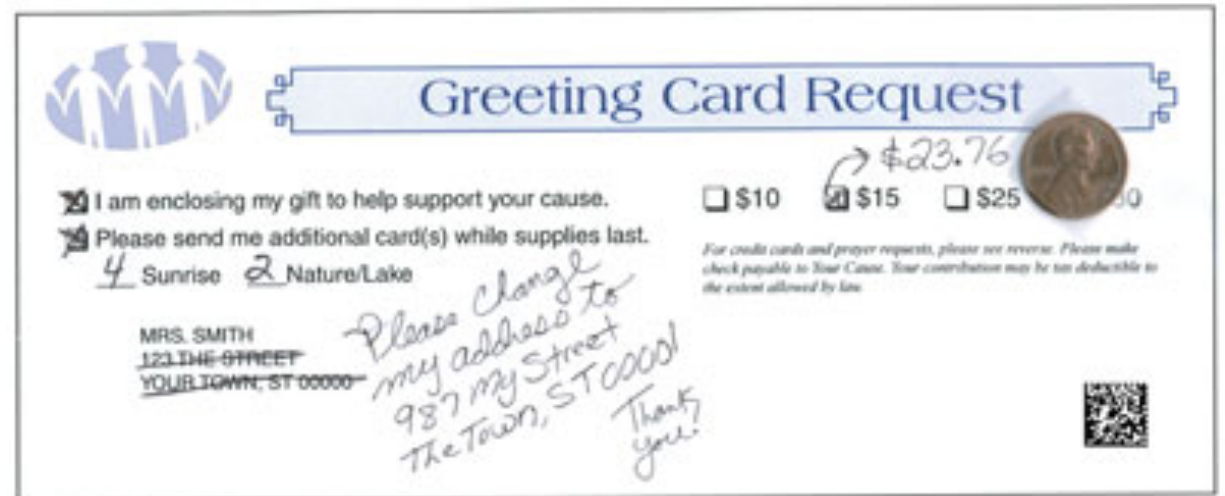
I am enclosing my gift to help support your cause.  \$10  \$15  \$25  \$30


Please send me additional card(s) while supplies last.  
\_\_\_ Spring Meadow \_\_\_ Flower Assortment

For credit cards and walk sponsorship, check here and please see reverse. Please make check payable to Your Charity. Your contribution may be tax deductible to the extent allowed by law.

MR. & MRS. SMITH  
123 THE STREET  
YOUR TOWN, ST 00000

00123457416765220100150250300



 **Greeting Card Request**

I am enclosing my gift to help support your cause.  \$10  \$15  \$25  \$30


Please send me additional card(s) while supplies last.  
4 Sunrise 2 Nature/Lake

*Please change my address to 987 My Street The Town, ST 00000*


*Thank you!*

MRS. SMITH  
123 THE STREET  
YOUR TOWN, ST 00000

*\$23.76*



For credit cards and prayer requests, please see reverse. Please make check payable to Your Cause. Your contribution may be tax deductible to the extent allowed by law.



# High Speed Equipment

- Scans in a high production environment.
- Opens, scans, captures data in the same pass
- Images further automate the process.
- More standard, faster and most efficient.



# Modernization of the Humble Lockbox

- **ACH deposit** functionality to speed customer cash flow
- **Sophisticated fraud detection** to protect customer payments
- **Convenient online archives** to simplify research, customer service and audits
- **Greater integration** with database and accounting systems
- **Improved matching and exception management** capabilities to boost straight-through processing rates

# Long Term Online Archive



## Insight to Daily Cashflow

- » Dashboard with drill-down capabilities for additional details on batches and transactions with just one click



## Access to posted images of checks captured

- At the end of day processing, images of checks, correspondence, reply devices and more available to your staff for extended time period



## Maintain Visibility on Critical Data

- Visibility into exception work, special requests and critical items



## Improve Donor Management

- With easy access to this long-term archive, donor questions can be quickly and easily answered, images can be printed, emailed and saved





# Remote Deposit Capture

Capturing check donations at remote locations.

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## What is Remote Deposit Capture?

Application enabling end user to accept deposits via scanner or mobile device.

Speeds cash and reduce costs

Applicable to low volume shops

## A little history...

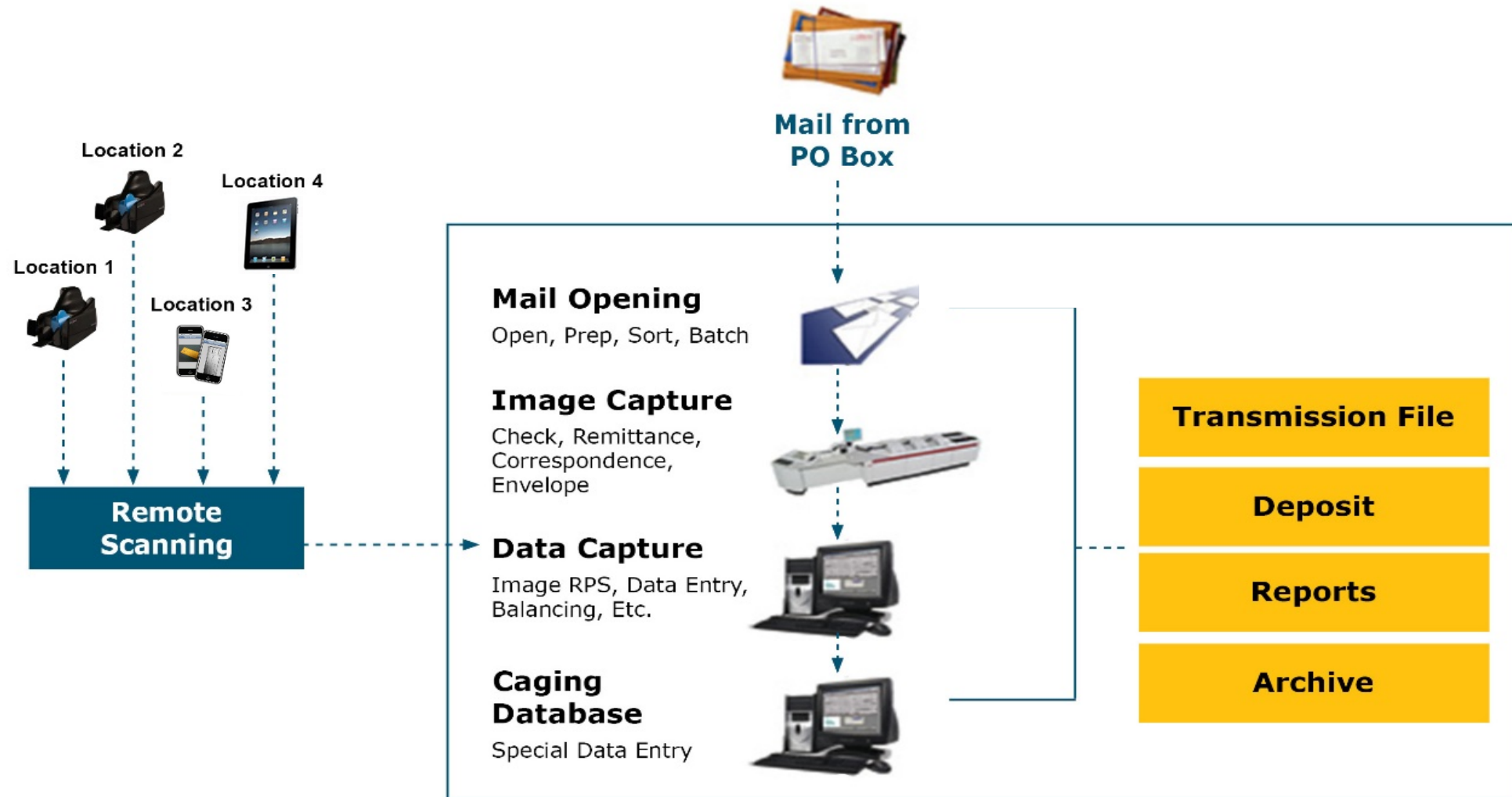
- » 9/11 changed the check clearing landscape in the United States
- » 2003 Check 21 Act Ratification – Legally deposit images of a check rather than the physical paper
- » Banks were looking for solutions to service down market clients and leverage the new electronic check deposit service
- » Desktop was the first application to launch, which required a scanner and access to the internet
- » RDC was a way to capture the “Stranded” payment...think of remote locations of a business

# Applying RDC to Donation Check Volume

- » Most common use case: Mailing transactions from regional offices to the cager for processing.
- » Other opportunities:
  - » Regional Offices
  - » Events
  - » Auctions
- » Ability to capture payment information
  - » Reply devices (with or without a scanline)
  - » Correspondence
  - » Envelopes



# Remote Deposit Capture (RDC) – Integrated to Caging



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## Mobile Capture

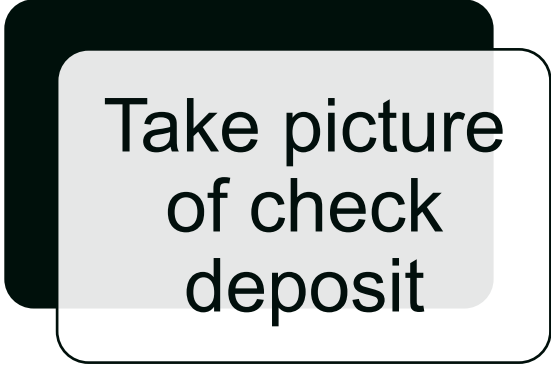
Capturing checks on the go, from any mobile device.

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## What is Mobile Capture?



A version of  
RDC



Take picture  
of check  
deposit



Micro  
volume

# A little history...

- » With the success of RDC desktop application to businesses, it wasn't long before banks wanted a solution that could apply to small businesses and consumers
- » Value proposition is similar to RDC...there is a need to capture and deposit a check, just to a lower overall volume
- » Where a scanner was required before, now leveraging mobile device technology with built in cameras was the next step
- » Already seen iterations of the technology
  - » Started with camera snap of 1 check at a time
  - » Video technology is now leveraged to capture multiple checks in one deposit



# Applying Mobile to Donation Check Volume

- » Most common use case: Instantaneously capturing and depositing a high dollar check...a new tool in your Major Gift Officer's tool kit?
- » Other opportunities (primarily volume dependent):
  - » Matching gift checks
  - » Auctions
- » Ability to capture payment information
- » Deployment through a stand alone or integrated solution.
  - » Integrated through your mobile application

# Checks into the future...

- » Check technology is still happening!
- » The digitization of checks is evolving...
  - » Started with check deposit receivables delivery via Check 21
  - » Moved to check capture flexibility with Remote Deposit Capture
  - » eCheck is full digitization...issuing, delivering and depositing a “check” following Check Law all electronically!
- » Fintechs are always looking at the next application with the end goal being ease, speed, and integration

The logo for 'deluxe' is centered on a background of large, light gray triangles pointing towards the center. The word 'deluxe' is written in a lowercase, sans-serif font. The letters 'de', 'lu', and 'e' are black, while the 'x' is red. A registered trademark symbol (®) is located to the right of the 'e'. Below the main text, the tagline 'trusted business technology' is written in a smaller, black, lowercase sans-serif font.

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trusted business technology