



Calling All Alternative Payment Options

By Marwan Forzley

Paper or plastic? That question echoes far beyond supermarket aisles, particularly for call center merchants eager to understand consumer buying and shopping preferences.

Consider a report by the Federal Reserve, which found that 34 percent of consumers use credit cards at brick-and-mortar stores, while 55 percent use cash or checks. Yet a whopping 96 percent rely on credit cards for online purchases. Why the huge difference? Simply put, there's no other way to pay online. This lack of payment options disenfranchises shoppers who have limited or no access to credit, are concerned about identity theft and fraud, or prefer to pay with cash. In call centers, non credit card customers are writing checks resulting in slow order fulfillment, and delayed merchant payments.

The result: Pent-up consumer demand equaling \$14.4 billion in missed opportunities for merchants who don't offer cash-like alternative payment options.

But now call center merchants can capture this elusive consumer market through online banking. This untapped resource addresses call centers' traditional transaction challenges with safe fund transfers and a turnkey infrastructure, while also saving time, money, and customers.

Transaction Troubles: Four payment methods are traditionally used in call centers: credit cards, checks, money orders, and wire transfers. However, these methods are limited when it comes to serving customers quickly, efficiently, and safely.

Consider the drawbacks of credit cards. Fifty million U.S. adults don't even have one, according to Forrester Research. And Axciom reports that 45 percent of all credit card holders are within 5 percent of their credit limit.

Many shoppers' security and identity theft concerns deter them from sharing credit card numbers and other sensitive financial information over phone connections. Plus, giving personal information to an agent increases call time, and removes the customer's control of where that information goes after the phone call.

Mail-in checks and money orders restore some control, and let customers pay from available funds, but they significantly increase order-processing time. While credit card transactions occur immediately, mail-in checks require 5 to 10 days for mailing, with additional time for merchant processing and payment clearance.

Merchants also can't ensure that customers' funds are good. As a result, they frequently encounter non-sufficient funds (NSF) during processing. This incurs the usual processing cost *and* a fee, making the entire process costly and complicated for merchants.

Orders paid for by wire transfers usually take 1 to 2 weeks to complete. The transfers include a set of instructions (as do checks and money orders) that call center agents must recite to customers before finalizing the order. This extra step increases talk time, lessens the customer buying experience, and delays order fulfillment.

Banking Benefits: In comparison, alternative payment options that leverage online banking are fast and efficient. For example, customers can request an online banking option at call center checkout, and the only information the agent needs is the customer's e-mail address.

With this option, an electronic invoice, or eBill, is immediately sent to the customer's email account. The consumer then signs in to their online bank, and pays the merchant in exactly the same way they pay any other bills online. Once the payment is processed through the bank, the order is fulfilled and shipped.

For added security, payments are sent directly from the customer's bank account to the merchant's – a strictly private bank-to-bank transaction. Customers are not linked directly to their online bank and are never required to expose their bank account information. Moreover, online banking payment options don't increase debt or require a credit or debit card.

Online banking improves order fulfillment and protects sensitive information for customers, but it delivers a number of benefits for call center merchants, too, such as:

- **Increasing sales by tapping into a pre-enabled user base:** Eighty-four million consumers already bank online, with that number forecasted to reach 110 million by 2010, according to Pew Internet. This makes the pre-enabled online banking user base larger than that of traditional credit card payment systems and directly links merchants to every bank with online bill pay.

Merchants can also tap online banking's proven security. Banks' rigorous authentication processes, coupled with strict regulatory procedures, assure customers that their money and personal information are safe from crooks.

Consequently, online banking enjoys built-in consumer confidence as a tried-and-true method for Web transactions. Call center merchants can then leverage this trust when they let customers pay using available funds.

- **Beefing up the bottom line through cost reductions:** The online banking payment option essentially automates manual processes associated with checks and money orders, achieving substantial savings in several ways for call centers.

Firstly, the transferred money is guaranteed to be good funds because it is coming directly from the bank and the consumer's existing funds. This significantly decreases the frequency of bounced or incomplete invoices, and virtually eliminates NSF fees.

Secondly, there are no upfront or monthly fees, or charges for reporting, exception handling, or refunds. Chargebacks are non-existent, saving re-presentment and arbitration fees, and manual labor and research time.

Finally, some online banking implementations offer lower transactions fees than credit cards. For example, SECURE-eBill's transaction fees are half that of credit cards. These savings boost merchant margins, and cut operational costs.

- **Enhancing the customer service experience:** Online banking enhances customer experience in a number of ways:

No declines. Call center agents know that turning away customers is unpleasant. But online banking's good funds assure that call centers can give their customers another payment option in cases where there is a decline of credit cards, credit applications, or stop payments. Agents can save the sale at point of purchase by providing a secure, familiar way to pay.

Lower call handle time. Agents no longer have to collect information, perform credit checks, or fill out application forms. Rather, they simply ask for an e-mail address. This fulfills orders faster than with wire transfers, money orders, and checks, and reduces call time.

Flexible transactions for small business customers. Shopper and payer can be two separate parties, facilitating authorization and approval processes for businesses. This makes online banking attractive to small businesses, 92 percent of whom prefer to pay by cash or check, according to Forrester Research.

In-store pickup and return. Online banking allows in-store pickups and returns, thanks to direct customer-to-merchant purchases. Compare this to other payment

methods where customers complete transactions with 3rd party credit forms and online checkouts. In these cases, merchants do not retain the final customer order, and therefore cannot complete an in-store pickup or return. With online banking, customers paid with cash, and will receive cash if they return items. This sidesteps complicated reimbursement cycles typical of many credit systems, and simplifies the process for merchants and customers, optimizing the overall customer service experience.

- **Saving time and money with easy multi-channel implementation:** Merchants can add online banking to their payment choices with a straightforward integration process. Systems such as SECURE-eBill take only weeks to implement, and many providers offer consulting and training services to facilitate the process.

Multi-channel integration is equally simple. Since much of the programming for call center and Web sites is the same, it's recommended that merchants launch both channels simultaneously. By leveraging the same resources, merchants can speed implementation, lower costs, and increase reach and effectiveness.

Customer service training is also fast. Credit card and credit application systems require in-depth training and legal scripts, but online banking leverages what service representatives already know. This keeps their existing scripts intact, and requires minimal time for training.

Merchants will find it worthwhile to partner with a payment system provider to handle integration and rollout within the call center. This cost-effective and efficient approach leverages existing technology, and reduces the merchant's ramp up time.

Once there, merchants will finally meet customer demand for cash-like payment options, and boost bottom lines in the process.

Marwan Forzley is President and CEO of MODASolutions, a company that provides proprietary software solutions that significantly reduce the risk of e-commerce transactions for consumers and merchants.

MODASolutions' flagship offering, SECURE-eBill™, allows consumers to pay for online and call center purchases through the security and convenience of their existing online bank accounts.

