

CEBP Announces Best Practices for Decreasing Online Bill Payment Exceptions

Online Bill Payment Exceptions Cost Billers \$155 Million Annually

HERNDON, Va. – July 9, 2008 – The NACHA Council for Electronic Billing and Payment (CEBP) today released best practices for reducing online bill payment exceptions. Exceptions are online bill payments sent by bank bill pay sites to billers that are unable to be posted accurately and promptly upon receipt. According to First Annapolis Consulting, Inc., these exception items will cost billers approximately \$155 million in 2008 with additional costs borne by other stakeholders, including consumers, processors and financial institutions.

Billers tend to incur the most expense related to exception handling as they are typically the first line of contact for consumers that receive late payment notices due to exceptions. Billers incur costs for increased staffing to handle consumer calls, researching transactions that are not able to be posted, and reissuing bills.

Although the total volume of exceptions is less than 1 percent of U.S. online bill payment volume, the percentage of affected transactions can be much higher for individual companies.

“While the number of online bill payment exceptions appears relatively small, the overall cost to accurately post these items can be very significant,” said Beth Robertson, chair of the CEBP and senior manager with First Annapolis. “As more consumers turn to online bill payment, there is an increasing need for the industry to focus on eliminating exception payments. The CEBP’s best practices guide will help billers, third party processors and financial institutions identify practical methods that can be used to decrease exception volume.”

One of the key causes of exceptions is industry merger and acquisition activity. “When billers merge, the different accounting and billing systems each company uses can affect consumers’ account numbers,” said Jane Wallace, of Wallace Consulting and co-chair of the CEBP’s Business-to-Consumer work group that sponsored this initiative. “As one of our best practice suggestions, we encourage billers going through changes like these to contact their bill payment consolidators or third-party processors for detailed instructions for handling high-volume account numbering changes.”

“Third-party processors can eliminate many exceptions before they happen by adopting these new best practices recommendations,” said Jardon Bouska, division president, CheckFree Electronic Biller Services, now part of Fiserv, Inc. which is represented on the CEBP. “As third-party processors work closely with businesses who are receiving bill payments, all parties will benefit. Exceptions are a burden and an expense for

corporations and processing organizations alike. These best practices provide an excellent foundation for everyone in the industry to work collaboratively to increase efficiency while reducing cost.”

Consumers can also contribute to exception transactions by entering incorrect account data or by failing to update account information when changes occur.

Darlene Lohman, product manager for MasterCard RPPS and a member of the leadership team for this project said, “It’s important that companies educate consumers on the importance of updating their account information in their online payment service, so consumers can avoid the hassles, and billers can avoid the costs associated with correcting the problems.”

Consumers can incur late fees, service shut off or negative effects on their credit ratings as a result of exceptions.

A complete list of the CEBP’s best practices can be found on its new web site – <http://cebp.nacha.org/ExceptionProcessingMgmtProgram/index.html>.

Online bill payment processors and NACHA CEBP member organizations, including CheckFree, now part of Fiserv, and MasterCard RPPS, participated with CEBP to develop the best practices and will begin to introduce bill payment exception management programs using these best practices over the next several months to allow for more straight-through processing.

About CEBP

The Council for Electronic Billing and Payment (CEBP) promotes electronic consumer and business-to-business billing and payment programs and services, providing an open forum for education, resource development, research and the exchange of information about the electronic billing and payment industry. A cross-industry task force including billers, financial institutions, payment networks and third-party processors collaborated to develop best practices to address exceptions.

<http://cebp.nacha.org>

NACHA—The Electronic Payments Association

NACHA—The Electronic Payments Association is a not-for-profit association that oversees the Automated Clearing House (ACH) Network, one of the largest electronic payment networks in the world. More than 18 billion ACH payments were exchanged in 2007. NACHA is responsible for the administration, development, and enforcement of the *NACHA Operating Rules* and sound risk management practices for the ACH Network. Through its industry councils and forums, NACHA brings together hundreds of diverse payments system stakeholder organizations to enable the development of new network services and applications. NACHA represents more than 11,000 financial institutions through direct membership and 19 regional payments associations. NACHA and its members provide education, tools and resources to increase the adoption of

ACH payments to benefit businesses, consumers and governments. To learn more, visit www.nacha.org and www.electronicpayments.org.