Card Acceptance Trends in Public Sector

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• Robert K. Gongwer
• Brendan Baxter
• Amanda Earnshaw
Speakers:

Brendan Baxter
Relationship Manager
Key Public Sector Group

Robert Gongwer
Vice President and Senior Payments Advisor

Amanda Earnshaw
Vice President, Senior Payments Advisor, Enterprise Payments
Today’s agenda

Introductions

• Payment Modernization
• Card Acceptance Trends in Public Sector
• How easy is it for me to get paid?
• What is my online/electronic strategy?
• How can I reduce or eliminate the cost of accepting card payments?
• Q&A

Today’s presenters:

Brendan Baxter – Vice President, Public Sector, KeyBank

Robert K. Gongwer – Vice President, Sr. Payments Advisor, KeyBank
COVID 19 has changed the Landscape:

Government regulation and closure of markets due to “Stay Safe, Stay Home” practices has created a unique situation for the Public Sector.

Providers are looking for ways to serve their marketplace virtually and or in a Contactless Environment.

The landscape in how you engage with your constituents has changed; leaving municipalities and agencies scrambling to determine How easy is it for me to get paid?
Card Acceptance Trends in Public Sector
COVID-19 impacted payment acceptance

- Disruption in process flows
- Impact on the availability of cash and cash-based payment services
- Increased demand for digital payments
- Potential disruptions to the functioning of payment and settlement systems
- Operational risk due to unavailability of critical staff including at critical service providers – doing more with less
- System capacity constraints due to surge in digital payments
- Heightened IT and cyber-security risks

Public institutions have been proactive during COVID in mitigating risks to payment systems/services to support economic activity and to help people.

Public institutions can improve payment acceptance by focusing on two areas:

1. Meet customers, both consumer and businesses: “How They Want, When They Want”
2. Adopting electronic payments across all channels to avoid delayed getting paid
Payment Modernization

Purchase Card

• Optimizing cash flow, streamlining processing, improving company economics, and safeguarding the company from fraud are high priorities for every CFO. Purchase cards — also known as P-cards or procurement cards — provide businesses with opportunities to make significant improvements in all these areas — and more.

• Purchase Cards offers significant opportunities to streamline accounts payable functions and manage costs — all while ensuring that P-cards are integrated with your existing accounting or enterprise resource planning (ERP) systems.

AP Automation

• AP automation presents itself as a solution to high processing costs, exception rates on invoices and inaccurate payments. Automation incorporates innovative, cloud-based solutions to invoice and payment processing.

• With AP automation, organizations can achieve lower invoice and payment processing costs as well as reduced instances of errors, exceptions and fraud and increased e-payment adoption through vendor enrollment.

Push to Debit

• Card-based push payments enable participants to send funds directly to consumers and small businesses via their payment card accounts.

• Receipt of funds via a payment card — typically a debit card linked to a deposit account — makes for a seamless consumer experience, primarily because individuals have easier access to their card information than to their bank account details.

Real Time Payments

• Embrace the future with Real-Time Payments (RTP®), powered by The Clearing House.® RTP allows you to receive funds in seconds on a 24/7/365 basis.

• Unlike other payment methods that can take hours or days, funds are received in real time, so you benefit from guaranteed, immediate availability of funds.
How easy is it for me to get paid?

Focusing on the 3 P’s of Accounts Receivables

3 P's of Accounts Receivables

Presentment  Payment  Posting

“Out”  “In”  “In”

Invoice Presentment  Customer Payment  Cash Application

Reduce payment processing costs & improve efficiency
Send invoices to customers in any format, through any channel preference
Offer flexibility and improve the client experience by allowing customers to pay how they want

Remove human error and apply incoming cash faster & more accurately
Leverage machine learning to increase automated cash application processes
How easy is it for me to get paid?

Omni-Channel Approach

Evolution of new technology

- Recognizing the value technology plays in a merchant card solution

- With Retailers driving consumers to pay in new ways, consumers are expecting similar experiences adding new payment options to their offering

- Historically, these solutions (online, mobile, in-person) were all offered through separate solutions

- Leaving businesses managing complex programs or managing several different platforms for payments
What is my online/electronic strategy?

Single platform offering omni-channel solution
What is my online/electronic strategy?

A seamless, best-in-class payment experience for your specific business needs

Payment experiences

- **Flexible payment options** for your customers
- **Create a service fee/convenience fee model** to cover partial or all cost
- **All-in-one payment platform** – enable/disable any payment channel
- **Create a modular payment experience** as needed

Various incoming payment types

Reduce processing expenses with fee programs

Safe and secure, reducing PCI scope

ERP system direct payment integrations

Automate invoicing, payments & reporting

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# How to can I reduce or eliminate cost of accepting card payments?

Manage total cost of ownership

## Service Fee

**FIXED or VARIABLE RATE**

**Requirements:**
- Disclosed to customer prior to checkout
- Customer has opportunity to opt out of transaction
- Process the Service Fee as a separate transaction
- Register with through your Acquirer as charging Service Fees
- CANNOT charge both Convenience and Service Fee

## Convenience Fee

**FIXED RATE ONLY**

**Requirements:**
- Bona fide convenience for customer outside of traditional payment channel
- Non-Face-to-Face Transactions only
- Disclosed to customer as charge for alternative payment channel
- Customer has opportunity to opt out of transaction
- Process the Service Fee as a single transaction
- Fee must be applied to all payment types in alternative payment channel

## Other Costs

**Interchange costs:**
- Level 2 data
- Level 3 data
- Proper MCC

**Security solutions:**
- Data Protection/Encryption
- Tokenization
- PCI compliance
- Reduce systems & process complexity by optimizing technology stack
State of New York Centralized Payment Processing Contract

- NYS Office of General Services offers a Payment Processing Services Contract for credit card services for NYS municipalities to use
- 4 Contractors to select from

Please visit the link below for more details:

NYS OGS - 79008 23111 Payment Processing Services - Award
Questions & wrap-up

Next steps?
Schedule a conversation with your Relationship Manager or Banking Contact to discuss your specific needs.