



Deluxe Payment Exchange: A digital payment solution designed for every business

In today's business world, roughly 30% of overall business payments (and more than 50% of small business payments) are still made via paper check. As consumers have become more comfortable using digital payments in their personal lives, they have also come to expect this from business-to-business (B2B) payments. In fact, over 85% of all businesses have reported they would prefer to receive electronic payments.¹

By 2023, the Association for Financial Professionals predicts more than 6.1 billion people will use digital payments.² How is your business positioned to handle the growing demand for digital payment offerings?

Deluxe® Payment Exchange (DPX) helps businesses automate their outgoing payment processing with a technology solution that seamlessly integrates into current paper check processes, offers a choice of disbursement method for the payer, and allows suppliers and customers a choice of how the payment is deposited.

Overcoming barriers to digitization

Businesses note that the top three barriers to increasing the use of electronic payments are³:

- Shortage of IT resources for implementation » Through easy integration, DPX allows the payer to leverage the strengths of their existing check issuances and reconciliation processes with the speed of digital payments. This allows for more flexibility to the payee, while keeping the payment process fully compliant with existing check-clearing rules and regulations.
- Lack of integration between electronic payment and accounting systems » DPX breaks these barriers by offering a solution that is specifically designed to plug into a company's existing AP processes with minimal onboarding costs and without needing extensive IT resources.
- High cost of making changes to internal systems » DPX offers businesses multiple ways to create payments: issue directly through the DPX platform, connect through a QuickBooks® add-on or utilize the API to seamlessly integrate into Accounts Payable (AP) systems for high volumes of payments. With no disruption to existing processes, the platform doesn't demand a high cost to make internal system changes.

¹ Aite Group, "Payment Trends: Embracing the Shift to Electronic Payments," May 2021.

² Association for Financial Professionals, "AFP 2019 Electronic Payments Survey," 2019.

³ Association for Financial Professionals, "AFP 2019 Electronic Payments Survey," 2019.

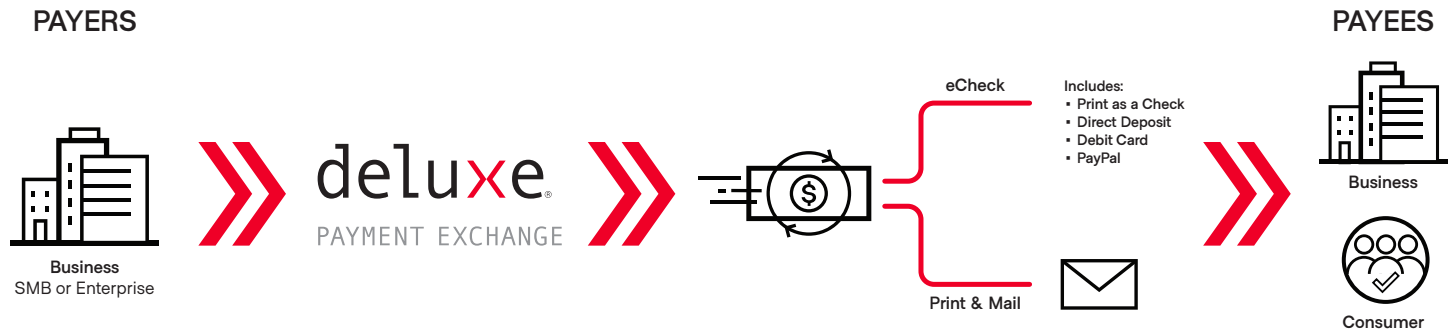


Meeting the demand for flexible payments

The demand for digital payment options within the B2B space is continuing to grow. In fact, for medium and large businesses that plan on implementing real-time payments, and place a high value on improving the payables process, an incredible 58% say they would be willing to switch financial providers to do so.⁴

Industry leader Aite Group estimates that more than 75% of small businesses consider flexible payment options to be an important consideration when selecting a new bank partner. In addition, 90% of medium and large businesses would rather receive an electronic payment over a paper check.⁵ For banks that are looking to expand their customer base and increase top line revenue, DPX provides a way to support their business customers and help them save both time and money.

A complete digital payment process from payer to payee



1. Payer: With a valid email address, a payer can fill out all the same information they'd put on a traditional check, add any remittance data needed and send it to the payee within seconds.
2. Payee: Once received, the payee opens a secure link to the DPX platform where he or she can choose from several deposit options, including direct deposit, print as a check, deposit to PayPal or to a debit card.
3. If the payer doesn't have the payee email address, DPX offers Print+Mail, enabling customers to still issue an electronic payment, allowing Deluxe to handle the printing and mailing of the paper checks on behalf of the customer.

⁴ Aite Group, "Payment Trends: Embracing the Shift to Electronic Payments," May 2021.

⁵ Aite Group, "Payment Trends: Embracing the Shift to Electronic Payments," May 2021.

Benefits of digital transformation

Here's how your business benefits from digital transformation with Deluxe Payment Exchange:

- Implement payment change with zero disruption to process
- Eliminate the costs of printing, handling and mailing paper checks
- Decrease processing time and make payments quickly
- Optimize cash flow
- Reduce fraud risk

Read on to see how four well-known organizations benefit from using digital payments and transform their processes with DPX.



Deluxe Payment Exchange Case Study: Emergency Assistance Foundation, Inc.

Company: Emergency Assistance Foundation, Inc.

Person: Doug Stockham

Role: President and co-founder

Did You Know?

Founded in 2011, Emergency Assistance Foundation, Inc. administers more than 300 relief funds, serving nearly 11 million people worldwide.

Background

A 501(c)(3) not-for-profit organization, Emergency Assistance Foundation, Inc. (EAF) is the oldest and largest standalone charity designed solely to administer disaster and hardship relief funds around the world, thereby providing grants to individuals experiencing financial hardship. Founded in 2011, EAF provides these grants to individuals both nationally and internationally. When businesses and organizations want to support their own during difficult times, EAF allows these organizations to establish Disaster and Hardship Relief Funds that can award grants to individuals in need. In 2020 alone, EAF was responsible for the donor service and administration of more than 300 funds worldwide and awarded more than \$100 million in grants.

Challenge

Since the beginning of 2020, the COVID-19 pandemic led to a significant increase in both the number of companies establishing funds and number of individuals applying for hardship grants. To meet these growing needs, EAF's internal team nearly tripled in size. "Due to COVID, a lot of companies are paying more attention and really are interested in trying to help their own," says Stockham.

The organization reported applications during the pandemic were 20x higher than what they normally receive during a typical disaster event. With such great increase in demand, EAF was faced with a challenge to find a way to process and distribute payments to grantees as rapidly as possible. "When people experience a hardship or disaster, they need help very quickly," says Stockham. "In some cases, we would have 20,000 applications a day. So, we had to make 20,000 payments a day."



The Solution

In response to COVID-19, EAF set up an Immediate Response Program (IRP) and began using Deluxe Payment Exchange eChecks to streamline their payment processes so that grantees receive their relief dollars faster than the traditional paper checks.

“People can apply on their mobile device, get awarded and then get an email on their mobile device that gives them money. The grantee has been extremely pleased with it, and it’s reduced our issues,” says Stockham. “When you mail checks to people, there are a lot of potential complications — the mail doesn’t get there or it’s late — it just takes time. There are a lot fewer issues we’ve experienced using the eChecks. It’s greatly improved our processes.”

Business Impact

Stockham says the most impactful part of the Deluxe Payment Exchange platform has been the ability to scale very quickly and automate outgoing payments without disrupting their current processes: “We could go from making a few hundred grants one week to 20,000 the next week. If it wasn’t for DPX, we would not have been able to scale to meet the challenges that people faced.”

EAF now provides financial assistance within a few days after an Immediate Response Program is launched. “We were very excited about working with Deluxe. They’ve been a great partner,” says Stockham. “[DPX] gives us a chance to send money electronically right to the grantee’s mobile device — no matter where they are. It works so much better than anything we’ve ever experienced. We’ve used it a lot and we just think it’s phenomenal.”

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— Doug Stockham

20x

The rate of applications coming in during the pandemic were 20X higher than what EAF normally receives during a typical disaster event.

\$100M+ awarded

In 2020 alone, EAF awarded more than \$100 million in grants.

Deluxe Payment Exchange Case Study: AT&T

Company: AT&T

Person: Ken Reatherford

Role(s): Director of Accounting, Finance and Accounts Payable

Background

Multinational telecommunications and media company AT&T is a well-known name across the world. The company processes more than 30 million invoices of varying types, worth \$120 billion, and issues more than 29 million payments to its suppliers and employees. With such a large volume of payments, any reduction in processing time and cost savings is crucial to continued business growth.

Challenge

The average cost to issue a paper check is approximately \$3.00⁶, and that number (plus postage) only continues to increase. AT&T's internal accounts payable relied on traditional checks, which added days to the payment life cycle and increased risk of physical fraud.

For payroll taxes or IRS payments, the company was faced with a fundamental challenge: Expensive mailing fees and decreased efficiency. "In our internal business units, we do a lot of check pulls and overnights for those tax documents," says Reatherford. "We were incurring a lot of costs with check-pulling, overnight mail fees, and the lag time it takes to get the check in the hands of the person who needs it."



⁶ Association for Financial Professionals, "2015 AFP Payments Cost Benchmarking Survey Report," 2015.

“The implementation [of DPX] was probably one of the best success stories I’ve had in 31 years of working in this organization.”

— Ken Reatherford

The Solution

AT&T is always looking to improve compliance and security within their payment offerings. “We looked at the cost, the time to implement, the speed of the payment and the security around the payment method itself,” says Reatherford.

With DPX eChecks, the company no longer needs to wait for the mail float or spend extra dollars on costly overnight fees to deliver payments. The eCheck is created in seconds and can be sent via email to the payee same day, then attached to the right tax documentation and processed internally in far less time than traditional payment. The cost of losing a check in the mail, replacing it and resending overnight to avoid even more late fees are completely eradicated by using an eCheck. This increased efficiency has been a welcome change within AT&T’s internal business accounts.

Companies often consider the cost and IT resources needed when approaching a shift to digital payments. Through API integration, DPX seamlessly fits within AT&T’s existing system and dramatically reduces the time it takes for money to move from payer to payee. “The implementation was probably one of the best success stories I’ve had in 31 years of working in this organization,” says Reatherford. “The timeline to implement was about three months from start to finish, and it was very low cost. [The transition to digital payments] was smooth and it has been a very good experience for us.”

Business Impact

Reatherford says the company previously processed 600,000 paper checks per year for accounts payable and has now designed a payment wall for their payees to receive the majority of those payments digitally: “The eCheck has turned out to be very valuable for us as an internal use case.”

DPX has been well received by AT&T’s internal business units since it significantly cuts payment costs and time. “Rolling it out to our business units was a no-brainer,” adds Reatherford. “They don’t have that 2- to 3-day lag time with overnights or mail float.” After such a successful internal use case, Reatherford plans to roll out the platform in phases to all of AT&T’s 120,000 suppliers beginning summer 2021.

Deluxe Payment Exchange Case Study: Lincoln Savings Bank

Company: Lincoln Savings Bank

Persons:

Mike McCrary
1st VP, Relationship Manager

Brooke Dahlquist
LSBX Operations Manager

Background

Founded in 1902, Lincoln Savings Bank (LSB) is dedicated to being a progressive, relevant bank that offers its customers the best service possible through convenient, innovative technology. With a goal to merge traditional payment systems with new and emerging technologies, Lincoln Savings Bank added a fintech-venture (LSBX) in 2014 and began partnering with several financial technology companies.

Challenge

There are two major drawbacks to the volume of check payments in the market that businesses cite: Cost and fraud. Cost is the largest deterrent for traditional check payments, with 20% of businesses reporting the cost of a single check to be more than \$5.00.⁷

To better meet the high-volume payment needs of their fintech customers, LSB wanted to streamline their manual check processes by moving to a digital payment platform to reduce cost, save time and elevate their customer relationships.

McCrary said it's been important for the bank to find a payments solution that reduces the friction of requiring an end user to enter information to get money they're owed. This payee friction is one of the main reasons that prevent businesses from digitizing their payments. By only requiring a valid email address, DPX filled this need, and the payee doesn't need to share his or her financial information with the payer.

⁷ Aite Group, "Payment Trends: Embracing the Shift to Electronic Payments," May 2021.

The Solution

As part of their dedication to innovation, LSB recognized the continued shift to digitalization and began using the DPX platform. “We want what’s going to work the best now and into the future. When we chose Deluxe, it was a very easy choice because we felt it was the best for issuing large quantities of checks in an efficient and cost-effective way,” says Dahlquist. “We really loved its flexibility. It works with our Positive Pay system and there wasn’t a strict file layout when we needed to import checks. We could set what we wanted.”

By shifting to a digital payment platform, LSB eliminates the cost of shipping and mailing traditional checks, while also improving their client relationships by offering them more deposit options. Some clients find this digital payment method “too easy to be true,” which is where McCrary says Deluxe’s 100-year history in the industry and trusted name comes in. “The Deluxe name has been around for a long time. Everybody’s heard of it and so there’s a trust factor that’s built into it,” adds McCrary. “If someone receives one of these emails and has a question. They call the number on it and they’re talking directly to someone at Deluxe who can help. The trust is continually built back into the process.”

In addition to the flexibility that DPX offers, LSB didn’t need to invest hours of onboarding for its employees to learn how to use the system or spend development dollars to set up the platform. “It was very simple. Even if employees don’t get into it every day, it’s very simple for them to go back in and know how to navigate and upload a file or create an individual check—so that was really nice about choosing Deluxe,” says Dahlquist.

Business Impact

When onboarding clients, Dahlquist says the process was equally simple: “Our fintech clients were the ones that were ready to use electronic payments. It was exciting for everyone and it wasn’t difficult to get them on board with it at all.”

On average, it takes approximately 42 seconds to prepare one physical check. With a valid email address, the payer can deliver an eCheck to the payee in seconds and avoids costly mailing fees or risk of physical fraud interception. Dahlquist says implementing DPX has significantly reduced the amount of time the bank spends on check issuance: “What would have taken us days, if not weeks using our old way, now takes us minutes. All you do is add a few columns to a spreadsheet, upload it and then we upload it to our Positive Pay system.”

McCrary says each of Lincoln Savings Bank’s fintech partners have seen an increase in deposits since implementing the Deluxe Payment Exchange platform. In fact, since using DPX, almost half of the eChecks are cashed the same day Lincoln Savings Bank sends them. “The speed at which they’re going through is really unbelievable,” says Dahlquist.

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— Brooke Dahlquist

Deluxe Payment Exchange Case Study: Alight Solutions

Company: Alight Solutions

Person: Rebecca Schottie

Role(s): Director of Americas Payroll, HR and Financial Solutions

Background

Alight Solutions is an international cloud-based provider of integrated digital human capital and business solutions. The company's current network of 15,000 dedicated colleagues serves more than 30 million employees and family members. Alight offers various payroll options to their customers, including traditional paper check, direct deposit and employee self-service through their payroll portal.

Challenge

Most states regulate when employers pay terminated employees their final paychecks; some even requiring immediate or next-day payment. For companies that mail paper checks, they are financially at risk for late fees and potential legal costs if they are unable to make those payments in time.

Studies show offering non-traditional payroll options is a differentiator that can attract top talent from competitors as well as remove the pain points of payment processing.⁸ Alight needed a safe, secure payments solution to deliver those off-cycle payroll payments to employees — for terminations, payroll changes or new hires — within the regulated time set by each state. By using DPX, digital payments can be sent directly to the payee on the same day and without the increased risk of physical fraud or lost deliveries.

⁸ Aite Group, "Payment Trends: Embracing the Shift to Electronic Payments," May 2021.

“It’s a great journey that we’re on with our clients. It’s a great conversation to start with ‘We have a new way of getting people paid a little bit faster for you.’”
— Rebecca Schottie

The Solution

In partnership with Deluxe, Alight Solutions began offering Deluxe Payment Exchange eChecks and Deposit Services to their clients. “It’s a simple, easy email to the payee and then they can choose to print an eCheck or use Deposit Services. A lot of concerns with either the speed, the risk or the cost just go away,” says Schottie.

By using a digital payment solution, Alight has been able to eliminate many speed-to-pay and risk issues that resulted from mailing traditional paper checks. The company also saves money by eliminating the added cost of printing paper checks by switching to eChecks.

Schottie says Alight’s clients, especially those located in immediate final pay states, have been quick to adopt the Deluxe Payment Exchange eChecks and Deposit Services for their own payroll systems. “It’s a great journey that we’re on with our clients. It’s a great conversation to start with ‘We have a new way of getting people paid a little bit faster for you.’”

Business Impact

The company no longer needs to factor in wait times, or fees, for traditional paper checks when sending final or adjusted paychecks. “We can now process that payroll check for that individual and have it emailed to the HR manager to deliver to that employee, or it can go straight to the employee themselves,” says Schottie.

Alight has added 10 to 15 clients since they began using Deluxe Payment Exchange as a solution for off-cycle payroll payments. “It’s broadening the spectrum of the ability to give people their pay sooner with a faster, more reliable avenue,” Schottie adds. “Overall, it’s been great, and people are adapting to that more and more—especially as our generation of employees are young, smart and want to be paid quickly.”

About Deluxe

Deluxe, a Trusted Business Technology™ company, champions business so communities thrive. Our solutions help businesses pay and get paid, accelerate growth and operate more efficiently. For more than 100 years, Deluxe customers have relied on our solutions and platforms at all stages of their lifecycle, from start-up to maturity. Our powerful scale supports millions of small businesses, thousands of vital financial institutions and hundreds of the world’s largest consumer brands, while processing more than \$2.8 trillion in annual payment volume. Our reach, scale and distribution channels position Deluxe to be our customers’ most trusted business partner.

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