



### **It's an evolution, not a revolution.**

For over 100 years, Deluxe has provided best-in-class products to make payments. The Deluxe Payment Exchange is no exception, offering the latest and most significant evolution in the history of payments. Created for today's electronic world, eChecks from the Deluxe Payment Exchange are the natural progression for business customers who currently use paper checks.

Paper checks continue to be the top bill-payment method for small businesses. The Deluxe Payment Exchange combines the best that traditional checks have to offer with the convenience of email delivery. They offer businesses a whole new way to pay, while keeping financial institutions at the center of the relationship, with a revenue stream that replaces shrinking fee income from declining use of traditional paper checks.

### **Q. What are eChecks?**

**A.** eChecks utilized through the Deluxe Payment Exchange are the payment industry's first check product that are delivered via an email link. They allow businesses to create and send payments to anyone, from anywhere and at any time, via the Internet. eChecks are fast to send and easy to use, as well as cost-effective and secure. They don't require additional software or investments in new technology by either the payer or the payee. They give businesses added flexibility and more control over their cash management—a smart complement to traditional paper checks.

### **Q. What are the benefits for a business that uses the Deluxe Payment Exchange?**

**A.** Checks still provide critical capabilities not normally available with popular electronic payment systems, but eChecks from the Deluxe Payment Exchange finally allow businesses to:

- Send a payment electronically with attached receipt/remittance information
- Deliver checks instantly at a fraction of the cost of paper checks
- Provide payment without requiring the banking information of the payee
- Issue payments to parties without bank accounts
- Separate issuance duties: one person can create the checks and another can approve them

### **Q. Is an eCheck considered a real check?**

**A.** Yes. eChecks from Deluxe Payment Exchange contain all of the same elements of a traditional paper check, including:

- |                  |             |                |
|------------------|-------------|----------------|
| • Routing number | • Signature | • Payee        |
| • Account number | • Amount    | • Check number |

It's simply a check delivered by email that can be used wherever and whenever checks are accepted. Ultimately, the payee will end up with a physical paper check. The difference is that they will receive a link via email allowing them to retrieve and print the check versus getting one sent in the mail.

### **Q. Is an eCheck a business or personal check?**

**A.** eChecks are being marketed to business customers only.

### **Q. When were eChecks introduced?**

**A.** Deluxe introduced eChecks to small business customers in late 2013 and then acquired the eChecks platform and service in early 2015, reinforcing our commitment to the long-term availability and ongoing enhancements to the service. In 2020, the Deluxe Payment Exchange was introduced. It brings together the power of eChecks, while turning them into the recipient's choice of digital payment method.



### **Q. Who can use the Deluxe Payment Exchange?**

**A.** The Deluxe Payment Exchange was designed for any business that wants a secure way to pay faster, reduce expenses, and streamline processes associated with sending checks.

### **Q. How does the Deluxe Payment Exchange differ from other electronic payment services?**

**A.** The Deluxe Payment Exchange enables electronic payments by eCheck, and offers these unique features:

- Unlike Automated Clearing House (ACH) and direct deposit options, eChecks don't require a merchant account, specialized equipment, or fees for accepting the payment.
- eChecks work directly with a business's accounting software; all remittance data is sent along with the payment; and a business can issue multiple payments at the same time.
- eChecks are less expensive than credit cards (which can include a fee of up to six percent per transaction) and wire transfers (which generally costs \$25 per transaction).
- eCheck transactions keep the financial institution central to the transaction, are delivered via the Internet, and do not charge the payor or require any fees from the payee—unlike other electronic payment options, such as PayPal and Square.

### **Q. Is there an enrollment/sign-up fee?**

**A.** No. The only cost is the purchase of the eChecks within the Deluxe Payment Exchange.

### **Q. What is the cost of using the Deluxe Payment Exchange?**

**A.** eChecks cost, on average, 50 cents per check — roughly equivalent to the cost of a postage stamp. (However, cost varies based on quantity ordered.) But since the eChecks are sent via the Internet, customers eliminate the costs of envelopes, postage and paper — not to mention the occasional overnight fees for expedited payment. (The postage savings alone justifies the price of the eCheck.) In addition, there are savings on operational and companion product costs. In fact, studies show that businesses using eChecks saw up to a 70% reduction in the time it takes to pay their bills.

### **Q. Is the Deluxe Payment Exchange a subscription service?**

**A.** No. Customers purchase a specific number of eChecks, similar to how they purchase traditional paper checks today.

### **Q. Won't eChecks cannibalize paper check revenue?**

**A.** Deluxe views eChecks as one way to help preserve the check revenue stream. One key reason traditional paper checks are declining is that business customers today often need to make payments faster, and can't always afford to wait multiple days for a traditional paper check to arrive through the mail. With eChecks, business customers can now make a payment via check in seconds. Being able to pay in quickly through their partners at their financial institution makes business customers less likely to look for other, non-bank methods to make their faster payments.

### **Q. What does a financial institution need to do to enable an eCheck to be deposited into a customer's account?**

**A.** Nothing. The eCheck cashing and depositing process requires no additional setup; an eCheck can be processed the same way other checks are handled at your financial institution. You can add additional value for your customers by using the optional online eCheck verification service. Instructions are included on each eCheck. (However, most financial institutions use this on a situational basis — such as for a new deposit account, when eChecks have a large dollar amount or when a payee ID doesn't match payee name.)



**Q. How do I verify an eCheck?**

**A.** Visit the website URL shown on the front of the eCheck and type in the payee name, check number, check amount, routing number and account number. Then click "Verify." This virtually assures you that an eCheck — i.e., the amount, name or other information — has not been altered since it was created. The verification step is optional and is not required to process the eCheck.

**Q. Can you use Positive Pay with eChecks?**

**A.** Yes. Customers would upload their check issuance file the same way that they would for paper checks to give them that added level of protection.

**Q. What if a banker does not have Internet access or has restricted Internet access and cannot verify an eCheck? Can an eCheck still be processed?**

**A.** Since verification is an optional service — and an eCheck does not need to be verified — a banker can deposit or cash an eCheck using the same method currently used for paper checks at your financial institution. You can also call Deluxe to verify an eCheck at 800.631.8962. After you provide the details printed on the eCheck, our eCheck Support will be able to verify that the eCheck has not been changed or altered since its creation.

**Q. Are there any recommended testing scenarios to ensure that eChecks are handled efficiently and effectively, and to ensure a positive experience for business customers?**

**A.** In order to ensure smooth processing, you may want to consider the following:

- Test depositing eChecks in your ATMs
- Test running eChecks through check-processing equipment. Note: eChecks process smoothly through optical readers as they do not have magnetic ink (MICR).
- Decide when/if the optional eCheck verification service will be used by branch staff
- Review and update bank procedure documentation as needed

**Q. How will a banker or frontline branch staff know how to process an eCheck?**

**A.** For an optimal branch and customer experience, we recommend that branch procedures are reviewed and updated, and a communication is sent to branch staff.

**Q. Can an eCheck be scanned through bank processing equipment?**

**A.** Yes. eChecks process smoothly through optical readers. Most scanners in use today are dual functional to read both MICR and optically scanned items. (Make sure the scanner is set to the optical setting to scan.)

**Q. Does an eCheck work with Remote Deposit Capture (RDC)?**

**A.** An eCheck works with most mobile RDC apps and can be processed like any other check.