



# The value of digitizing commercial lockbox payments

Banks and lockbox processors discuss the future of checks and the benefits of the innovative Deluxe Payment Network



**deluxe<sup>+</sup>**  
PAYMENTS & DATA

eBook



# Checks.

Love them or hate them, they remain a force with businesses and consumers. This has banks, businesses and fintechs looking for ways to introduce cost savings and digital efficiencies into a payment process that's stubbornly entrenched in paper.

One of the most exciting innovations puts commercial lockboxes at the center of the equation, with technology that creates an end-to-end digital experience for payers, banks and payees. It's the Deluxe Payment Network.

Several leading organizations are collaborating with Deluxe on this opportunity. Their ideas and support are essential in bringing the Deluxe Payment Network from vision to reality.

**We talked to these early adopters about the benefits of digitizing commercial lockbox payments and the ways they plan to move forward with Deluxe Payment Network.**



**Deb McNeff**

Senior Product Manager  
Lockbox and Remote  
Deposit Capture  
Fifth Third Bank



**Tom Dean**

President  
ECHO Health, Inc.



**Alan Evanish**

Director and Receivables  
Line Product Manager  
Bank of New York Mellon  
(BNYM)



**Shiela Howarter**

Director of Digital Payments Products  
Deluxe



**Laura Listwan**

Senior Vice President  
Head of Commercial Business  
Transformation  
Fifth Third Bank



## Overcoming the inertia of paper checks

Even with digital alternatives, checks remain the default choice for many B2B payments. They're easy to use, and every company has systems in place to issue and accept them. But that doesn't mean businesses are thrilled with maintaining a manual, paper-driven transaction.

"There's still a bit of inertia right now because checks are tied into many business-to-business payment processes," explained Deb McNeff, Senior Product Manager for Lockbox and Remote Deposit Capture at Fifth Third Bank.

"We're in a dynamic environment regarding the postal service," stated Alan Evanish, Director and Receivables Line Product Manager at BNYM. "Mailing is the most timely part of the process, and it has an absolute and dramatic impact on posting payments and Days Sales Outstanding."

Timeliness is not the only concern with mailing paper checks, however. Fraud due to interference with the U.S. Postal Service is up 10 percentage points over the past year, according to the 2024 AFP Payments Fraud and Control Survey.

These increased security concerns and heightened fraud risk are driving more businesses to refrain from using paper checks for their B2B payments. Checks remain the payment method most susceptible to fraud with 65% of organizations reporting they've faced fraud attacks in 2023.<sup>1</sup>



# 65%

**Checks continue to be the most vulnerable to fraud, with 65% of organizations reporting fraud attacks in 2023.<sup>1</sup>**

"Ideally, everyone wants to start transforming the payment method itself, but Deluxe Payment Network is a way to start making the check payment method itself more efficient," she said.

The volatility of the U.S. Postal Service adds another layer to check processing that can create disruptions.



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<sup>1</sup> 2024 AFP Payments Fraud and Control Survey



# Deluxe Payment Network decreases check processing timeframes by nearly a week



**“We found that 30–35% of the customers’ data started as digital transactions, then ended up as paper checks.”**

— **Shiela Howarter**  
*Director of Digital Payments Products,  
Deluxe*

## **Solving these and other challenges is at the core of the Deluxe Payment Network.**

“There’s huge interest in digital efficiency, cost reduction, less risk, speeding up the process,” said Shiela Howarter, Director of Digital Payments Products at Deluxe. “How do you keep what’s great about checks—their ubiquity, how easy they are to understand, the fact that they keep dollars and data together—and transform that into something modern and efficient?”

“We’re looking for a win-win solution for everyone, and that’s a digital lockbox network,” Howarter added.

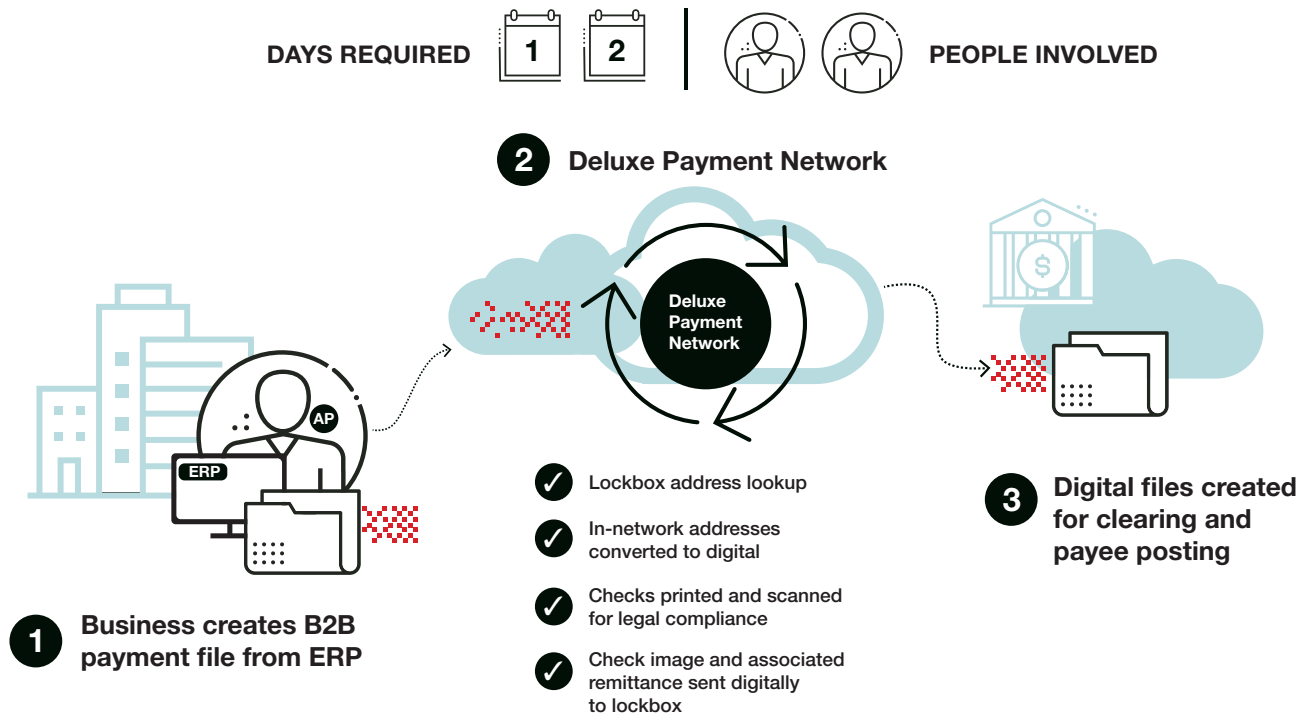
The typical lifecycle of a B2B check takes 7–10 days from the time it’s issued, printed and mailed until the lockbox receives and opens it, converts it back to a digital file and provides accounts receivable data to the payee.

The irony is the check begins and ends as a digital payment. Both payers and payees are eager for the speed, accuracy, security and peace-of-mind that comes from electronic transactions.

The Deluxe Payment Network removes those obstacles. By connecting the nationwide network of lockbox processors, who together handle millions of B2B checks annually, the Deluxe Payment Network can move vast amounts of check payments between payers and payees with ease, accuracy and efficiency.



# Deluxe Payment Network automates processes and helps reduce cost and time



By removing cumbersome steps like printing, mailing and scanning, the Deluxe Payment Network can reduce the B2B check lifecycle from more than a week to just 1–2 days.<sup>2</sup> At the same time, decreasing manual handling of paper reduces operational costs for all involved. It's a true paradigm shift for the industry.

Howarter shared how the idea for the Deluxe Payment Network originated.

“We noticed that checks were coming in as print files; they were starting digital,” she said. “We started looking at it with ECHO Health, then reached out to some of our bank partners like BNY Mellon and Fifth Third. We’ve seen that more than 35% of payments being sent by some disbursement partners are papers.”



**“Deluxe Payment Network is a way to make the check payment method much more efficient.”**

— **Deb McNeff**  
Fifth Third Bank

**The average B2B check lifecycle shrinks from 7–10 days to 24–48 hours.<sup>2</sup>**

<sup>2</sup> Internal Deluxe Payment Network data.





# Banks sees efficiency gains and hard-dollar savings from Deluxe Payment Network

**A network-based payment platform like the Deluxe Payment Network allows businesses to move both money and data quickly and securely, while simultaneously lowering costs.**

Banks, lockbox processors and businesses quickly see the value of the solution.

“There are benefits across the entire spectrum of participants,” said Evanish.

He added, “For [lockbox] providers and banks, there’s an efficiency benefit that trickles down to the end client. But, this is literally a hard-dollar cost savings. It eliminates postage, it eliminates printing; it really keeps the payment completely digital from start to finish.”

Helping to reduce risk is another advantage of increased automation.

“When I think about the risk exposure, getting things in electronically allows you to streamline the process; it allows you to minimize the potential impact,” said Laura Listwan, Senior Vice President, Head of Commercial Payments Products at Fifth Third Bank. “If it’s done correctly, the payment can go from end to end without anyone touching it.”



**“There are benefits across the entire spectrum of participants. There’s an efficiency benefit [and] a hard-dollar cost savings.”**

— **Alan Evanish**  
BNY Mellon



## Digitizing B2B payments to commercial lockboxes offers four key benefits:



**“It really keeps the payment completely digital from start to finish.”**

— **Alan Evanish**  
BNY Mellon

- » **Hard-dollar cost savings**
- » **Lowers number of exceptions**
- » **Improves cash flow**
- » **Helps reduce security risk**

Unlike other digital payment methods, such as ACH, commercial card or Real-Time Payments (RTP), with the Deluxe Payment Network there's no need for payers or payees to make changes to their current check processes. Payers simply release their digital check file to their bank or lockbox provider; payees continue to receive electronic deposits and accounts receivable files from the lockbox. With the Deluxe Payment Network, it happens faster and with less cost.

Keeping their existing workflows and systems will help attract business customers to the service.

“If done correctly, the payer and the payee don't really have to make changes—we're making those changes on their behalf,” Listwan explained. “We're able to expedite and eliminate mail float altogether. That's one of the reasons we are involved in the Deluxe Payment Network.”



# Digitizing at the lockbox solves the challenge of complex remittances

In addition to speeding deposits and reducing operational costs, the Deluxe Payment Network can make a significant impact on complex paper remittances. Reconciliation of payments represents a huge challenge for the healthcare industry. Smaller physician offices and clinics, in particular, find it difficult to reconcile payments from insurance companies.

Tom Dean, President of Echo Health, described the issue, which precludes many in healthcare from using electronic payments. “When a healthcare provider bills a payer, they get dense remittance data back. It can’t travel the same rails as an ACH payment. It’s not formatted in a way that’s easy to digest,” he said.

This leads many in healthcare (and other industries) to rely on checks and commercial lockboxes, simply because the physical check and paper remittance arrive together.

The Deluxe Payment Network aims to take this convenience one step further, by digitizing all checks and correspondence at the lockbox, then providing it to payees in electronic formats compatible with their ERP or accounts receivable platforms.

Getting businesses on board with the concept has been swift and effective, according to Dean.

“We essentially invite providers to get paid faster—even if their payment method is a check. We’ve seen tremendous value to this concept,” he said.



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— **Tom Dean**  
ECHO Health





## A stronger check experience becomes a competitive advantage



**“Right now is the time to take a step back, look at the entire order-to-cash process and ask, ‘What makes sense now? What do my customers need now and in the future?’.”**

— **Laura Listwan**  
Fifth Third Bank

A positive customer experience remains top-of-mind for all involved. Businesses and banks recognize that even check users expect greater speed and convenience today than in the past.

They also realize payments can differentiate an organization—for better or for worse.

Listwan sees the Deluxe Payment Network and the digitization of commercial lockbox payments as a definite positive for the industry.

“The pace of change is happening so quickly,” she said. “Right now is the time to take a step back, look at the entire order-to-cash process and ask, ‘What makes sense now? What do my customers need now and in the future?’.”

Listwan and her colleagues are already having those conversations, with an eye toward competitive advantage. They’re asking smart questions to make forward progress.

“How do I differentiate myself using payments? How do I make sure I’m offering the right payment options to my customers? And how do I do that in a way that makes sure I’m not opening myself up for fraud or increased cost?,” she said.

## The Deluxe Payment Network offers the answer

## » About Deluxe

Deluxe, a modern Payments and Data Company, champions business so communities thrive. With roots tracing back more than 100 years as the original payments company and inventor of the checkbook, we've evolved into a leader in digital payments and data solutions, facilitating seamless connections to propel businesses forward.

Leveraging our powerful scale, we support millions of small businesses, thousands of vital financial institutions, and hundreds of the world's leading consumer brands, processing nearly \$3 trillion in payment volume annually. Explore how Deluxe can help elevate your business at [deluxe.com](https://deluxe.com).

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