



DirectBiller[®]

Unbreakable Banks

Fighting off Fintechs with
Digital Bill Pay

The Fintech Threat Isn't Imminent. It's Here Now.

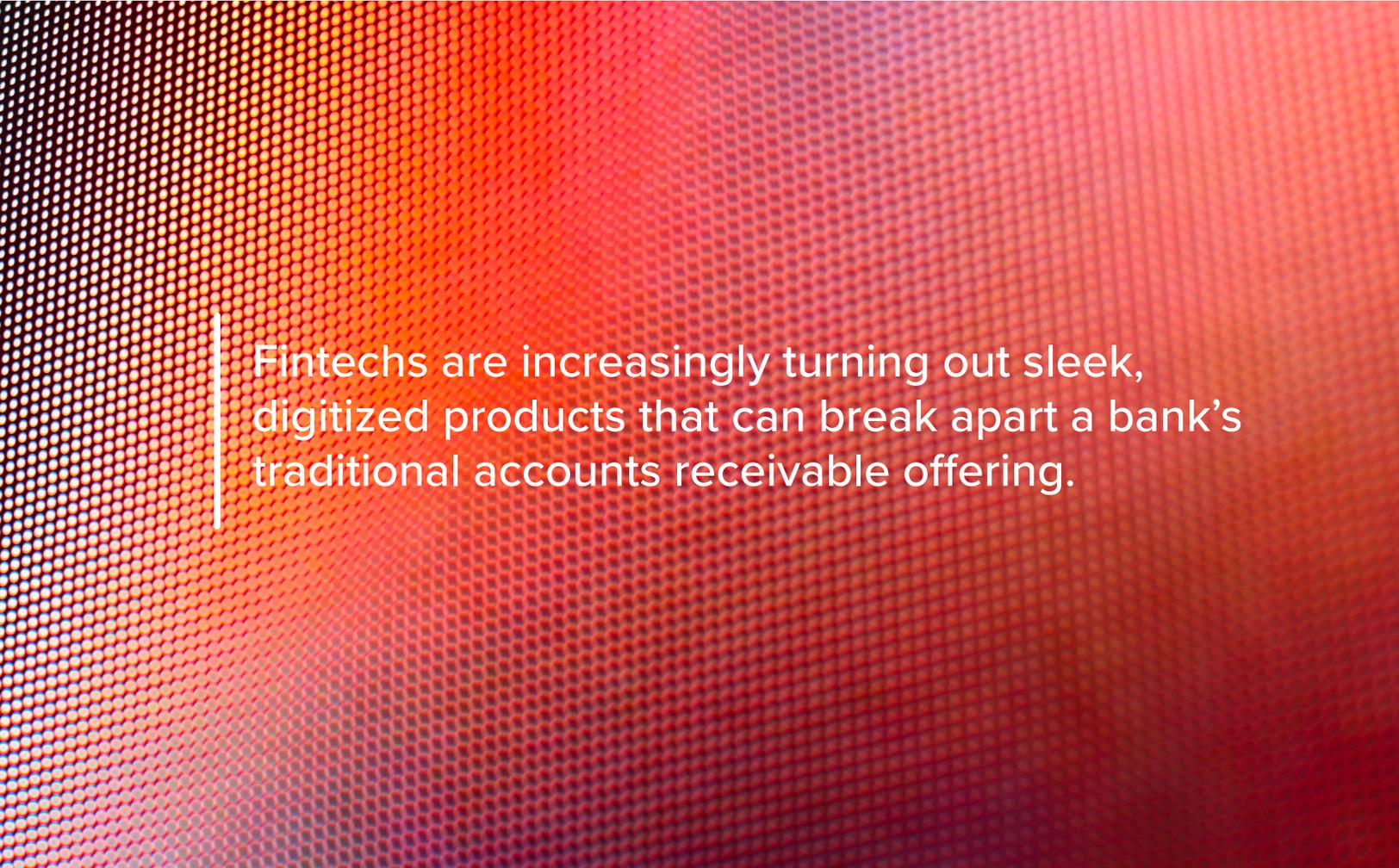
Banks are losing business to fintechs, threatened by competitive business services, savings and lending offerings. Banks want to provide their business clients with innovative offerings and state-of-the-art mobile technology, but they often don't have the resources or expertise to do so. This lack of capability has meant major losses of revenue, customers, and market share.

Moreover, fintechs are increasingly turning out sleek, digitized products that can replace or break apart a bank's traditional accounts receivable offering, often leaving bank clients with a disjointed and unsatisfactory experience. For example, a client may enjoy the convenience of a fintech-built mobile app they use for business purposes but feel frustrated that it doesn't integrate with their bank's technology systems. This conundrum can leave clients

questioning the bank's value as a forward-thinking business partner.

To combat this concerning trend, banks are increasingly buying, investing in, or partnering with fintechs to deliver tools and services that easily integrate with bank technology, provide digital delivery, and help streamline operations. Collaboration can offer win-win outcomes, with fintechs offering product design and development and banks providing infrastructure and distribution capabilities.

Working with — rather than against — a reputable fintech to incorporate bill pay capabilities into client offerings may be critical to a bank's ability to satisfy and retain customers, build business, and grow revenue.



Fintechs are increasingly turning out sleek, digitized products that can break apart a bank's traditional accounts receivable offering.



\$15

Cost to process
an invoice
manually

\$50

Cost to fix
an error
manually

Give Clients Reasons to Stay and They Will

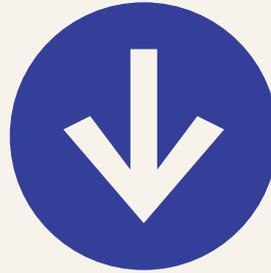
Convenient, cost-effective digital bill pay solutions have been a proven winner for banks when it comes to client satisfaction and retention. This technology gives clients a comprehensive view of their accounts receivable and cash flow, working in tandem with existing accounting and ERP systems, such as QuickBooks and NetSuite. Bill pay allows clients to send electronic invoices to vendors, track payment status or send reminders, and collect payments electronically. Additionally, real-time payments and approval status let clients know exactly when payments will hit their accounts.

With a modern bill pay solution, banks can help clients eliminate manual procedures and automate their invoicing process. Clients using automated invoicing receive payment two to three times faster than they do with traditional paper checks.

Digital bill pay also reduces the cost of getting paid and eliminates manual data entry and human error. Processing an invoice manually costs \$15, on average, and fixing an error by hand costs an average of \$50. Switching to a fully automated billing and payments system reduces those costs, as well as the risks associated with fraud.

Text2Pay

Fastest growing payment channel



Remote deposit capture

Declining 10% YOY

Increase Revenue, Not an Investment in Tech

With a portfolio of digital bill pay clients, banks earn a new revenue stream of transaction fees, often double that of existing fee income, while drastically reducing the total cost of ownership with targeted strategies.

Without digital payments capabilities, banks realize transaction fees from only check, remote deposit capture, lockbox, and e-lockbox services, all of which are in decline as payers move from paper and consumer bank bill pay. They're missing the tremendous growth in digital payments, and they're sitting targets for fintechs who provide these services digitally, with greater efficiency and lower cost.

By offering biller-direct integrated receivables, banks generate new revenue through hosting and transaction fees. For example, a bank might receive \$2.50 per deposit capture, which seems

rich in comparison to \$.05 per Text2Pay transaction, until the comparison of volume and change in transaction count is considered. Remote deposit capture count is declining 10% per year, while Text2Pay is the fastest-growing payment channel.

Banks can also reduce their cost of ownership by offering merchant services with fee management through a partner committed to a revenue-sharing model. With a portfolio of clients who need complex fee management, banks can realize significant revenue share income. For example, say a bank is charged \$110,000 a month for digital bill pay services. The revenue share on convenience/service/surcharge fees offsets \$50,000, dropping the bank's cost to \$60,000 and reducing the cost of ownership by 45%.

The Numbers You Want to See

DirectBiller conducted research across its bank partner portfolio and analyzed the impact of adding digital bill pay to integrated accounts receivable offerings over a four-year period.

Digital Bill Pay Impact



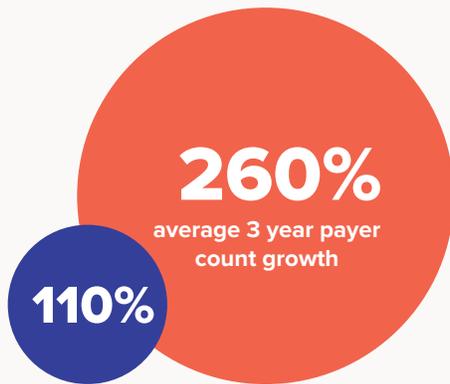
CLIENT COUNT

On average, banks go live on the platform with seven new clients; some launch with as many as twelve. Typically, there's pent-up demand for digital bill pay within the portfolio. Across DirectBiller's portfolio, client count doubled annually, on average, after the first year of bill pay adoption. The highest-performing client count growth was 700%+ after four years.



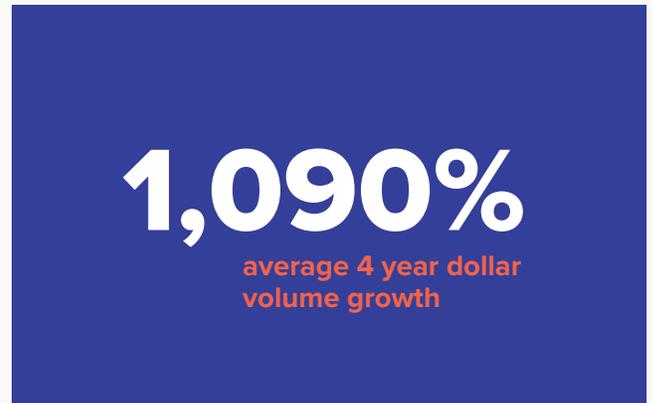
CLIENT RETENTION

Client retention also remained consistently high, with nearly 100% of clients staying with the bank over the four year study.



PAYER COUNT

As a strong indicator of user satisfaction, average payer counts on DirectBiller grew 110% after the first year and increased to 260% by year three.



DOLLAR VOLUMES

Dollar volumes help you to evaluate the impact of increasing deposits, essential to profitable growth strategies. DirectBiller saw an average increase of 170% in the first year, with an increase of as much as 2,678% in the fourth year. The average growth rate by year four was 1,090%.

Get Ahead by Putting Us Behind You

Banks often shy away from working with a fintech because they believe developing a digital bill pay solution will be difficult and time consuming.

Banks that partner with DirectBiller gain access to a cross-functional team that includes a sales manager, solutions architect, marketing director, and product manager. This well-rounded professional team will:

- Provide ongoing sales training
- Quickly identify best-fit client prospects
- Participate in sales calls with prospects
- Create and deliver custom demos and sales presentations
- Create customized marketing and sales tools – collateral, video, and more
- Model revenue potential

Get more information on how DirectBiller can help you offer a bill pay solution to your clients, mail to: or email sales@directbiller.com.

Be Up and Running (Safely) in Under 90 Days

For banks to win and retain clients, they need fintech partners who can launch an integrated bill pay solution quickly, while ensuring all security and compliance protocols are met. A bank should be able to offer fully integrated digital bill pay to a client within 90 days. Banks should proceed with caution if a partner proposes an integration that will take more than three months or cost more than \$10,000.

Fintech partners should follow a standard implementation methodology that establishes staging and production environments, including:

- ACH file integration
- Account analysis file definition
- Consolidated daily reconciliation file integration
- Provisioning of the processing environment for clients

DirectBiller[®]