



2015 AFP
Payments Cost
Benchmarking Survey
REPORT OF SURVEY RESULTS



ASSOCIATION FOR
FINANCIAL
PROFESSIONALS

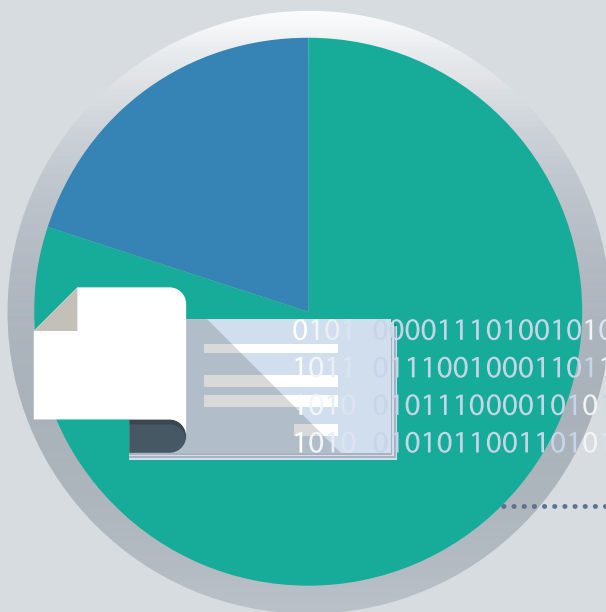
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2015 AFP

Payments Cost Benchmarking Survey

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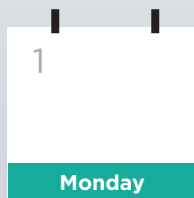
Nearly

80%

of companies are transitioning
their B2B payments from paper
checks to electronic payments.

More would do so if there was a cost benefit to their organization.

ESTIMATED MONTHLY COST OF RECEIVING 20,000 CHECKS PER MONTH*



DAILY COST OF
~\$1,000



A MONTHLY COST OF
\$30,000



AN ANNUAL COST OF
\$360,000

**Using median cost of \$1.50*

2015 AFP
**Payments Cost
Benchmarking Survey**
REPORT OF SURVEY RESULTS

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ASSOCIATION FOR
FINANCIAL
PROFESSIONALS

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Dear Finance Professional/Corporate Practitioner,

Bottomline Technologies is proud to partner with the Association for Financial Professionals® (AFP) to sponsor its inaugural *Payments Cost Benchmarking Survey*. The results indicate the real payment costs incurred by organizations like yours, and reinforce what you likely already know—that paper checks are significantly more expensive than electronic payments. Key findings include:

- 79% of organizations surveyed are seeking to convert paper checks to electronic payments.
- 88% of organizations say their primary driver for converting to electronics payments is to increase efficiency; 82% to reduce costs, 60% for fraud prevention.
- Sending a paper check is 10 times more expensive than the internal or external cost of sending and receiving an ACH payment, and receiving a paper check is more than 5 times as expensive.
- The median cost of sending a paper check is \$3.00; receiving a paper check is \$1.57.
- The median internal cost for sending and receiving ACH payments is \$0.29 and the median external cost for sending and receiving ACH payments is \$0.27.

In an economy where every competitive advantage helps an organization “get the edge”, the cost savings, efficiencies, and improved control and security gained by automating payments can no longer be ignored.

Thank you to AFP for providing these payment cost insights. We hope the information is useful for your organization as you make the business case for improvement to your mission-critical payment processes. Partnering with a trusted provider of cloud-based and easy to use payment, invoice, digital banking and fraud prevention solutions can help you create a plan for automation that will empower your business to innovate, win and grow. We welcome the opportunity to work with you as you look to 2016.

Best regards,

A handwritten signature in blue ink, appearing to read 'Rick Booth', written over a light blue circular stamp.

Rick Booth
Chief Financial Officer
Bottomline Technologies

INTRODUCTION

The payments industry faces a rapidly changing environment. Indeed, the gap between technological advances in the payments field and traditional payments methods is noticeably widening. To help bridge that gap, many payments professionals are pursuing efforts to improve those systems. Within the U.S. the Federal Reserve has initiated the Faster Payments initiative with the ultimate goal of building a new, fast and pervasive payments system. The Clearing House has undertaken a multi-year project to design a real-time payment system to address gaps in payment processing to enable consumers and businesses to securely send and receive payments. In the spring of 2015, NACHA—the Electronic Payments Association®—approved its Same-Day-ACH (automatic clearing house) product. Such efforts aren't confined to the U.S.: note the Single Euro Payments Area (SEPA) in the Eurozone countries, and Faster Payments in the U.K.

However, even as payment technologies advance, in the U.S. paper checks continue to be the most popular payment method. The *2013 AFP Electronic Payments Survey* revealed that although declining, the use of paper checks still accounted for about 50 percent of a U.S.-based organization's business-to-business (B2B) transactions. That relatively high share of check payments can be attributed to the ubiquitous nature of checks, tradition, the challenges of converting to electronic payment methods, and sometimes complacency. Corporate systems and routines are set up to handle a large number of checks; consequently there may be some reluctance to alter a process that “works.” Additionally, implementation of new processes often requires organizations to purchase new technology and train personnel.

For those finance professionals who *do* want to shift their organizations' payment systems from paper checks to electronic payments, they will need to make a strong business case to justify the investment required for such a shift. To gain approval from senior management, they will need to have a solid grasp of various payment method costs. Determining those costs with any accuracy is challenging; such calculations are dependent on a number of variables including existing bank relationships and financial systems, and may be interpreted differently by various organizations.

In order to provide treasury and other finance professionals with a tool to gain more granular information regarding the costs of various payment methods, the Association for Financial Professionals® (AFP) conducted its inaugural *Payments Cost Benchmarking Survey*. Survey participants had the option of either selecting cost estimates within defined cost ranges or providing their best estimated cost as a dollar value. The survey questions also distinguish between external and internal costs for payments: external costs include all payments to an external party such as bank/payment provider fees, reporting, interchange for credit cards, etc.; internal costs include any internal organizational resources that a company considers part of the cost of payments such as personnel, technical equipment, IT support, etc.

The results of *The 2015 AFP Payments Cost Benchmarking Survey* are backed by data from over 500 respondents and confirm what the industry has suspected for a while: that paper checks are considerably more expensive than some electronic payment methods. The estimated median cost of a check transaction is \$3.00,¹ the estimated median external cost range of each ACH (automatic clearing house) credit transaction is between \$0.26 and \$0.50 per ACH Credit transaction, and the estimated median cost of a purchasing card transaction is \$1.50. These findings provide finance professionals with solid data to build a business case showing that switching to electronic payments could result in real cost savings for their organizations.

1. All dollar figures in this report are in USD.

A note on our cost indications for different payment methods in this report—some assumptions regarding the survey data have been made in order to make the numbers practically usable. These assumptions may step away slightly from the pure data, but will assist in the benchmarking of costs for different payment methods. We hope this will provide greater value to AFP’s corporate treasury members in business case assessments of changes to their current payment processes and systems.

AFP thanks Bottomline Technologies for its underwriting support of the *2015 AFP Payments Cost Benchmarking Survey*. The Research Department of the Association for Financial Professionals® designed the survey questionnaire, analyzed the survey results, produced the report and is solely responsible for its content. The survey generated 534 responses which are the basis of this report. More details regarding the survey methodology as well as respondent demographics can be found on page 24.

CENTRALIZED/DECENTRALIZED OPERATIONS

Half of organizations deliver their payments from a single centralized corporate treasury operation. While single centralized treasury operations are more prevalent among smaller organizations (with annual revenues of less than \$1 billion) than larger ones, even among large companies they are more prevalent than other types of operations. Privately held companies are also more likely than publicly owned ones to deliver payments via a centralized operation. Centralized payments operations provide numerous benefits such as economies of scale, reductions in the number of bank connections and centralized payment flows. They also have the added advantage of a skilled work force in a single location.

Fewer companies—13 percent—have established one or more specific Shared Service Centers (SSCs). Larger organizations—those with annual revenues of at least \$5 billion—are more likely than smaller ones to use SSCs. This is not surprising since larger companies have larger operations, generate larger payment volumes and have greater resources on hand. Conversely, retaining functions such as payments systems at moderately sized corporate headquarters may extend the same advantages without the added cost of a shared service center.

An even smaller share of organizations—seven percent—has decentralized payments operations. Often organizations have decentralized operations as a result of expansion through acquisitions without incorporating and/or centralizing the various entities' payment functions. Maintaining these operations "as is" can be costly and may only provide marginal benefits; they may be efficient but also redundant across the organization as a whole. Another rationale for having decentralized treasury operations may be changes in business strategy. This can involve complicated treasury operations and internal payment streams using more bank connections and payments systems than necessary.

Payment operations are not always viewed as a strategic business priority even though they provide critical support to an organization. Nevertheless, it is important that these processes run smoothly, securely and cost-effectively. Cost is one reason few organizations (only one percent) outsource their payment operations. Smaller organizations may not be able to justify any benefits from outsourcing their payments. Real or perceived loss of control is also a likely reason for some reluctance to having external parties handle payments. For large organizations with very complex payments systems and operations, the cost for outsourcing may be justified, especially considering time savings and the potential for maintaining a smaller payments staff. Outsourcing payments can provide benefits to any organization, including transition of payment risk to a third party and increased staff productivity by moving non-core tasks outside of the business.

PAYMENT METHODS

Payment Delivery Methods

(Percentage Distribution of Organizations)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Single centralized corporate treasury operations	50%	56%	48%	39%	44%	61%
One/multiple centralized SSCs	13	10	15	17	17	11
Decentralized treasury operations	6	8	7	2	6	9
Outsourced	1	1	1	2	3	1
Mix of these methods	30	25	29	40	30	19
Total responses ²	503	243	143	117	117	86

A vast majority (97 percent) of organizations uses checks, ACH Credit (93 percent) and Wire/CHIPS (92 percent) for payments. Both ACH Credit and wire/CHIPS are used less prevalently by smaller organizations with annual revenues of less than \$1 billion. Credit cards, though typically more expensive than other payment methods, are used at three out of four companies; debit cards are the least popular, being used at 29 percent of organizations. Privately held organizations use credit cards to a larger extent (78 percent) than do organizations that are publicly owned and only 18 percent of privately held organizations accept debit cards compared to 26 percent of publicly owned companies.

Payment Methods Utilized at Organizations

(Percent of Organizations)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Checks	97%	95%	93%	92%	94%	99%
ACH Credit (including EDI/CTX)	93	87	93	92	95	94
Wire/CHIPS	92	88	90	93	96	94
ACH Debit (including EDI/CTX)	84	81	79	82	84	83
Credit Card	76	74	72	75	70	78
Debit Card	29	24	28	36	26	18
Total responses	516	247	146	119	118	86

2. NOTE: Total responses noted within tables include those from individuals who may not have provided their organizations' revenue and/or ownership demographic information.

INCOMING AND OUTGOING PAYMENTS

Incoming Payments

A typical organization processes a greater number of checks than other payment methods. The median range is between 1,000 and 1,999 incoming checks per month; 37 percent of companies handle less than 500 incoming checks and 22 percent receive more than 20,000 checks.

The median range of both ACH Credit and credit card incoming transactions is between 500 and 999, and the median range of incoming ACH Debit, wire and debit card transactions is between 100 and 499.

Incoming Payments Handled Monthly

(Percentage Distribution of Transaction Volumes of Payment Types)

	Checks	ACH Credit	ACH Debit	Wire	Credit Card	Debit Card
Less than 100	20%	23%	41%	42%	34%	41%
100-499	17	20	14	26	12	9
500-999	9	12	6	8	6	4
1,000-1,999	12	9	6	5	5	5
2,000-4,999	8	6	6	5	5	6
5,000-9,999	6	9	5	3	5	4
10,000-19,999	7	5	3	3	8	6
Greater than 20,000	22	17	20	7	24	24
Total responses	363	337	272	364	260	160
Median	1,000-1,999	500-999	100-499	100-499	500-999	100-499

Outgoing Payments

A typical organization processes between 1,000 and 1,999 outgoing checks per month and between 500 and 999 outgoing payments via ACH Credit. Over 40 percent of organizations handle less than 100 outgoing transactions via ACH Debit, wire and credit card. The median number of these payment methods falls within the 100-to-499 range.

Outgoing Payments Handled Monthly

(Percentage Distribution of Transaction Volumes of Payment Types)

	Checks	ACH Credit	ACH Debit	Wire	Credit Card
Less than 100	10%	23%	45%	45%	41%
100-499	18	17	15	26	21
500-999	15	13	9	10	8
1,000-1,999	15	9	6	4	6
2,000-4,999	12	11	7	4	6
5,000-9,999	7	7	4	1	6
10,000-19,999	6	4	1	2	2
Greater than 20,000	16	16	13	7	9
Total responses	355	323	289	354	255
Median	1,000-1,999	500-999	100-499	100-499	100-499

CHECKS

Survey results from corporate practitioners indicate that the median transaction cost for issuing checks ranges between \$2.01 and \$4.00 per check; the median value for best estimated cost of issuing a check is \$3.00. But it's important to note that when calculating the true cost of a transaction, several variables are considered. The volume of checks is crucial to the calculation; transaction cost per check is typically lower when processing a higher volume. Other factors that can affect the total transaction cost for checks include costs for wages, check stock, printing, postage and mailing and/or lockbox service fees, positive pay and escheatment tracking. Consider this: 15 percent of organizations issue 20,000 or more checks per month. Using the median \$3.00 cost per check issued, the total cost to issue 20,000 checks per month is \$60,000 or \$720,000 per year. (The daily cost alone would total \$2,000.) Of course, these "cost" numbers will differ depending on the volume of checks processed. [Additional tables showing more granular breakout of the survey data can be found in the Appendix on page 24].

The 2013 AFP Electronic Payments Survey revealed that 50 percent of a U.S.-based organization's business-to-business (B2B) payments were made by check. However, the share of B2B check payments has declined considerably from the 81 percent reported in the 2004 survey. There was also a sharp decline in the share of organizations that relied on checks for over 60 percent of their payments—from 75 percent in 2004 to 41 percent in 2013.



2013 AFP Electronic Payments Survey
www.afponline.org/epayments

Calculated Total Cost for ISSUING a Paper Check on a Per Item Basis (Percentage Distribution of Cost of Issuing a Paper Check)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
\$0.00	1%	1%	2%	2%	—	—
\$0.01 - \$0.50	10	11	11	8	9	14
\$0.51-\$1.00	15	18	13	11	12	17
\$1.01 - \$2.00	17	15	21	18	20	17
\$2.01 - \$4.00	17	15	19	21	20	12
\$4.01 - \$6.00	12	11	12	14	13	14
\$6.01 - \$10.00	11	11	13	10	13	12
\$10.01 - \$14.00	4	4	2	3	3	3
\$14.01 - \$18.00	3	4	1	3	3	3
\$18.01 - \$22.00	3	4	1	3	2	4
\$22.01 - \$26.00	4	3	2	6	4	5
Greater than \$26.00	3	3	3	2	2	1
Total responses	320	159	92	63	101	78
Median Range	\$2.01-\$4.00	\$2.01-\$4.00	\$2.01-\$4.00	\$2.01-\$4.00	\$2.01-\$4.00	\$2.01-\$4.00

Best Estimated Cost for ISSUING a paper check on a per item basis

Checks	
Valid (N)	139
Mean	\$5.91
Median	\$3.00
Minimum	\$0.02
Maximum	\$50.00

The median cost of receiving paper checks is lower than that of issuing them. The median cost range to receive checks is \$1.01-to- \$2.00 and a median best estimated cost of \$1.57. Smaller organizations with annual revenues of less than \$1 billion report similar median costs to both receive and issue checks—a median range of \$2.01-to-\$4.00.

For larger organizations, the median range is lower. A significant share of those organizations, 22 percent, receives more than 20,000 checks per month. The median range for organizations with annual revenues of at least \$5 billion is between \$1.01 and \$2.00, indicating a best estimated median cost per check of around \$1.50. Using that median cost of \$1.50, an organization receiving 20,000 checks per month is likely incurring a daily cost of around \$1,000, a monthly cost of \$30,000 and an annual cost of \$360,000. Combining the costs for both incoming and outgoing check payments, organizations that process in excess of 20,000 checks per month may see total transaction costs for checks in the neighborhood of \$1 million per year.

Calculated Total Cost for RECEIVING a Paper Check on a Per Item Basis (Percentage Distribution of Cost for Receiving a Paper Check)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
\$0.00	3%	4%	1%	2%	-	1%
\$0.01 - \$0.50	18	15	20	22	16	21
\$0.51-\$1.00	19	18	23	16	19	22
\$1.01 - \$2.00	17	11	27	14	21	16
\$2.01 - \$4.00	16	16	13	21	15	21
\$4.01 - \$6.00	11	14	7	10	13	7
\$6.01 - \$10.00	7	8	2	8	7	7
\$10.01 - \$14.00	4	4	3	3	5	-
\$14.01 - \$18.00	1	1	2	2	2	1
\$18.01 - \$22.00	1	1	-	-	-	3
\$22.01 - \$26.00	-	5	-	-	-	-
Greater than \$26.00	3	3	2	3	4	1
Total responses	310	151	92	63	102	73
Median Range	\$1.01-\$2.00	\$2.01-\$4.00	\$1.01-\$2.00	\$1.01-\$2.00	\$1.01-\$2.00	\$1.01-\$2.00

Best estimated cost for RECEIVING a paper check on a per item basis

Checks	
Valid (N)	129
Mean	\$5.01
Median	\$1.57
Minimum	\$0.05
Maximum	\$75.00

Summary:

Initiating a paper check transaction

- Reported total median cost range of \$2.01—\$4.00
- Reported best estimated median cost of \$3.00

Receiving a paper check transaction

- Reported total median cost range of \$1.01—\$2.00
- Reported best estimated median cost of \$1.57

ACH Transactions

ACH (automatic clearing house) payments are electronic transactions that can be either credit (push) or debit (pull). ACH Credit transactions send payments to a payee's account and include direct deposit. ACH Credit transactions are used primarily for payroll and vendor payments. ACH Debit pulls payments from a payor's account as directed by a predetermined mandate. ACH Debit transactions are often used for mortgage payments, insurance premiums, tax payments, etc. ACH transactions are aggregated and sent through the operators (the Federal Reserve and The Clearing House) in batches at predetermined intervals.

The total cost (sending and receiving) of processing ACH payments is different for debit and credit transactions. The survey results reveal an external median cost range (including bank/payment provider monthly fees, ACH fees, reporting, etc.) for ACH Credit transactions of \$0.26-to- \$0.50. The internal median cost range (including personnel, service centers, IT technology, etc.) is \$0.11-to-\$0.25.

It is important to note that the cost per ACH transactions varies wildly depending on volume because of the fixed costs. Survey respondents report a median range for sending and receiving ACH Credit transactions of 500-999 and 100-499 for ACH Debit transactions. The cost per transaction can therefore be considerably lower for an organization with transaction volumes in the 10,000 or higher range.

Summary:

Initiating and Receiving ACH transactions:

- Reported median total cost range
 - External cost range of \$0.26—\$0.50
 - Internal cost range of \$0.11—\$0.25
- Best estimated median cost:
 - External cost of \$0.27
 - Internal cost of \$0.29

According to AFP's Bank Pricing data, banks typically price ACH Credits and Debits at the same level for external costs. Note that the added costs for corporate trade exchange (CTX) and electronic data interchange (EDI) are included in these numbers which is important to consider given the additional benefits of extended remittance information, etc.

Calculated EXTERNAL Costs (including bank/payment provider monthly fees, ACH fees, reporting, etc.) and INTERNAL Costs (including personnel, service centers, IT technology, etc.) for INITIATING and RECEIVING ACH Transactions on a Per Item Basis (including EDI & CTX)

(Percentage Distribution of ACH Credit and ACH Debit External and Internal Costs)

	ACH Credit EXTERNAL	ACH Debit EXTERNAL	ACH Credit INTERNAL	ACH Debit INTERNAL
\$0.00	2%	5%	6%	8%
\$0.01 - \$0.10	20	22	25	24
\$0.11-\$0.25	21	24	19	22
\$0.26-\$0.50	15	16	10	10
\$0.51-\$0.75	7	5	7	7
\$0.76-\$1.00	5	4	8	7
\$1.01-\$1.50	6	5	3	3
\$1.51-\$2.00	4	3	4	3
\$2.01-\$3.00	6	4	5	4
\$3.01-\$4.00	4	3	4	2
\$4.01-\$5.00	4	4	3	4
Greater than \$5	5	6	7	7
Total responses	248	221	202	198
Median	\$0.26-\$0.50	\$0.11-\$0.25	\$0.11-\$0.25	\$0.11-\$0.25

Best Estimated EXTERNAL Costs for Initiating and Receiving ACH Transactions

	ACH Credit EXTERNAL	ACH Debit EXTERNAL
Valid (N)	90	83
Mean	\$0.96	\$1.13
Median	\$0.27	\$0.25
Minimum	\$0.01	\$0.01
Maximum	\$12.00	\$15.00

Best Estimated INTERNAL Costs for Initiating and Receiving ACH Transactions

	ACH Credit INTERNAL	ACH Debit INTERNAL
Valid (N)	78	75
Mean	\$1.38	\$1.32
Median	\$0.29	\$0.30
Minimum	\$0.01	\$0.00
Maximum	\$20.00	\$15.00

WIRE

Like ACH transactions, wire transfers are electronic fund transfers from one bank account to another. But unlike ACH, a wire system such as FedWire in the U.S. is a real-time gross system (RTGS) which provides immediate and final settlement that is irrevocable. Wire transfers are typically used for lower volume, time-sensitive transactions, usually of higher monetary value. They are immediate and are confirmed upon receipt, making them the payment method of choice for settling many capital markets activities, acquisition payments, real estate closings, investment activity, foreign exchange settlements, etc.

But with that convenience and speed comes a higher cost that can vary widely. One organization may pay over \$50 for a wire transaction while others may pay only a fraction of that. The overall external median cost for initiating a wire transaction ranges from \$7.51 to \$10.00. The median best estimated reported external cost for initiating a wire transaction is \$8.00.

The cost for wire transactions can differ depending on the size of an organization as well as the kind of banking service agreement and the relationship an organization has with its banking partner(s). Smaller organizations with annual revenues of less than \$1 billion report an external median cost range for initiating wires in line with the overall range cited above. Mid-sized organizations—those with annual revenues between \$1 billion and \$4.9 billion—report a higher cost range of \$10.01-to-\$15.00. Large organizations with at least \$5 billion in annual revenues report a lower external median cost range for initiating wires of \$5.01-to-\$7.00.

Calculated Total Transaction EXTERNAL Cost (bank fees, etc.) for INITIATING Wire Payments on a Per Item Basis (Percentage Distribution of External Costs for Initiating a Wire Transaction)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
\$0.00	2%	1%	5%	2%	-	-
\$0.01-\$2.50	9	10	4	14	10	10
\$2.51-\$5.00	11	10	9	15	12	7
\$5.01-\$7.50	17	14	16	20	21	15
\$7.51-\$10.00	16	17	15	15	17	21
\$10.00-\$15.00	15	16	19	8	12	18
\$15.01-\$20.00	9	9	10	7	12	7
\$20.01-\$25.00	7	7	9	5	5	12
\$25.01-\$30.00	5	4	4	8	5	3
\$30.01-\$35.00	2	3	4	-	2	3
\$35.01-\$40.00	2	4	3	-	-	1
\$40.01-\$50.00	3	3	3	3	4	-
Greater than 50.00	2	2	1	2	1	1
Total responses	247	107	80	59	101	67
Median range	\$7.51-\$10.00	\$7.51-\$10.00	\$10.01-\$15.00	\$5.01-\$7.00	\$7.51-\$10.00	\$7.51-\$10.00

The internal costs for initiating wire transactions are somewhat lower than the external costs. The median overall range is between \$5.01 and \$7.00. There seem to be less difference in the internal costs ranges depending on the size of the organization. The best estimated reported internal cost for initiating a wire transaction is \$6.42 which is at the higher end of the range.

Summary:

Initiating wire transactions

- Reported range of median cost
 - External cost range of \$7.51—\$10.00
 - Internal cost range of \$5.01—\$7.50
- Best estimated median cost
 - External cost of \$8.00
 - Internal cost of \$6.42

Calculated Total Transaction INTERNAL Cost (personnel, IT support, etc.) for INITIATING Wire Payments on a Per Item Basis

(Percentage Distribution of Internal Costs for Initiating Wire Payments)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
\$0.00	5%	8%	3%	4%	1%	8%
\$0.01-\$2.50	20	19	20	21	23	15
\$2.51-\$5.00	13	16	15	6	9	15
\$5.01-\$7.50	14	12	12	19	22	11
\$7.51-\$10.00	13	14	8	19	14	15
\$10.00-\$15.00	10	9	14	6	9	11
\$15.01-\$20.00	10	7	14	9	11	9
\$20.01-\$25.00	5	8	5	2	2	8
\$25.01-\$30.00	4	2	5	8	5	3
\$30.01-\$35.00	2	4	2	-	2	3
\$35.01-\$40.00	1	-	2	-	-	2
\$40.01-\$50.00	1	-	2	4	2	-
Greater than 50.00	2	2	-	4	1	2
Total responses	220	101	65	53	93	66
Median range	\$5.01-\$7.50	\$5.01-\$7.50	\$5.01-\$7.00	\$5.01-\$7.00	\$5.01-\$7.00	\$7.51-\$10.00

Best Estimated All-In Costs for INITIATING Wire Payments

	Wire EXTERNAL	Wire EXTERNAL
Valid	88	84
Mean	\$12.06	\$9.58
Median	\$8.00	\$6.42
Minimum	\$0.00	\$0.00
Maximum	\$50.00	\$50.00

The external cost ranges for receiving wire transactions are fairly similar to those for initiating wires. The overall median external cost range is between \$7.51 and \$10.00. Small and large organizations report costs in the lower range of \$5.01-to-\$7.00. Given this difference, for benchmarking purposes it may be more appropriate to use the median best estimated cost of receiving wire transactions: \$7.64.

Calculated Total Transaction Cost EXTERNAL (bank fees, etc.) for RECEIVING Wire Payments on a Per Item Basis

(Percentage Distribution of Total Transactions Costs for Receiving Wire Payments)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
\$0.00	6%	7%	6%	2%	--	9%
\$0.01-\$2.50	14	15	6	23	13%	13
\$2.51-\$5.00	14	16	15	9	16	10
\$5.01-\$7.50	14	12	14	18	15	12
\$7.51-\$10.00	18	16	18	23	22	19
\$10.00-\$15.00	17	19	20	11	18	25
\$15.01-\$20.00	6	4	8	9	7	6
\$20.01-\$25.00	4	6	4	2	4	1
\$25.01-\$30.00	2	2	3	-	1	1
\$30.01-\$35.00	1	1	3	-	-	1
\$35.01-\$40.00	1	1	3	-	-	-
\$40.01-\$50.00	2	1	1	5	3	1
Greater than 50.00	1	1	1	-	-	-
Total responses	247	109	80	57	97	68
Median range	\$7.51-\$10.00	\$5.01-\$7.50	\$7.51-\$10.00	\$5.01-\$7.50	\$7.51-\$10.00	\$5.01-\$7.50

The overall internal cost for receiving a wire transaction is a somewhat lower median cost range of \$5.01-to-\$7.00. However, for large organizations the range is between \$7.01 and \$10.00. The median best estimated internal cost for receiving a wire transaction is \$4.25, below the reported median range.

Summary:

Receiving wire transactions:

- Reported median cost range
 - External cost range of \$7.51—\$10.00
 - Internal cost range of \$5.01—\$7.50
- Best estimated median cost
 - External cost of \$7.64
 - Internal cost of \$4.25

Calculated Total Transaction INTERNAL Cost (personnel, IT support, etc.) for RECEIVING Wire Payments on a Per-Item Basis

(Percentage Distribution of Total Transaction Internal Costs for Receiving Wire Payments)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
\$0.00	8%	13%	3%	5%	2%	13%
\$0.01-\$2.50	27	24	27	29	29	20
\$2.51-\$5.00	11	12	16	4	10	14
\$5.01-\$7.50	11	10	13	9	14	8
\$7.51-\$10.00	13	13	10	18	16	16
\$10.00-\$15.00	13	14	13	13	9	20
\$15.01-\$20.00	8	4	13	9	10	5
\$20.01-\$25.00	4	4	2	5	5	2
\$25.01-\$30.00	1	2	-	-	2	-
\$30.01-\$35.00	1	1	3	-	-	2
\$35.01-\$40.00	-	-	-	-	-	-
\$40.01-\$50.00	2	-	-	7	2	2
Greater than 50.00	-	1	-	-	-	-
Total responses	216	98	62	55	92	64
Median range	\$5.01-\$7.50	\$5.01-\$7.50	\$5.01-\$7.50	\$7.51-\$10.00	\$5.01-\$7.50	\$5.01-\$7.50

Best Estimated All-in Costs for RECEIVING Wire Payments

	Wire EXTERNAL	Wire EXTERNAL
Valid	74	74
Mean	\$10.45	\$7.67
Median	\$7.64	\$4.25
Minimum	\$0.05	\$0.00
Maximum	\$100.00	\$45.00

CREDIT CARDS

Organizations use a variety of credit cards for numerous business purposes. As reported in the *2015 AFP Payments Fraud and Control Survey* the use of corporate/commercial cards for B2B payments has been fluctuating over the past couple of years. In the first two years of this decade, the use of credit cards for B2B transactions started to gain momentum and peaked in 2012. However, in the past two years it has declined dramatically. One reason behind the decline could be related to the large security breaches in late 2012 that heightened awareness of the potential for card fraud and the reaction of the card industry to those breaches. A new and more secure standard is being implemented, EMV or Smart Chip cards. But that transition is still in progress.

Transaction costs for credit cards have long been debated—interchange and assessment fees especially in recent years. The increased cost and handling of PCI compliance are also notable factors. In addition, the complexities of interchange and the various qualification methodologies of how transactions are received can play a role when considering credit card payments. While merchants are naturally looking to minimize their costs, at the same time they realize they need to accept card transactions in order to maintain their businesses.

For a majority of organizations (56 percent), their typical incoming credit card transaction is less than \$300 and only eight percent report their average size of incoming credit card transactions is greater than \$10,000. Larger organizations with annual revenue of at least \$5 billion and publicly owned companies have a larger share of transactions less than \$25 compared to other companies.



2015 AFP Payments Fraud and Control Survey
www.afponline.org/fraud/

Approximate Average Size of the Typical INCOMING Credit Card Transaction on a Per Item Basis (Percentage Distribution of Average Size of Incoming Credit Card Transactions)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Less than \$25	16%	17%	7%	22%	20%	15%
\$25-\$49	7	8	7	6	4	5
\$50-\$99	9	5	13	10	11	6
\$100-\$199	12	13	11	12	11	13
\$200-\$299	12	16	7	10	6	19
\$300-\$499	7	7	9	6	8	2
\$500-\$699	7	8	9	2	5	6
\$700-\$999	4	5	4	2	4	5
\$1,000-\$1,499	9	8	11	10	9	13
\$1,500-\$1,999	1	-	2	2	2	-
\$2,000-\$2,999	2	1	4	2	4	-
\$3,000-\$4,999	3	3	4	2	4	3
\$5,000-\$9,999	2	1	4	2	2	3
Greater than \$10,000	8	8	7	10	10	10
Total responses	195	92	54	49	81	62
Median Range	\$200-\$299	\$200-\$299	\$300-\$499	\$200-\$299	\$200-\$299	\$200-\$299

The external median cost range for receiving credit card transactions (including issuer/acquirer/processor interchange, assessment, monthly fees, etc.) is between 1.50% and 1.99% *per transaction*. This range is fairly consistent for organizations of different sizes with the exception of smaller ones for which the range is reported as 1.00%-to-1.49%.

Calculated EXTERNAL costs (including issuer/acquirer/processor interchange, assessment, monthly fees, etc.) for Receiving Credit Card Transactions as a Percentage per Transaction
(Percentage Distribution of External Costs for Receiving Credit Card Transactions)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Less than 0.50%	20%	21%	17%	20%	19%	16%
0.50% - 0.99%	12	16	9	9	14	13
1.00% - 1.49%	13	14	15	9	16	9
1.50%-1.99%	14	9	17	22	15	14
2.00%-2.49%	13	15	13	11	8	18
2.50%-2.99%	16	16	13	17	11	16
3.00%-3.49%	7	6	11	4	10	11
3.50%-3.99%	4	2	4	7	4	2
Greater than 4%	2	1	2	2	3	2
Total responses	174	81	47	46	73	56
Median Range	1.50%-1.99%	1.00%-1.49%	1.50%-1.99%	1.50%-1.99%	1.50%-1.99%	1.50%-1.99%

The internal median cost range—which includes costs for personnel, IT Technology, PCI DSS Compliance, etc.—for receiving credit card transactions is 0.50%-to- 0.99% per transaction. For smaller organizations this cost range is somewhat higher at 1.00%-to-1.49%.

Calculated INTERNAL Costs (including personnel, IT technology, PCI DSS compliance, etc.) for Receiving Credit Card Transactions as a Percentage per Transaction
(Percentage Distribution of Internal Costs for Receiving Credit Card Transactions)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Less than 0.50%	34%	34%	33%	34%	32%	34%
0.50% - 0.99%	21	14	28	17	19	19
1.00% - 1.49%	13	13	14	10	11	15
1.50%-1.99%	13	16	5	17	19	11
2.00%-2.49%	7	7	7	7	6	6
2.50%-2.99%	3	1	2	5	3	2
3.00%-3.49%	4	3	7	2	3	4
3.50%-3.99%	4	3	2	7	3	8
Greater than 4%	3	5	2	-	2	2
Total responses	160	76	43	41	62	53
Median Range	0.50% - 0.99%	1.00% - 1.49%	0.50% - 0.99%	0.50% - 0.99%	0.50% - 0.99%	0.50% - 0.99%

Summary:

Receiving credit card transactions

- Reported total external median cost range of 1.50%—1.99%
- Reported total internal median cost range of 0.50%—0.99%

DEBIT CARDS

Unlike credit cards, debit cards provide the holders electronic access to their bank accounts at their financial institution(s). Payments are immediately transferred from a bank account instead of being paid at a later date. Debit cards can be either domestic or international and can also be used to withdraw funds from bank accounts through ATM networks. Typically, debit cards are used primarily by consumers and therefore affect the retail industry more than other sectors.

The payments cost calculations for debit cards differ from those for credit cards due to new regulatory rules. The Durbin Amendment—part of the Dodd-Frank Financial Reform Act—requires the Federal Reserve to limit fees charged to retailers for debit card processing and caps the interchange and assessment cost for accepting debit card payments. That cap is set at 21 cents plus 1 cent for fraud prevention adjustment. There is an additional fee of 0.05 percent of the transaction value. Consequently, the cost for debit card transactions—again measured as a percentage per transaction—differs depending on the size of the transaction.

Since the cost for debit card transactions is capped, it is not surprising that organizations report lower external cost ranges. The median external cost range—including issuer/acquirer/processor interchange, assessment, monthly fees, etc.—is 1.00%-to-1.49% per transaction. There are no differences based on organization size. The median internal cost range (including personnel, IT Technology, PCI DSS Compliance, etc.) is 0.50%-to-0.99% per transaction, with a lower range of less than 0.50% for smaller organizations.

Summary:

Receiving debit card transactions

- Reported total external median cost range of 1.00%—1.49%
- Reported total internal median cost range of 0.50%—0.99%

Calculated EXTERNAL Costs (including issuer/acquirer/processor interchange, assessment, monthly fees, etc.) for Receiving Debit Card Transactions as a Percentage per Transaction (Percentage Distribution of External Costs for Receiving Debit Card Transactions)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Less than 0.50%	34%	33%	39%	31%	38%	22%
0.50% - 0.99%	10	13	-	14	8	17
1.00% - 1.49%	13	12	11	17	13	14
1.50%-1.99%	15	15	11	17	15	14
2.00%-2.49%	9	10	14	6	9	14
2.50%-2.99%	9	12	11	6	4	14
3.00%-3.49%	5	4	7	6	9	3
3.50%-3.99%	3	2	4	3	4	-
Greater than 4%	2	-	4	3	2	3
Total responses	116	52	28	36	47	36
Median Range	1.00% - 1.49%	1.00% - 1.49%	1.00% - 1.49%	1.00% - 1.49%	1.00% - 1.49%	1.00% - 1.49%

**Calculated INTERNAL Costs (including personnel, IT technology, PCI DSS compliance, etc.)
for Receiving Debit Card Transactions as a Percentage per Transaction**

(Percentage Distribution of Internal Costs for Receiving Debit Card Transactions)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Less than 0.50%	46%	51%	41%	43%	47%	51%
0.50% - 0.99%	14	14	21	9	7	11
1.00% - 1.49%	13	12	17	11	13	14
1.50%-1.99%	10	8	3	17	16	9
2.00%-2.49%	7	8	7	9	9	3
2.50%-2.99%	3	4	-	3	2	-
3.00%-3.49%	3	2	7	3	2	3
3.50%-3.99%	4	4	3	6	4	9
Greater than 4%	-	-	-	-	-	-
Total responses	115	51	29	35	45	35
Median Range	0.50%- 0.99%	Less than 0.50%	0.50%- 0.99%	0.50%- 0.99%	0.50%- 0.99%	Less than 0.50%

PURCHASING CARD TRANSACTIONS

Purchasing cards—including Procurement, Travel and Entertainment (T&E) and Virtual cards—have typically been used by organizations for lower-value goods and services. However, in recent years the use of purchasing cards has increased dramatically, even expanding into areas where paper checks have traditionally been used and thus eliminating the need to process checks. In some cases purchasing cards have become part of the overall disbursement strategy for organizations; those companies recognize the potential benefits of electronic statements rather than purchase orders and the opportunity to capture any rebates associated with this payment method.

For two-thirds (64 percent) of organizations, the transaction cost for outgoing card payments made via a purchasing card is less than \$2.00. The median range is \$1.00-to-\$1.99 for all segments. A greater share of smaller organizations (with annual revenues less than \$1 billion) than larger ones (annual revenues of at least \$5 billion) report per transaction costs via such cards range from \$2.00 to \$10.00 (39 percent versus 29 percent, respectively). Organizations with larger operations benefit from economies of scale and thus can spread their costs more efficiently than can smaller ones.

Total Calculated cost for OUTGOING Payments Made (including personnel, IT technology, compliance, Audit, etc.) via a Card (Procurement, T&E and Virtual) Per Transaction (Percentage Distribution of Outgoing Purchasing Card Payments)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Less than \$1.00	34%	36%	31%	32%	31%	31%
\$1.00-\$1.99	30	25	33	39	31	33
\$2.00-\$3.99	22	26	22	11	22	22
\$4.00-\$5.99	7	6	3	11	6	3
\$6.00-\$10	8	7	10	7	10	10
Total responses	199	97	58	44	83	63
Median Range	\$1.00-\$1.99	\$1.00-\$1.99	\$1.00-\$1.99	\$1.00-\$1.99	\$1.00-\$1.99	\$1.00-\$1.99

Summary:

Transaction Costs for Outgoing Card Payments

- Reported median cost range \$1.00—\$1.99

REBATES

One incentive for using cards is the potential for earning rebates. Factors that typically determine the size of rebates are the purchasing volume and the speed of payment to the card issuer. The full scope of the card program, including the annual cost, reporting, remittance and other technological capabilities should be taken into consideration.

A majority of organizations (55 percent) are awarded rebates on their annual card spend. They range from 10 to 50 basis points (bps). However, the median range is reported at 26-to-50 bps for smaller organizations and 51-to-75 bps for larger organizations with annual revenues of over \$1 billion. Only six percent of organizations receive rebates of greater than 150 bps.

Reported Rebates Awarded on Annual Card Spend (Percentage Distribution of Organizations)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
10-25 bps	34%	43%	27%	21%	30%	33%
26-50 bps	21	20	20	23	20	23
51-75 bps	12	12	7	19	15	13
76-100 bps	10	10	11	7	9	12
101-125 bps	9	8	11	9	4	15
126-150 bps	9	3	13	14	11	3
More than 150 bps	6	3	11	7	11	-
Total responses	188	90	55	43	80	60
Median Range	26-50 bps	26-50 bps	51-75 bps	51-75 bps	26-50 bps	51-75 bps

SHIFTING FROM PAPER CHECKS TO ELECTRONIC PAYMENTS

Nearly 80 percent of organizations are currently in the process of transitioning their B2B payments from paper checks to electronic payments. A greater share of companies with annual revenues of at least \$1 billion is doing so than smaller companies. Depending on the approach selected, transitioning to electronic payment methods may require a significant financial investment; those organizations with larger operations will be able to spread the costs of such an outlay more efficiently than will smaller companies, and so may be more inclined to make the shift to electronic payments.

Currently Moving Business to Business (B2B) Payments Away from Paper Check to Electronic Payment Methods

(Percentage Distribution of Organizations)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Yes	79%	76%	84%	80%	83%	81%
No	21	24	16	20	17	19
Total	246	113	73	60	105	79

More than two out of three finance professionals report that their organizations would replace paper checks with electronic payments if there was a cost benefit of doing so. More than one-third of organizations would shift to electronic payments if the cost savings was 10 percent; an additional 32 percent would move to electronic payments if the cost savings was greater than 10 percent.

While results are consistent across organization size categories, they differ based on ownership type. Nearly half of finance professionals from publicly owned companies (46 percent) indicate they would consider replacing paper checks with electronic payments with up to a 10 percent cost benefit. This is not surprising as publicly owned companies are more sensitive to costs. Only 25 percent plan to continue using checks regardless of costs. One-third of privately held organizations would continue to use checks regardless of costs, but 37 percent would transition if checks saved them at least 10 percent.

It is worth noting that 32 percent of all organizations would continue to use checks regardless of any cost savings. While 21 percent indicate they are not making an effort to transition B2B payments from paper checks to electronic alternatives, they are also likely to be unaffected by increased costs for handling and processing checks.

Replacing Paper Checks with Electronic Payment Methods

(Percentage Distribution of Organizations)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Regardless of costs, we will continue to use paper checks	32%	34%	30%	31%	25%	33%
Electronic Payments up to 10% less expensive than paper checks	36	36	37	36	46	37
Electronic Payments 11 - 20% less expensive than paper checks	13	17	9	11	11	12
Electronic Payments over 20% less expensive	19	14	24	22	19	18
Total responses	229	107	67	55	94	76

A vast majority of finance professionals (88 percent) cite increased efficiency as the primary reason for transitioning to electronic payments from paper checks; 82 percent would make the shift to minimize costs. They are understandably concerned about the uptick in fraud impacting organizations globally and three out of five would move to electronic payments to prevent fraud. Given how prone paper checks are to fraud, this number is still somewhat on the lower end.

Primary Reason for Moving Away from Paper Checks to Electronic Payment Methods
(Percent of Organizations)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Increase efficiency	88%	37%	43%	42%	75%	77%
Reduce cost	82	35	38	42	75	72
Fraud prevention	60	23	31	31	55	49
Facilitate Straight-Through-Processing	38	14	22	19	34	34
Enhance Remittance Information Handling	34	12	18	19	29	27
Total responses	232	247	146	119	118	86

CONCLUSION

Determining the costs of making payments can be very challenging. Different businesses use different methods and calculations. Often arbitrary values are used to calculate the costs of different payment methods. Sometimes organizations only consider tangible items like postage and paper, and neglect to consider time, positive pay, escheatment tracking, etc. Indeed, it has been difficult for organizations to know what their true payment costs have been, especially compared to those of their peers.

This inaugural *AFP Payments Cost Benchmarking Survey* was conducted in order to more accurately determine what the costs are for different payment methods. All surveys present challenges (for example, limitation on the number of questions to obtain a large enough sample size), and the payments cost survey was no different. Because the limited number of questions may oversimplify or “merge” some variables affecting payment method costs, the conclusions from the survey data are reported mostly in the form of cost ranges.

In order to obtain cost estimates that can be used for benchmarking purposes, some assumptions have been made. These assumptions include combining external and internal costs by simply adding the survey results. The results of such practice may be somewhat skewed, but may still provide a more manageable number when comparing costs for different payment methods.

Key Takeaways:

Initiating paper checks

- Total median cost range mid-point of \$3.00; best estimated median cost of \$3.00

Receiving paper checks

- Total median cost range mid-point of \$1.51 (\$1.505); best estimated median cost of \$1.57

Initiating and Receiving ACH transactions

- Reported median total cost range
 - ACH Credit External median cost: \$0.26—\$0.50
 - ACH Credit Internal median cost \$0.11—\$0.25
 - ACH Debit External median cost: \$0.11—\$0.25
 - ACH Debit Internal median cost: \$0.11—\$0.25

Initiating wire transactions

- Reported range of median cost
 - External cost \$7.51—\$10.00
 - Internal cost \$5.01—\$7.00
- Best estimated median cost
 - External cost of \$8.00
 - Internal cost of \$6.42

Receiving wire transactions

- Reported median cost range
 - External cost range of \$7.51—\$10.00
 - Internal cost range of \$5.01—\$7.50
- Best estimated median cost
 - External cost of \$7.64
 - Internal cost of \$4.25

Receiving credit card transactions

- Reported total external median cost range of 1.50%—1.99%
- Reported total internal median cost range of 0.50%—0.99%

Receiving debit card transactions

- Reported total external median cost range of 1.00%—1.49%
- Reported total internal median cost range of 0.50%—0.99%

Additional findings

- Nearly 80 percent of organizations are currently in the process of transitioning their B2B payments from paper checks to electronic payments.
- More than two out of three finance professionals report that their organizations would replace paper checks with electronic payments if there was a cost benefit of doing so.
- A vast majority of finance professionals (88 percent) cite increased efficiency as the primary reason for transitioning to electronic payments from paper checks

It is clear that the use of paper checks is a more expensive payment method than electronic alternatives such as ACH. At the same time the cost of wire transactions is much higher than other electronic methods, although it varies considerably depending on bank relationships and product packages. Overall, wires do seem to be a fairly expensive alternative, but is a very useful payment method when speed is essential. The use of credit and debit cards can be convenient for organizations, but since the costs of card transactions are reported as percentages, comparisons are difficult. The median external cost for receiving a credit card transaction ranges from 1.50% to 1.99% while the range for debit cards is 0.50%-to-0.99%. The cost of using purchasing cards ranges from \$1.00 to \$1.99 for all categories. The mid-point of \$1.50 may therefore be appropriate to use for these transactions. This could possibly facilitate the move of some payments away from checks to electronic payments, assuming vendors support such a transition.

When making cost comparisons among different payment methods it is important to consider the natural limitation of survey data and analysis, as well as organization-specific conditions that may affect the final outcome. Even so, the results of this initial *AFP Payments Cost Benchmarking Survey* provides some detailed information treasury and other finance professionals can use as they continue to improve payment processes at their organizations.

ABOUT THE SURVEY

In April 2015, the Association for Financial Professionals® (AFP) conducted its inaugural *2015 AFP Payments Cost Benchmarking Survey*. The survey gathered cost information about key payment methods to facilitate accurate benchmarking. AFP received 286 responses from its corporate practitioner members. After adjusting for undelivered emails, the response rate was approximately six percent. An additional 248 responses were received from corporate practitioners who are not AFP members. The combined 534 responses are the basis of this report.

AFP thanks Bottomline Technologies for its underwriting support of the *2015 AFP Payments Cost Benchmarking Survey*. The survey questionnaire and report were produced by the Research Department of the Association for Financial Professionals, and is solely responsible for the content of the report.

The following tables summarize the characteristics of the survey respondents' organizations where organization-level demographics are provided.

Role of Business

(Percentage Distribution of Organizations)

	All	Revenue Less Than \$1 Billion	Revenue Between \$1-4.9 Billion	Revenue At Least \$5 Billion	Publicly owned	Privately held
Headquarters	75%	76%	76%	72%	79%	76%
Shared services center/centralized processing center	15	12	18	19	12	16
Manufacturing/operating/business unit	9	12	6	9	9	8

Industry Sector

(Percentage Distribution of Organizations)

Banking/Financial Services	12%
Business services/Consulting	6
Construction	1
Energy (including utilities)	10
Government	6
Health services	7
Hospitality/Travel	3
Insurance	9
Manufacturing	20
Non-profit (including education)	5
Real estate	2
Retail (including wholesale/distribution)	11
Software/Technology	2
Telecommunications/Media	1
Transportation	1

Type of Ownership

(Percentage Distribution of Organizations)

Publicly owned	44%
Privately held	32
Not-for-profit	16
Government	8

Number of Employees at Organization

(Percentage Distribution of Organizations)

1-49	3%
50-99	3
100-249	7
250-499	9
500-999	12
1000-4999	33
5000-9999	10
10,000 or more	24

Organization's Total Annual Revenue (USD)

(Percentage Distribution of Organizations)

Less than \$50 million	15%
\$50 - 99.9 million	1
\$100 - \$249.9 million	8
\$250 - \$499.9 million	11
\$500 - \$999.9 million	13
\$1 - \$ 4.9 billion	29
\$5 - \$9.9 billion	9
\$10 - 20 billion	6
Greater than \$20 billion	8

APPENDIX

Number of INCOMING Payments (Checks) per month and Costs incurred for RECEIVING Paper Checks
 (Percentage Distribution of Transaction Volume of Incoming Check Payments)

	Less than 100	100- 499	500- 999	1,000- 1,999	2,000- 4,999	5,000- 9,999	10,000- 19,999	Greater than 20,000
\$0.00	5%	6%	-	-	-	-	-	3%
\$0.01-\$0.50	23%	13%	19%	11%	7%	15%	24%	32%
\$0.51-\$1.00	10%	30%	26%	14%	15%	25%	19%	18%
\$1.01-\$2.00	21%	11%	19%	14%	22%	30%	14%	14%
\$2.01-\$4.00	10%	15%	22%	20%	22%	15%	19%	11%
\$4.01-\$6.00	16%	9%	7%	20%	11%	5%	10%	6%
\$6.01-\$10.00	10%	7%	4%	6%	11%	-	5%	5%
\$10.01-\$14.00	3%	4%	-	9%	-	5%	-	2%
\$14.01-\$18.00	2%	-	-	-	4%	-	-	2%
\$18.01-\$22.00	-	-	4%	-	-	-	-	-
\$22.01-\$26.00	2%	2%	-	3%	-	-	5%	6%
Greater than \$26.00	-	4%	-	3%	7%	5%	5%	3%
Total	62	54	27	35	27	20	21	66
Median	\$1.01-\$2.00	\$1.01-\$2.00	\$1.01-\$2.00	\$2.01-\$4.00	\$2.01-\$4.00	\$1.01-\$2.00	\$1.01-\$2.00	\$0.51-\$1.00

Number of OUTGOING Payments (Checks) per month and Costs incurred for ISSUING Paper Checks
 (Percentage Distribution of Transaction Volume of Outgoing Check Payments)

	Less than 100	100- 499	500- 999	1,000- 1,999	2,000- 4,999	5,000- 9,999	10,000- 19,999	Greater than 20,000
\$0.00	-	-	-	5%	-	-	-	2%
\$0.01-\$0.50	3%	12%	6%	14%	11%	8%	10%	13%
\$0.51-\$1.00	29%	14%	6%	14%	19%	32%	7%	13%
\$1.01-\$2.00	13%	22%	21%	11%	16%	12%	13%	17%
\$2.01-\$4.00	10%	14%	25%	16%	14%	16%	17%	13%
\$4.01-\$6.00	13%	8%	13%	14%	11%	16%	10%	11%
\$6.01-\$10.00	16%	12%	17%	14%	11%	4%	3%	11%
\$10.01-\$14.00	13%	4%	4%	2%	5%	-	-	-
\$14.01-\$18.00	-	6%	-	5%	3%	-	7%	2%
\$18.01-\$22.00	3%	2%	4%	5%	5%	-	-	2%
\$22.01-\$26.00	-	2%	4%	-	5%	-	-	11%
Greater than \$26.00	-	4%	-	2%	-	12%	33%	6%
Total	31	50	48	44	37	25	30	47
Median	\$2.01-\$4.00	\$2.01-\$4.00	\$2.01-\$4.00	\$2.01-\$4.00	\$2.01-\$4.00	\$1.01-\$2.00	\$2.01-\$4.00	\$2.01-\$4.00

EXTERNAL Costs for Receiving Wire Payments on a per item basis and Incoming Wire Payments
 (Percentage Distribution of Transaction Volume of Incoming Wire Payments)

	Less than 100	100-499	500-999	1,000-1,999	2,000-4,999	5,000-9,999	10,000-19,999	Greater than 20,000
\$0.00	6%	2%	11%	-	-	-	-	6%
\$0.01-\$2.50	10%	19%	17%	23%	8%	13%	17%	19%
\$2.51-\$5.00	14%	12%	33%	8%	23%	22%	17%	6%
\$5.01-\$7.50	10%	15%	-	31%	15%	13%	17%	25%
\$7.51-\$10.00	24%	15%	6%	15%	38%	13%	-	6%
\$10.01-\$15.00	21%	25%	11%	8%	8%	26%	17%	19%
\$15.01-\$20.00	7%	7%	11%	8%	-	-	-	-
\$20.01-\$25.00	3%	-	6%	8%	-	-	17%	13%
\$25.01-\$30.00	2%	2%	-	-	-	-	-	-
\$30.01-\$35.00	1%	-	-	-	-	13%	-	-
\$35.01-\$40.00	1%	-	-	-	8%	-	-	-
\$40.01-\$50.00	-	3%	6%	-	-	-	17%	-
Greater than \$50.00	-	-	-	-	-	-	-	6%
Total	97	59	18	13	13	8	6	16
Median	\$7.51-\$10	\$7.51-\$10.00	\$2.51-\$5.00	\$5.01-\$7.50	\$7.51-\$10.00	\$7.51-\$10.00	\$5.01-\$7.50	\$5.01-\$7.50

INTERNAL Costs for Receiving Wire Payments on a per item basis and Incoming Wire Payments
 (Percentage Distribution of Transaction Volume of Incoming Wire Payments)

	Less than 100	100-499	500-999	1,000-1,999	2,000-4,999	5,000-9,999	10,000-19,999	Greater than 20,000
\$0.00	12%	4%	6%	8%	8%	-	-	-
\$0.01-\$2.50	23%	31%	31%	42%	25%	13%	33%	19%
\$2.51-\$5.00	10%	15%	6%	8%	17%	13%	-	6%
\$5.01-\$7.50	7%	18%	-	8%	8%	13%	17%	13%
\$7.51-\$10.00	18%	7%	13%	-	8%	13%	-	13%
\$10.01-\$15.00	14%	20%	6%	-	-	13%	-	19%
\$15.01-\$20.00	9%	4%	19%	17%	17%	13%	17%	6%
\$20.01-\$25.00	2%	-	6%	17%	8%	13%	17%	19%
\$25.01-\$30.00	2%	-	-	-	-	-	-	-
\$30.01-\$35.00	1%	-	-	-	8%	13%	-	-
\$35.01-\$40.00	-	-	-	-	-	-	-	-
\$40.01-\$50.00	1%	2%	6%	-	-	-	17%	-
Greater than \$50.00	-	-	6%	-	-	-	-	6%
Total	90	55	16	12	12	8	6	16
Median	\$5.01-\$7.50	\$2.51-\$5.00	\$7.51-\$10.00	\$0.01-\$2.50	\$2.51-\$5.00	\$7.51-\$10.00	\$5.01-\$7.50	\$7.51-\$10.00

EXTERNAL Costs for Initiating Wire Payments on a per item basis and Outgoing Wire Payments
 (Percentage Distribution of Transaction Volume of Outgoing Wire Payments)

	Less than 100	100- 499	500- 999	1,000- 1,999	2,000- 4,999	5,000- 9,999	10,000- 19,999	Greater than 20,000
\$0.00	8%	4%	4%	-	-	-	-	-
\$0.01-\$2.50	17%	25%	12%	44%	25%	-	50%	21%
\$2.51-\$5.00	13%	13%	16%	11%	13%	33%	-	14%
\$5.01-\$7.50	9%	18%	16%	22%	-	-	-	21%
\$7.51-\$10.00	14%	16%	4%	11%	38%	-	-	7%
\$10.01-\$15.00	15%	2%	8%	-	13%	33%	-	14%
\$15.01-\$20.00	9%	13%	16%	-	13%	-	-	-
\$20.01-\$25.00	5%	2%	8%	-	-	-	-	7%
\$25.01-\$30.00	5%	4%	4%	-	-	-	50%	-
\$30.01-\$35.00	4%	2%	-	11%	-	33%	-	-
\$35.01-\$40.00	1%	-	-	-	-	-	-	-
\$40.01-\$50.00	-	2%	8%	-	-	-	-	-
Greater than \$50.00	-	2%	4%	-	-	-	-	14%
Total	93	56	25	9	8	3	2	14
Median	\$7.51-\$10.00	\$5.01-\$7.50	\$7.51-\$10.00	\$2.51-\$5.00	\$7.51-\$10.00	\$10.01-\$15.00	\$0.01-\$2.50	\$5.01-\$7.50

INTERNAL Costs for Initiating Wire Payments on a per Item Basis and Outgoing Wire Payments
 (Percentage Distribution of Transaction Volume of Outgoing Wire Payments)

	Less than 100	100- 499	500- 999	1,000- 1,999	2,000- 4,999	5,000- 9,999	10,000- 19,999	Greater than 20,000
\$0.00	2%	2%	-	8%	-	-	-	-
\$0.01-\$2.50	6%	13%	11%	33%	-	-	20%	-
\$2.51-\$5.00	9%	7%	19%	8%	33%	33%	-	14%
\$5.01-\$7.50	13%	17%	19%	25%	-	-	20%	36%
\$7.51-\$10.00	17%	25%	7%	8%	22%	-	-	-
\$10.01-\$15.00	22%	13%	15%	8%	22%	-	20%	14%
\$15.01-\$20.00	10%	8%	11%	-	22%	33%	-	7%
\$20.01-\$25.00	6%	10%	4%	-	-	-	-	14%
\$25.01-\$30.00	6%	2%	4%	-	-	-	40%	-
\$30.01-\$35.00	2%	2%	-	-	-	33%	-	-
\$35.01-\$40.00	4%	-	-	-	-	-	-	-
\$40.01-\$50.00	2%	2%	7%	-	-	-	-	-
Greater than \$50.00	-	-	4%	-	-	-	-	14%
Total	93	60	27	12	9	3	5	14
Median	\$10.01-\$15	\$7.51-\$10.00	\$7.51-\$10.00	\$5.01-\$7.50	\$7.51-\$10.00	\$15.01-\$20.00	\$10.01-\$15.00	\$5.01-\$7.50

INCOMING Payments (Credit Card) Handled per month by Average Size of Typical INCOMING Credit Card Transaction

(Percentage Distribution of Transaction Volume of Incoming Credit Card Payments)

	Less than 100	100-499	500-999	1,000-1,999	2,000-4,999	5,000-9,999	10,000-19,999	Greater than 20,000
Less than \$25	17%	-	-	-	11%	-	8%	6%
\$25-\$49	4%	5%	8%	13%	22%	10%	17%	16%
\$50-\$99	4%	-	8%	-	22%	20%	17%	16%
\$100-\$199	12%	10%	-	-	-	10%	17%	38%
\$200-\$299	8%	10%	25%	38%	11%	30%	8%	-
\$300-\$499	6%	10%	8%	25%	11%	-	8%	9%
\$500-\$699	6%	15%	17%	13%	11%	10%	-	3%
\$700-\$999	6%	-	17%	-	-	-	17%	-
\$1,000-\$1,499	15%	20%	-	13%	11%	-	-	3%
\$1,500-\$1,999	-	5%	-	-	-	-	8%	-
\$2,000-\$2,999	6%	5%	-	-	-	-	-	-
\$3,000-\$4,999	2%	10%	8%	-	-	-	-	-
\$5,000-\$9,999	4%	-	8%	-	-	10%	-	-
Greater than \$10,000	12%	10%	-	-	-	10%	-	9%
Total	52	20	12	8	9	10	12	32
Median	\$200-\$299	\$500-\$699	\$500-\$699	\$200-\$299	\$50-\$99	\$200-\$299	\$100-\$199	\$100-\$199

Number of INCOMING Payments by calculated EXTERNAL costs for receiving Credit Cards Transactions as a Percentage per Transaction

(Percentage Distribution of Transaction Volume of Incoming Credit Card Payments)

	Less than 100	100-499	500-999	1,000-1,999	2,000-4,999	5,000-9,999	10,000-19,999	Greater than 20,000
Less than 0.50%	21%	15%	9%	25%	22%	10%	9%	10%
0.50%-0.99%	19%	10%	9%	13%	-	10%	18%	10%
1.00%-1.49%	9%	15%	-	13%	-	10%	27%	23%
1.50%-1.99%	17%	15%	9%	-	11%	10%	9%	23%
2.00%-2.49%	13%	5%	27%	13%	22%	40%	9%	10%
2.50%-2.99%	13%	10%	18%	25%	33%	20%	27%	20%
3.00%-3.49%	4%	10%	18%	13%	11%	-	-	-
3.50%-3.99%	2%	20%	-	-	-	-	-	3%
Greater than 4.00%	2%	-	9%	-	-	-	-	-
Total	47	20	11	8	9	10	11	30
Median	1.50%-1.99%	1.50%-1.99%	2.00%-2.49%	1.00%-1.49%	2.00%-2.49%	2.00%-2.49%	1.00%-1.49%	1.50%-1.99%

Number of INCOMING Payments by Calculated INTERNAL Costs for Receiving Credit Cards Transactions as a Percentage per Transaction

(Percentage Distribution of Transaction Volume of Incoming Credit Card Payments)

	Less than 100	100-499	500-999	1,000-1,999	2,000-4,999	5,000-9,999	10,000-19,999	Greater than 20,000
Less than 0.50%	33%	26%	18%	25%	44%	38%	20%	35%
0.50%-0.99%	22%	11%	9%	63%	22%	25%	50%	12%
1.00%-1.49%	12%	16%	18%	-	11%	38%	-	19%
1.50%-1.99%	14%	16%	27%	-	11%	-	10%	19%
2.00%-2.49%	12%	5%	-	-	11%	-	10%	4%
2.50%-2.99%	-	5%	-	-	-	-	10%	4%
3.00%-3.49%	2%	11%	9%	13%	-	-	-	-
3.50%-3.99%	4%	5%	-	-	-	-	-	4%
Greater than 4.00%	-	5%	18%	-	-	-	-	4%
Total	49	19	11	8	9	8	10	26
Median	0.50%-0.99%	1.00%-1.49%	1.50%-1.99%	0.50%-0.99%	0.50%-0.99%	0.50%-0.99%	0.50%-0.99%	1.00%-1.49%

Number of INCOMING Payments by Calculated EXTERNAL Costs for Receiving Debit Card Transactions as a Percentage per Transaction

(Percentage Distribution of Transaction Volume of Incoming Debit Card Payments)

	Less than 100	100-499	500-999	1,000-1,999	2,000-4,999	5,000-9,999	10,000-19,999	Greater than 20,000
Less than 0.50%	48%	38%	20%	-	20%	33%	20%	29%
0.50%-0.99%	12%	13%	-	40%	20%	-	40%	21%
1.00%-1.49%	3%	13%	40%	-	20%	17%	20%	14%
1.50%-1.99%	18%	-	20%	20%	40%	-	-	14%
2.00%-2.49%	12%	-	-	20%	-	33%	-	7%
2.50%-2.99%	-	13%	20%	-	-	17%	20%	14%
3.00%-3.49%	3%	-	-	20%	-	-	-	-
3.50%-3.99%	3%	25%	-	-	-	-	-	-
Greater than 4.00%	-	-	-	-	-	-	-	-
Total	33	8	5	5	5	6	5	14
Median	0.50%-0.99%	0.50%-0.99%	1.00%-1.49%	1.50%-1.99%	1.00%-1.49%	1.00%-1.49%	0.50%-0.99%	0.50%-0.99%

Number of INCOMING Payments, Calculated INTERNAL Costs for Receiving Debit Card Transactions as a Percentage per Transaction

(Percentage Distribution of Transaction Volume of Incoming Debit Card Payments)

	Less than 100	100-499	500-999	1,000-1,999	2,000-4,999	5,000-9,999	10,000-19,999	Greater than 20,000
Less than 0.50%	48%	25%	20%	20%	50%	50%	40%	54%
0.50%-0.99%	15%	25%	20%	20%	25%	33%	40%	8%
1.00%-1.49%	18%	13%	20%	20%	25%	17%	-	8%
1.50%-1.99%	9%	13%	20%	-	-	-	20%	23%
2.00%-2.49%	3%	13%	20%	-	-	-	-	-
2.50%-2.99%	-	13%	-	20%	-	-	-	-
3.00%-3.49%	-	-	-	20%	-	-	-	-
3.50%-3.99%	6%	-	-	-	-	-	-	8%
Greater than 4.00%	-	-	-	-	-	-	-	-
Total	33	8	5	5	4	6	5	13
Median	0.50%-0.99%	0.50%-0.99%	1.00%-1.49%	1.00%-1.49%	1.00%-1.49%	1.00%-1.49%	0.50%-0.99%	Less than 0.50%

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