IntelliPay™

Payment Processing in the cloud for Government Agenices

Government Electronic Payments Decision Making Guide

No One is Perfect

Otherwise, all the government agencies across the Country would be using the same processing solution from one company, and every other company would be out of business.

This Government Electronic Payments Decision Making Guide is intended to be a resource into the world of government payment processing to help you make a more informed choice on the company you choose to process your constituents' payments electronically.

If you have downloaded this guide, you currently take some form of electronic payments, are exploring a better way to take electronic payments. Or are ready to take some form of electronic payments. Regardless of why you downloaded this guide and whether you take electronic payments, you start in the same place; which is do; I have the best solution or how do I choose the best solution for my government agency.

Where Do I Start?

Subject matter experts believe a government agency needs to start by deciding whether they want to pay for the processing. Or if the government agency wants the constituent to pay for the processing.

We all pay for electronic payment processing whether we realize it or not. So, for example, when you go out to eat lunch with your coworkers, the menu prices already include that restaurant owner's electronic payment processing costs.

Thus, restaurant patrons paying cash for their meal are subsidizing the meal cost of those patrons paying electronically because everyone is paying the same price.

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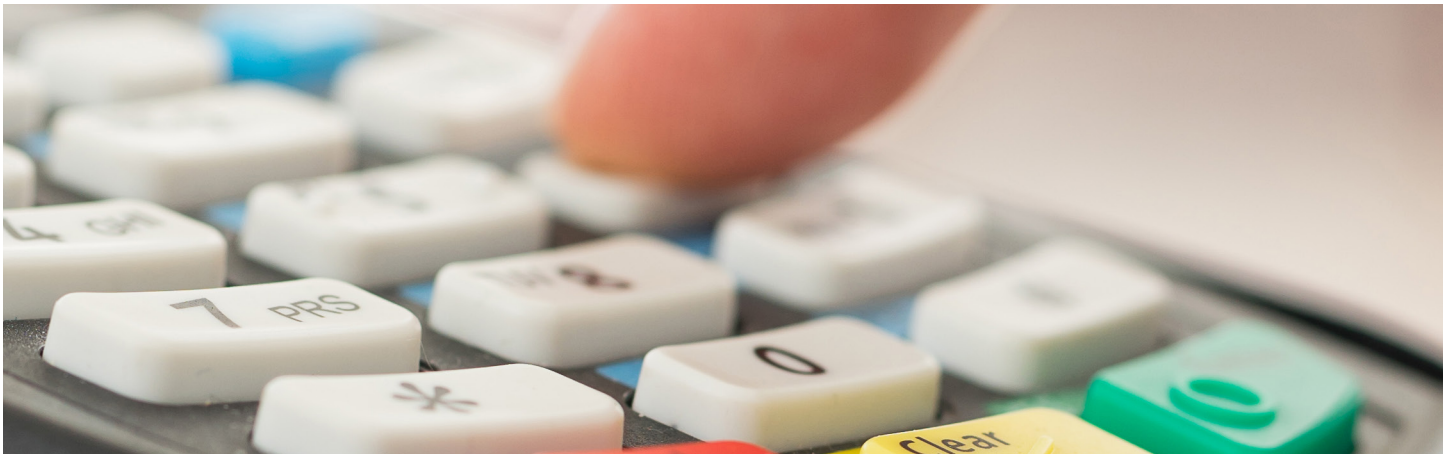
Traditional Processing



Traditional processing is where the government agency is paying for the processing, and the constituent pays nothing to pay electronically. Traditional processing is comprised of two costs. The first cost is fixed monthly fees just for having the ability to accept electronic payments. The second cost is Interchange (card costs set by the card associations, i.e., Visa, Mastercard, Discover, American Express).

The two primary forms of Interchange pricing are tiered pricing, where the interchange cost doesn't matter; your processor charges you a marked-up fixed percentage based on the type of card and transaction. The second form of Interchange pricing is Interchange Plus, where the processor passes along the direct cost of the type of card and transaction from the card associations plus a fixed markup to process an electronic transaction.

Electronic payment processing should cost you between 2-3% of your processing volume (closer to 2% for card-present and closer to 3% for card not present/corporate-rewards cards).

How could you put an extra 2-3% of taxpayer dollars to work for your constituents?

The Drawback

The main drawback to this type of processing is the government agency is voluntarily making fewer taxpayer dollars available for projects like fixing potholes and sidewalks. Some government agencies may have the budget surplus to pick up the electronic payment processing cost or view electronic payment as a cost of doing business.

Either way, a government agency finds itself back at the restaurant example, where cash and check payers are paying more and getting less with their tax dollars. However, some government agencies (namely Utilities) have to pay for the processing of in-person transactions through a special Interchange program and may elect to charge a single Merchant Identification number (MID) convenience fee for online transactions.

Service Fee or Two MID Convenience Fee Processing

What's In a Name?

Visa calls two Merchant Identification Number (MID) processing Service Fee processing while Mastercard and American Express refer to it as Convenience Fee processing. Discover doesn't give it a label.

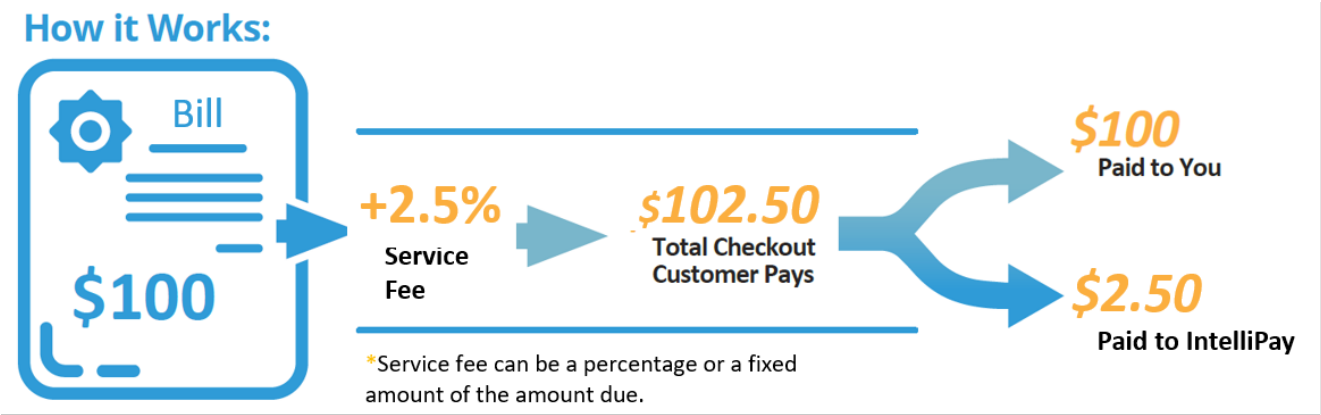
Visa - Service Fee
Mastercard/Amex - Convenience Fee
Discover - Either

This Type of Processing is Revenue-Neutral.

The government agency's electronic payment processor pays for both merchant accounts through the fee; the government agency's electronic payment processor charges the constituent who chooses to pay electronically. Meaning it does not cost a government agency anything to accept electronic payments thus making 100% of taxpayers dollars available to fix potholes, sidewalks, etc.

How it Works

How service fee/two MID Convenience Fee processing works is one MID is used to deposit the constituent's payment into the government agency's bank account while the other MID deposits the service/convenience fee into the processor's bank account who then uses the fee to pay the merchant account fees for both MIDs.



Not All Convenience Fees are the Same

It is important to note that not all convenience fees are the same. For example, the one MID Convenience Fee allowed for Utilities is a cost-reduction form of electronic processing as the one Convenience Fee is deposited along with the utility bill payment with the idea of backing out the fee to pay for the online electronic utility bill payment.

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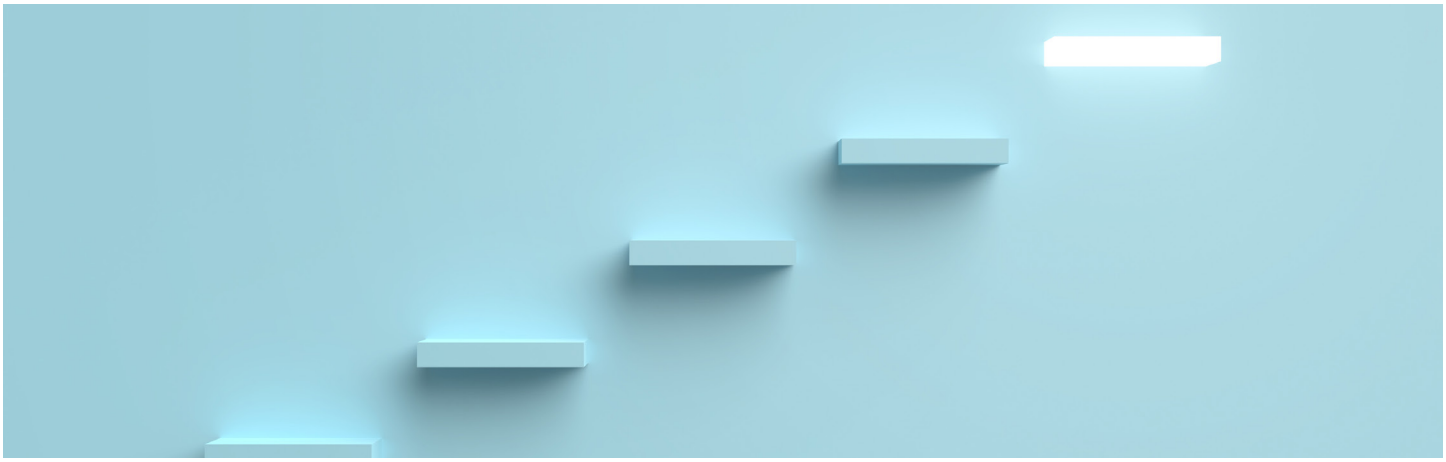


What's Next?

The next steps are for the government agency to decide:

- Whether the agency should pay or keep paying for the electronic payment processing, and if they should keep or switch from traditional processing to two MID service/convenience fee processing, and

- How to accept electronic payments. There are three main basic ways for a government agency to accept electronic payments 1) Card Present, 2) Card Not Present, and 3) Un/under-banked solutions.

Card Present

Card Present is technically where the cardholder handles their EMV/chip card with a credit card machine, or the card number is manually entered due to a card malfunction with the cardholder present. There are three equipment options 1) terminal with buttons (standalone device), 2) computer USB card reader (utilizes a virtual terminal), and 3) Mobile/kiosk.

Terminal with Buttons.

An example of terminals with buttons is a Verifone V200c. Devices like the V200c are best when there is no Internet-connected computer close to the payer or if an office needs to share a device among agency employees.

Verifone V200c

Computer USB Card Reader

An example of a computer USB card reader is the IDTech Augusta, which, as the name suggests, plugs into an Internet-connected computer and utilizes a virtual terminal. A USB card reader paired with an Internet-connected computer is the most common integrated card-present solution.

ID Tech Augusta

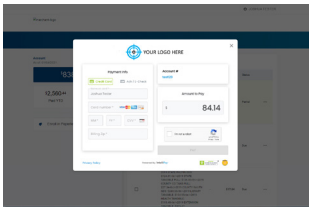
Mobile/Kiosk

An example of a mobile dongle is the BBPOS Chipper 2X BT, where an app is downloaded onto a smart device from either Google Play or Apple's App Store to use the dongle. In comparison, a kiosk is a kiosk. A card present mobile/kiosk is deployed outside of an office with the cardholder present.

BBPOS Chipper 2X BT

Lightbox Modal

Another semi-integrated option for those government agencies who wish to have the look of a full integration through a modal but do not have the time or money to implement one.



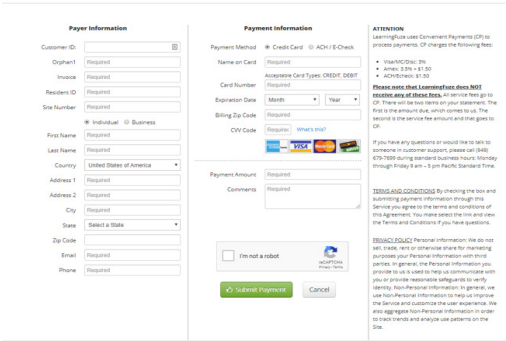
Lightbox Modal

Card Not Present

Card not present is where the card number is manually entered by the cardholder into a payment form online or over the phone through an automated IVR system (Integrated Voice Response). Card not present solutions can take many forms to make collecting payments outside of the office easy.

Online Payment Page

Often is a link on a government agency's website that a constituent clicks on and is re-directed to a customized payment page where a constituent makes a single payment. It is the most common integrated card not present solution.



IntelliPay's Online Payment Page

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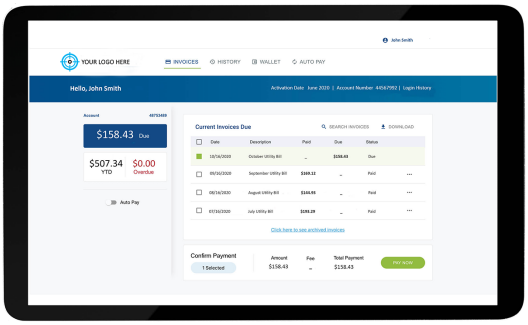
Shopping Cart
Shopping Carts are used when a constituent needs to pay for multiple items in a single transaction.

Customer Portal
This is a semi or full integrated card not present option where the government agency wants a constituent to either pay as a guest after viewing a bill or login to pay/view bills/payment history, etc.

IntelliPay's customer portal with customized logo

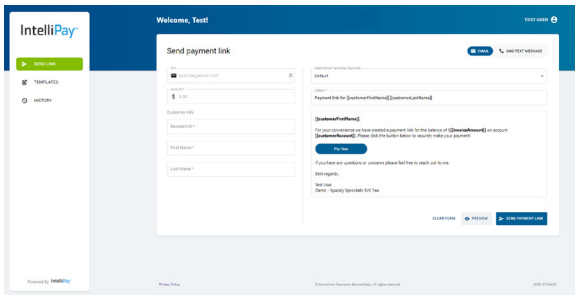


Mobile Optimized Pay with Picture
Allows constituents to take a photo of a paper or electronic bill through an app on their smartphone and pay the correct bill amount associated with the corresponding constituent account number.

Text-to-Pay
Send a text message to your constituent with a link for them to pay their bill.

Email Payment
Instead of tying up your phone line to take an electronic payment, send the constituent an email with a link for them to make a payment.

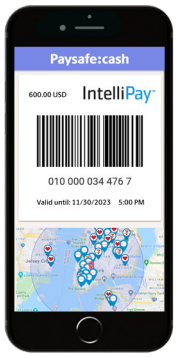
IntelliPay's OneLink text & email to pay portal with customized logo



Integrated Voice Response (IVR)
Another option for taking payments over the phone has the constituent call an automated attendant to take the payment.

Lightbox Modal
Another semi-integrated option for those government agencies who wish to have the look of a full integration through a modal but do not have the time or money to implement one.

Un/Underbanked Solutions



eCash

Do you have constituents that are un/underbanked or cannot make an in-person electronic payment during office hours?

eCash allows that constituent to make cash payments outside of office hours at over 60,000 retailers nation-wide via a scanned barcode.

After the Who and How

By now, you have hopefully decided whether your government agency or constituent will pay for the processing and how your government agency will accept electronic payments. Next is deciding how much you want to automate your electronic payments and whether you want that automation just for online or online and in-person. There are two basic types of integration semi and full.

Semi-Integration

Semi-integrations come in handy when your fund management software charges too much to integrate with an electronic payment processor. Still, you can export a billing file that can be uploaded through a batch or SFTP. It is called a semi-integration because there still is a manual component where a file has to be downloaded and then uploaded to a Customer Portal to give off the appearance to a constituent that the government agency has a full integration when paying their bill.

A semi-integration alternative is a Lightbox modal that pops -up in front of your fund management software to make the constituent thinks they are still on the fund management software's website. Still, they are on the government agency's electronic payment processors site to make the payment.

The drawback to fund management software that does not explore new integrations with electronic payment processors is that they will miss out on partners with patented technology like Single Dip Service/Convenience Fee processing that requires only one dip instead of two for an EMV transaction.

If your fund management software is comfortable with their few existing partners, then your government agency is missing out on technology that makes your electronic payments faster and more secure.

Full Integration

Full integrations occur when your fund management and electronic processor's software talk to each other in real-time when your constituent goes to make a payment. Full integration is an ideal outcome because the government agency adds more automation to the electronic payments experience.

Unfortunately, some fund management software and electronic payment processors charge to integrate into the other software. Hopefully, one or both do not charge their government agency customer to do an integration.

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Where Does the Cloud Fit In?

The cloud fits in everywhere in 2021. More than likely, your government agency is already on a cloud ERP or is in the process of migrating to one. In addition, if you have upgraded a Windows computer within the last couple of years, you likely have had to purchase the cloud Office 365. So, it only makes sense that your electronic payments processor is also in the cloud.

Benefits of Electronic Payments in the Cloud

Secure
Cloud based payment processing networks employ sophisticated multi-layered security and adhere to PCI (Payment Card Industry) security standards. Your agency will also need to be PCI compliant. Therefore by keeping transactions on the processors secure network, not the agency's, your processor is limiting the scope of your agency's PCI compliance.

Reliable
Your citizens should be able to expect to make a payment anywhere and anytime. However, if your electronic payment processor has less than a 99.99% uptime, then it is time to look for a new electronic payment processor.

Easy
Whether a constituent is making a payment at the counter or in the comfort of their own home, making a payment should be easy for both sides of the transaction. What is great about cloud-based electronic payment processing is there is no application or software to buy, so you will always have the latest and greatest.

Functional
As long as the government agency employee has Internet access, they should be able to access both main office and department/location reports or even make a payment if they needed to anywhere in the world.

Summary
Hopefully, this guide helps you make informed electronic payment processing decisions.
It is easy to get overwhelmed with all options in the marketplace.

Doing your due diligence is crucial to ensure you have decided on the best solution for your government agency. Deciding how much or how little to automate your electronic processes within the cloud is an essential step in modernizing your payment infrastructure.

Finally, know that the cloud is your friend. It can harness the power of technology, scale, and change as needs change and help your agency collect more revenue and become more efficient.