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*Do you offer  
direct payments?*

*Direct payment is a method of electronically collecting recurring payments from your customers or, in the case of charitable organizations, financial gifts from your donors. With the help of your financial institution, you can collect these payments or donations through the Automated Clearing House (ACH).*

*The ACH system is the same system used nationwide for the direct deposit of payroll and social security benefits. Customers or donors who choose to can authorize you to electronically debit their checking or savings account on a regular basis for the amount of the payment. Direct payment provides you and your customers an efficient electronic alternative to paper checks.*

### *What are the benefits of direct payment?*

Direct payment has a number of bottom-line benefits for businesses and charities. Among these are:

- **Timely payment collection:** With direct payment, you'll receive customer payments on a predetermined date, reducing late and delinquent payments.
- **Improved cash flow:** Direct payment makes the timing of your receipts or donations more predictable and reliable. This means that your cash flow

will be more manageable, with stable payment amounts each month.

- **Lower payment costs:** By eliminating the manual, labor-intensive process of handling check payments, you can improve the cost-effectiveness of your payment operations. In addition to lowering your internal payment processing costs, you may be able to reduce check-handling fees. Offering direct payment shows your customers, investors, donors, and others that you are watching out for both their pocketbook and yours.
- **Lowering exception processing:** People who use direct payment tend to maintain higher financial institution balances, so fewer payments are returned due to insufficient funds.
- **Maintaining loyalty:** For some businesses, customers make a "buying decision" each time they're billed. Direct payment eliminates payment reconsideration by a customer each time a bill is due.

For charitable organizations, some additional benefits are:

- **Improved donor retention:** Once your donors experience the ease of direct payment, they're more likely to continue giving.
- **Increased pledge amounts:** Breaking up a single donation into smaller monthly or quarterly payments helps donors budget their gift dollars. Repeat donors tend to increase their donations with direct payment.

- **Fewer gift requests to send:** Once donors are set up with direct payment, there is no need to send them multiple pledge reminders throughout the year.

Direct payment will also reduce the number of low-dollar checks you process.

### *Why will our customers/donors agree to direct payment?*

Benefits of direct deposit to customers or donors include:

- **Saving time preparing payments:** Direct payment means that your customers or donors can eliminate the process of writing a check, addressing an envelope, and depositing the payment in the mailbox. All they need do is record the amount of their payment in their checkbook.
- **Guaranteeing payment:** Customers no longer have to worry about paying bills when they are away from home.
- **Saving money:** Your donors will eliminate postage costs and reduce checking account fees (if they're charged for each check they write) and check printing costs.
- **Contributing more to your cause and less to your overhead:** As you are able to reduce your costs for collecting donations, your donors' gifts will go further to help you achieve your organization's goals.
- **Eliminating late payments:** For businesses, direct payment will give your customers confidence their payments will be received on time, ensuring that their good credit rating will be maintained.

*What are some examples  
of payments made using  
direct payment?*

Below are a number of examples  
of payments being made using  
direct payment:

Utility bills

Auto loan and leasing payments

Fund-raiser pledges

Waste collection/recycling bills

Newspaper/magazine subscriptions

Mutual fund contributions

Alumni association dues

Apartment rental fees

Telephone bills

Health club dues

Cable TV subscriptions

Insurance premiums

Homeowner association fees

Mortgage payments

Membership renewals

Investment deposits

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