

Transforming Pre-Authorized Debit: Capitalizing on Bank Account Payment Innovation

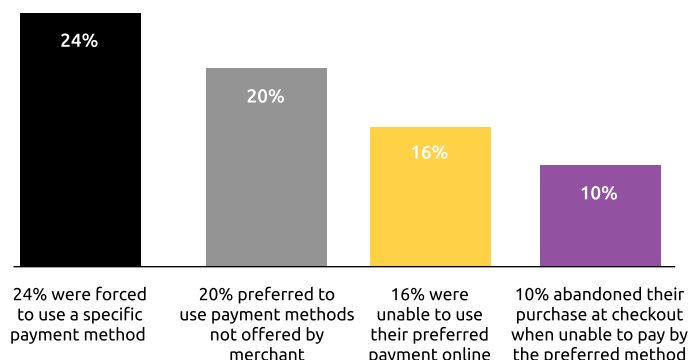
On their time. In their way. Today's consumers expect diverse digital payment options. Today's payment journey needs to be contactless, seamless and secure. As society moves away from paying one way to multiple ways, account-to-account payments lead the way.

In a digitally connected world, meeting customers with their preferred payment choice is imperative. How people pay and get paid is changing. Regardless of the industry, the payment ecosystem is evolving, customers want to choose how they pay, and businesses need to deliver it. Online shopping and business models such as Netflix and Uber have forever changed customer behaviour. We live in an on-demand world, where frictionless interactions have become the norm.

Adopting new payment methods is vital. Any business missing the foresight to integrate innovative payment solutions will fall behind. Consumers bound by credit card or transfer limits and constrained to a specific payment method will abandon their carts and look elsewhere.

Canadians report their payment pain points from the last six months:

Three in five Canadians have experienced payment friction in the past six months, half say that frustration is around paying their bills.



Like yesterday's fashion, credit cards are going out of style.

Across Canada, we saw 2.9 billion A2A transactions worth a cumulative \$5.1 trillion. Consumers and businesses alike are forgoing credit cards. Research shows A2A payments are on the rise, making up 55% of Canada's total payment value in 2020.

The pace of innovation within Canada's payments ecosystem is on the fast track. The use of digital wallets, account-to-account (A2A) payments, and buy now, pay later (BNPL) services have surged in popularity since the pandemic. Nothing exhibits that better than the BNPL, a trend that skyrocketed to unprecedented heights in 2021, growing a user base of 85% in less than fifteen months.

In a connected world, moving money from country to country, bank to bank gets easier every day. At VoPay, our account-to-account payment solutions are revolutionizing the PAD experience. With data-driven payment technology, merchants gain transaction visibility, providing consumers simplicity.



Pre-Authorized Debit Today

“Consumers have expectations. Move beyond a three-click maximum, and intention will be lost.”

Present-day A2A pre-authorized debits (PADs) are not always well received. Businesses find the manual process slow, cumbersome, and prone to errors.

The traditional A2A pre-authorized debits (PADs) solution is not meeting consumers’ or merchants’ expectations.

Step 1 Consumer requests a void check or a PAD form from their bank to provide their banking information to the merchant.

Step 2 Upon receipt of this information merchant needs to store the void check or PAD securely.

Step 3 Merchant manually enters consumer banking and account information.

Step 4 Payment transaction is processed, and account information is filed for future agreed-upon charges.

The Top Drawbacks of Today’s Current PAD Process

- 1. Is my personal information safe?** Consumer worries that their private banking information could be breached.
- 2. Is our process secure?** Merchant worries their client’s private banking information could be breached.
- 3. The human error factor** Merchant inadvertently makes a mistake in the manual entry process.
- 4. Insufficient funds** neither the merchant nor consumer has transaction visibility to ensure sufficient funds at the time of payment processing.

Merchants

Overcome by paperwork, manual agreements and technical file formatting, current A2A payments pose significant roadblocks for merchants.

- Slow processing means delays for much-needed cash flow.
- The need to store sensitive information is a double-edged security risk for consumers and merchants alike.
- Lack of visibility into the transaction increases the risk of NSF and delivers no tracking ability.



Small business Merchant A spends **5 workforce hours per week** on manual processes, including technical file formatting. They receive an average of 15 NSFs per month, spending a further **10 workforce hours in a month** chasing down payments.

$$5 \text{ hours per week} \times 52 = 260$$

$$10 \text{ hours per month} \times 12 = 120$$

Given the current process, an employee making **\$25 per hour** and spending **380 workforce hours per year** on inefficient payment processing, Merchant A is taking a **\$9500** hit to their bottom line.



Eliminate the Pain Points: Streamline the Process with VoPay's Digital PAD

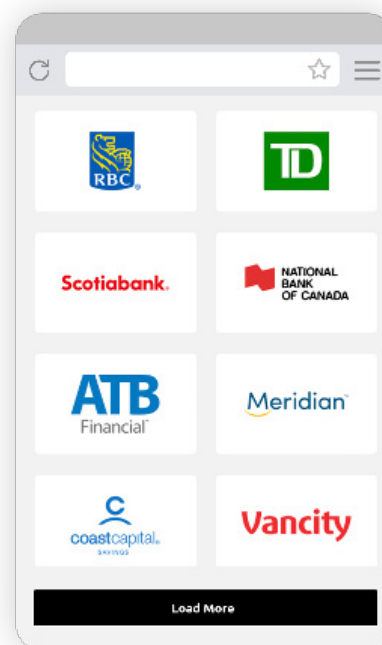
“Let me PAD your account “

Step 1 Via an interface the consumer securely connects their bank account

Step 1.1 VoPay validates the payers bank account information and their funds

Step 2 Via the API VoPay securely tokenizes the data and gives it to the merchant

Step 3 Knowing the information and funds have been validated the merchant processes the payment using the token at any given point.



6 Benefits of Digitizing the Pre-Authorized Debit Experience

Pre-authorized debits (PADs) have become the easiest way for consumers to pay bills and make payments automatically. This way of paying has become a multi-functional necessity in streamlining the payment process and allowing customers to pay faster, without costly credit card fees.

Avoid dealing with the complicated PAD submission process. Using a payment provider saves businesses time and money.

1. Get Paid Automatically and On Time - No More Chasing Customers for Payment

Eliminate the frustration, cost of missed payments and NSF occurrences with recurring PAD collections scheduled for an agreed-upon time frame.

2. Merchants Save Time and Money - Get Rid of the Labour-Intensive Processes

The shift to electronic payments is here. Manual processing and limited transaction visibility pose a heavy drain on a company's resources. When employees shift their focus away from time-consuming, repetitive payment tasks to more meaningful ones, everyone benefits.

3. Save the Credit Card Fees - 3% per transaction vs Cents per Transaction

Someone is always paying the price, be it consumer, merchant or acquirer. Traditionally we have accepted these fees as simply the cost of doing business. Times are changing.

4. Credit Card Constraints

Bank accounts don't expire. A2A payments solve the challenges of card expiration dates and maxed-out limits, not to mention the fraud and security risks surrounding credit cards.



5. Capitalize on Total Market Share

Offering more payment variety **increases total addressable market** (TAM) potential. Merchants need to provide as many options as possible to increase conversion rates.

6. Enhanced Security Protection

Removing the manual processing and tokenized data means consumers are not sharing sensitive information, eliminating merchants' security risks. Account verification further **enhances fraud prevention** and provides a superior level of risk management.

Revolutionizing the PAD Experience: VoPay's iQ11 Payment Solution

Move your payment processing into the next generation and benefit from faster transactions, lower costs, and enhanced security.

VoPay's data-driven PAD solution digitizes the entire process, managing the collection process on behalf of the merchant. With iQ11, businesses can manage payments using an online dashboard or create a custom integration using a single open API. Automatically collect one-off or recurring payments once the consumer connects to their bank account the first time.

With iQ11 in place, merchants can expect secure and reliable transactions, a superior payment experience and enhanced processing power.

iQ11 PAD Product Features vs Traditional PAD Experience

VOPAY VS TRADITIONAL PAD	VoPay PAD Solution (iQ11)	Traditional PAD
Prevent NSF fees by having visibility into available funds	✓	✗
Validate transaction status & access to funds within T+1 business day	✓	✗
Verify users identities and bank information before the transaction	✓	✗
Credit card alternative for e-commerce checkout and recurring payments	✓	✗
Tokenize bank account information significantly enhancing payment security	✓	✗
100% paperless and mobile-first experience	✓	✗

Get Started with VoPay's iQ11 Solution Today

Speak with Our Expert Team