

Why e-ValuCheck®

e-ValuCheck® is a new product offering for online payments. It is based upon the writing of a check, which has been the preferred payment method in the US for 100 years.

- ? Checks are the most used method of payment in the US.
- ? Consumers prefer paper checks because of the "tangibility issue" (having the cancelled check as proof of purchase)
- ? Merchants prefer checks.
 - Net sales increase by using paper checks since transaction costs are significantly cheaper than credit card processing.
 - Checks mitigate payment risk for the merchant
- ? Consumers can charge back credit card purchases for *up to 6 months*.
- ? Once a consumer has authorized a check payment it can only be reversed in the case of fraud
- ? The check guarantee option provides a 100% payment guarantee, eliminating fraud and rejected payments.

ACH was not designed for one time Payment Processing

Currently most online check payment offerings are actually a paper check that has been converted to an electronic payment or ACH (Automated Clearing House). ACH payments were designed for recurring payments (ie direct deposit payroll) and not for single payment transactions, such as the payment for goods or services online.

- ? Online ACH present several drawbacks.
 - ACH payments can be returned up to 60 days
 - Many online ACH transactions result in rejected payments
 - The banking system cannot recognize up to 70% of consumer ACH one-time payments and the result is administrative returns.
 - Administrative returns cause merchants to incur administrative costs, loss of revenue, and dissatisfied customers.
- ? e-ValuCheck® payments provide consumers proof of payment with a cancelled check where as a converted ACH transaction is charged directly to the consumer's account, and the only proof of payment is limited to the bank statement.

According to a report released in 1999 by the American Bankers Association, 83% of consumers polled report that they would prefer to pay for online purchases through their checking accounts if more web sites and stores offered such an option."

"That same year, a report by the Gartner Group states that 3 out of 4 on-line customers would prefer to use checks versus credit cards for Internet purchases."

- Paul Green
The Green Sheet,
November 2000

"It will not be easy to dethrone the paper check as the number one choice for bill payers. It is accurate, acceptable, final, private, secure, low-cost, convenient, relatively fast and a habit for us all."

- Dr. Alan Lipis
Global Concepts,
in Homage to the King:
Long Live the Check

	<u>e-ValuCheck</u>	<u>ACH</u>	<u>Credit Card</u>
What is the charge back period?	1-2 Days	60 Days	180 Days
What is the charge back procedure?	In person at the bank	Phone Call	Phone Call
Number of charge back reasons?	7	83	Unlimited
Can I guarantee the payment?	Yes	Yes	No
What is the potential number of users?	217M	173M	140M
Can be used by the 15 to 18 year old market?	Yes	Yes	No
Available to all merchants?	Yes	No	No
Can all banks process the transaction?	Yes	No	N/A