

BACK OFFICE CONVERSION

Effective March 16, 2007

Any Bank, USA Customer Service Training for Financial Institutions

11.20.2006



electronicpayments.org

***Introducing
Back Office
Conversion
(BOC)***



What is Back Office Conversion (BOC)?

- ✓ On March 16, 2007, a third check conversion application, Back Office Conversion (BOC), will become available.
- ✓ BOC allows businesses to collect a check written at a point of sale (checkout counter, manned bill payment location, or service call location) and convert it to an electronic payment in a centralized location.



Types of Check Conversion Applications

All converted checks are processed through the ACH Network – the same network that is used for millions of secure payments – payments such as Direct Deposit.

----- checks at the point of sale -----

--- checks by mail or dropbox ---

BOC

(Back Office Conversion)

March 16, 2007

Checks are accepted at point of sale and converted later in the “back office.” Checks are not returned to customers.

POP

(Point-of-Purchase)

Checks are converted at point of sale and returned to customers as they finish checking out.

ARC

(Accounts Receivable Entry)

Checks are converted when a customer mails a paper check to pay a bill OR drops a bill payment check at a “dropbox.” Checks are later imaged and destroyed.

Be prepared!

People are becoming increasingly familiar with check conversion, primarily ARC. However, they may be surprised that the checks they write at a point of sale can be converted.

Understanding Back Office Conversion (BOC)...

- ✓ The business is required to 1) post a notice that the check may be converted, and 2) provide a “takeaway” to the customer with appropriate notification language. A customer service phone number must be provided on both forms of notification.
- ✓ The business receives the check from the customer and keeps it for processing in a centralized location.
- ✓ Once the payment information is captured, an image of the check must be made and retained for at least 2 years. The original check must be securely stored until destroyed.
- ✓ The payment is posted to the customer’s account at their financial institution as an ACH debit.
- ✓ Funds may be withdrawn from the customer’s account as soon as the same day and they will not receive the check back from their financial institution.



What Happened to the Customer's Check?

The check was converted to an ACH debit. There are two paths a paper check can take at the point of sale:

- ✓ If it was marked “VOID” and immediately handed back to the customer, the check was converted under POP.
- ✓ If it was KEPT by the business, but is later listed on the customer's account statement as an electronic debit, it was converted under BOC.

Be aware:

Because the paper check is being converted, it will not be presented as paper to the customer's financial institution for payment.



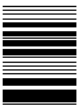

Check Conversion and Account Statements

Checks converted to ACH debits – including BOC – may appear on the customer’s account statement under:

- ✓ ATM withdrawals
- ✓ Electronic payments
- ✓ Automated checks
- ✓ Other check listings
- ✓ Checks

Be prepared!

Keep in mind that the transaction may appear differently on the customer’s paper, online, and telephone/audio statements.

	00053549 02 AT 0.545 02 3DG 183  John Q Customer 101 Main St. ANYWHERE, US 10536	PB
Summary of Accounts		
Checking & Savings		
Account number:	000000000000	
Account owner(s):	John Q Customer	
Account Summary		
Opening balance 4/06		\$2,998.55
Deposits and other credits		3,316.84 +
Interest paid		0.25 +
Checks		761.87 -
Automated Checks		1,365.66 -
Other withdrawals and service fees		1,427.06 -
Closing balance 5/03		\$2,761.05
Deposits and Other Credits		

DATE POSTED	DESCRIPTION OF TRANSACTION	CHECKS AND OTHER SUBTRACTIONS
09/25/06	Payment to AT&T Consumer-Check Paymt- 550	59.83

What is Notification? Where is Notification?

Businesses are required to provide notification in two ways, if they will be using BOC to convert checks:

- 1) A notice must be posted in a “prominent and conspicuous” location
- 2) Notification on the customer’s receipt or a “takeaway” must be provided to the customer

The business must provide a working customer service phone number on the notifications that customers can call if they have questions about check conversion.

Be prepared!

It is possible that some customers will miss this information. Acknowledge the customers’ surprise and advise them to keep an eye out for check conversion notification when shopping.

Check Conversion Notification



When you provide a check as payment, you authorize us either to use the information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

When we use information from your check to make an electronic funds transfer, funds may be withdrawn from your account as soon as the same day we receive your payment and you will not receive your check back from your financial institution.

For inquiries, please call our customer service phone number:

Visit www.electronicpayments.org for general information about check conversion.

electronicpayments.org
simple, safe, smart.

Key Points to Remember

- ✓ Check conversion is NOT new – converting checks in the “back office” is a new TYPE of check conversion application.
- ✓ The check may be listed in the electronic payment section of the customer’s account statement – same place as ATM withdrawals.
- ✓ The cancelled check or image of a check will not be included in a customer’s account statement.
- ✓ A notice in a prominent and conspicuous location is required. The customer is also given notice on a takeaway or receipt.
- ✓ Check conversion is very safe – payments are traveling over same secure network that Direct Deposit uses.

