U.S. PAYMENT MARKET

OVERALL (BUSINESS & CONSUMER)

PAYMENT METHODS (KNOWN AS “RAILS” IN THE FINANCIAL SERVICES INDUSTRY)

<table>
<thead>
<tr>
<th>Checks</th>
<th>ACH</th>
<th>Cards</th>
<th>Wire</th>
<th>Cash</th>
<th>On the Horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td>A written, dated and signed document directing a bank to pay a definite amount of money to a payee from a checking account.</td>
<td>An electronic funds-transfer system that acts as a financial hub to help process large batches of credit and debit transactions.</td>
<td>A card that identifies a person as entitled to have goods or services, billed to a charge account or debited from a bank account.</td>
<td>An electronic transfer of funds across a network of worldwide banks that allows people in different geographical locations to safely transfer money to other locales.</td>
<td>Legal tender or coins that can be used to exchange goods, debt or services.</td>
<td>Federal Reserve is working on developing a payment that has two key goals: 1. Faster payments 2. Improved security.</td>
</tr>
</tbody>
</table>

BUSINESS REQUIREMENTS FOR A PAYMENT METHOD

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<td>Does not require fundamental change in current AP processes.</td>
<td>Payment method must be broadly accepted.</td>
<td>Payment immediacy.</td>
<td>eChecks only</td>
<td></td>
</tr>
<tr>
<td>Robust remittance data can be attached and sent with payment.</td>
<td>No Recipient signup/membership required.</td>
<td>No additional Recipient fees.</td>
<td>Recipient does not have to provide sensitive banking data.</td>
<td></td>
</tr>
<tr>
<td>Simple implementation.</td>
<td>Secure - considered table stakes.</td>
<td>Endorsed by trusted name(s).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Methods Used By SBs To Pay Suppliers

- Credit Card: 49-63%
- Check: 16-32%
- Debit Card: 24-31%
- Cash: 17-26%
- Paypal: 3-10%
- Automatic Pre-Authorized Payment: 5-30%
- Prepaid Card: 4-6%
- Mobile Wallet: 3-4%

TOP REASONS

- CHECKS: Easier Recordkeeping
- CREDIT CARD: Rewards
- DEBIT CARD: Easy/Convenient
- CASH: Easy/Convenient

Source: Deluxe Research