



## Hosted Remittance/Lockbox

Income Opportunities Your Financial Institution Can't Afford to Miss

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Today, financial institutions (FIs) have to compete at the community, regional, and national levels as well as with the many fintech solutions offered outside of the traditional banking space. As a result, many are looking to provide trusted merchant engagements that go beyond providing loan, line of credit, and deposit services by expanding, and in some cases creating, treasury management offerings.

No matter its footprint, a bank or credit union that leaves merchant remittance/lockbox processing to their competitors is leaving relationships and revenue behind.

### The Opportunity

As the industry redefines what “community” means, lockbox is one of the most critical solutions an FI can offer.<sup>1</sup>

Here are some of the top most profitable lockbox customers today:<sup>2</sup>

- Large management companies
- Medical offices and hospitals
- Finance and insurance companies
- Real estate firms
- General corporate clients
- Schools (particularly higher education)
- Homeowner associations
- Municipalities and utilities

Before going “all in” with the remittance/lockbox market, there are some key things all FIs need to be aware of.

### Understanding Merchant Remittance Needs and Key Challenges

First, it is important for an FI to understand what the accounting pain points are for businesses, government, and non-profit customers:

- There are multiple manual processes depending upon the payment source. These sources include mail, walk-in (through branch or merchant counters), drop box, bill pay, payment portals, kiosks / IVR, third-party files (ACH, X9, XML, PDF) and call-in / recurring payments.
- Each payment source brings with it multiple information formats the merchant is required to work with, such as OCR, bar code, machine print fields, write in fields, check boxes, address, and freeform.
- Lastly, merchants want cloud based products, without sacrificing features traditionally only available from locally installed solutions.

While remote deposit capture products work for low volume merchants (under 100 checks a day), higher volume merchants, and/or those with sophisticated accounting systems, can have very specific needs that traditional remote deposit capture may not address:

- They need the capability to process recurring payments, create electronic deposits, and post the payment to an accounts receivable system.
- Today’s merchants also need payment aggregation, validation, and automatic correction from all electronic sources, including bill payment and payment portals.
- In addition, merchants need intelligent transaction validation features to reduce posting errors often made when manually applying a payment.
- Lastly, they need the ability to readily search image archives of checks and payment documents.

<sup>1</sup> Nichols, Chris. “The Future of Lock Box and How Banks Can Maximize Value.” Chris Nichols, LinkedIn. [www.linkedin.com/pulse/future-lock-box-how-banks-can-maximize-value-chris-nichols](http://www.linkedin.com/pulse/future-lock-box-how-banks-can-maximize-value-chris-nichols) (accessed April 26, 2017).

<sup>2</sup> “The Future of Lock Box and How Banks Can Maximize Value.”

## Getting Started

Even if your FI is new to merchant remittance, there is no greater time than now to take advantage of today's market opportunities.

By extending treasury services to hosted remittance, financial institutions can provide additional offerings, such as asset-based lending and merchant services. Additionally, as the number of payment channels increase, the management of all of these channels through hosted remittance becomes even more essential.

To gain experience and perspective, financial institutions can often take advantage of a proven product internally by consolidating loan and institution issued credit card payment processing, versus branches and tellers handling items manually or outsourcing processing.

## Ideal Solution Features for Lockbox Success

Here are some of the key features to look for in a fully hosted remittance solution to tap into today's ripe lockbox markets. To ensure both success and profitability, an effective solution:

- Is core agnostic.
- Eliminates the need for multiple employees to manually sort, reconcile, process, endorse, and post payments.
- Reduces labor costs as well as the potential for human error.
- Requires no software installation outside of scanner drivers.
- Enables merchants to efficiently process thousands of payments every month.
- Empowers merchants to better serve customers when they have inquiries about their billings, making it easy for employees to instantly access the system to retrieve customer information to quickly and accurately answer any questions.
- Is cloud-based.
- Offers comprehensive disaster recovery and failover support.

In the next five years, lockbox profitability is expected to increase as paper items continue to drop.<sup>3</sup>

Don't let your FI miss out on the opportunity while the competition moves in and establishes a foothold.

## For More Information

The remittance team at ProfitStars® has proven experience bringing new hosted options to market and delivering cost-effective technology to our clients and their customers. Our cloud-based, core-agnostic solution, RemitPlus® Express™, currently supports more than 80 billing and accounting systems and can complete processing at up to 190 documents per minute. We are also an industry leader in successful in-house implementations, including large-scale scanning and import needs.

For any questions about the latest developments in remittance, to discover what current RemitPlus Express merchants have to say, or to learn how we can help your FI, simply contact us today at 877-827-7101 or [sales@profitstars.com](mailto:sales@profitstars.com).

<sup>3</sup> "The Future of Lock Box and How Banks Can Maximize Value."