



More sales
with Instant eCheck™

Instant eCheck™ - more sales with check payments -

Most online merchants accept debit and credit card payments, but many do not offer an e-check option for their customers. E-check acceptance is easy to implement, and studies show that offering additional payment options can increase transaction completions significantly.

Recent research by CyberSource indicates that merchants who support payment types beyond credit cards (gift certificates, e-checks, etc.) typically see significant increases in online sales. They have lower shopping cart abandonment rates and up to 20% higher order conversion on average. Since general purpose credit cards like Visa, MasterCard, American Express, Discover, etc. account for up to 90% of online consumer purchases in North America, virtually every eCommerce merchant needs to support them. There are significant merchant fees associated with the business these cards bring, so it makes sense to actively manage those costs. Merchants often focus on getting competitive bids on card processing to minimize costs, but there are some other specific tactics that are just as important. Using Instant eCheck™ as payment option instead of credit cards is a way to minimize costs.

The Missing Online Payment Method

A consumer survey by JupiterResearch found that 14 percent of web users lacked a consistent way to pay for online purchases.

Online consumers who are most likely to embrace the e-check option at checkout can be divided into two primary categories: the cardless and the cardholders.

The Cardless: Forrester Research recently studied online consumers who have never purchased goods or services online. This group, Forrester found, resists eCommerce for several basic reasons. The third most popular reason, mentioned by 22 percent of respondents, was “I don’t have a credit or debit card.” In fact, 27 percent of U.S. households do not have credit cards, according to a study conducted by the Federal Reserve (and this number may be rising due to regulatory changes and tightening credit). Recent research performed by Javelin and PULSE has indicated that the penetration rate of debit cards is roughly equivalent. That’s a significant percentage of U.S. consumers who cannot check out at many eCommerce websites. Meanwhile, nearly 90 percent of households do possess a checking account, indicating that there exist a considerable number of consumers for whom an alternative form of payment—such as e-checks—is potentially the only convenient way they can make purchases on the Internet.

The Cardholders: While the majority of online consumers do have credit or debit cards, some periodically or habitually refrain from using them for online purchases. The reasons can be many. For example the consumer is near his credit limit or the consumer is concerned about his credit card information being stolen, etc.

Reasons why consumers do not use credit cards online:

- Gallup Research indicates 20% of households do not have credit cards
- The consumer has a credit or debit card but is near his or her credit limit
- The consumer has a credit card but prefers a “pay as you go” approach
- The consumer is distrustful of providing his or her credit or debit card information (the consumer is concerned about his credit card information being stolen)
- Teenagers do not have easy access to credit cards

Consequently they do not supply that data online. All of these people still represent a viable online customer base.

By adding other payment alternatives to the standard credit and debit card payment options, online merchants can potentially avoid turning away prospective customers. The e-check option gives these shoppers an alternative way to pay, with the same convenience and immediacy as credit or debit cards. Furthermore, accepting e-checks can potentially be less expensive to the merchant than other alternative payment methods like PayPal or Google Checkout.

Consumers will always need to have a way to pay from their demand deposit accounts: what is changing is how they execute the payment.

An Instant eCheck™ performs the same function as a traditional paper check—transferring funds from one party to another—but the payment is made electronically instead of by physically routing a paper check.

Payment21® Fraud Prevention which consists of Verification Loop™ and Mitigation Monitor™ takes additional steps to evaluate the purchaser’s history and to divert higher-risk transactions to processes tailored for full risk management. This is especially important given the pervasive nature of identity theft and fraud in today’s eCommerce environment.

Whether it is over the phone or on the internet, it is extraordinary easy and safe for your customer to pay by Instant eCheck™. Either way it will typically be less expensive than credit cards processing and you will receive funds quickly.

Editorial Team, Payment21® 2011

Sources:

CyberSource, Firstdata, Optimalpayments, Federal Reserve Research, Gallup Research, Jupiter Research, Forrester Research, Javelin and Pulse

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