

Case Study



Digital Disbursements

Major Insurance Company Reduces Costs, Enhances the Customer Experience and Improves Payments Tracking With Digital Disbursements

A successful pilot provided a leading insurance company the opportunity to digitize customer payments, resulting in lower costs, expedited payments and automated and accurate payment tracking capabilities.

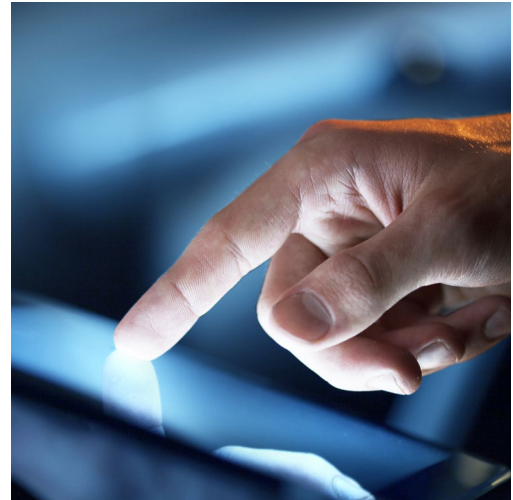


Most financial institutions, businesses and government entities need to send payments to their customers, clients or business partners. These payments can include rebates, refunds, insurance claims and more. Traditional processes for business-to-consumer (B2C) payments such as paper checks pose fundamental challenges including increasing printing and mailing costs, extended settlement times and manual payment tracking. While other payment methods such as ACH payments exist, in many cases, organizations lack the systems and processes to accept and track a recipient's bank account information, resulting in the need to send a paper check.

Recognizing a need in the industry to digitize consumer payments, Fiserv conducted a proof-of-concept pilot with one of the largest insurance companies in the U.S. to test:

1. Consumer willingness to receive electronic versus paper-based payments
2. Product experience
3. Ease of use

The pilot results showed Digital Disbursements from Fiserv as a convenient alternative that consumers would accept to receive payments. Additionally, the pilot showed Digital Disbursements offered customers a better experience and expedited payments, while saving the insurance company time and money.



Receiving Payments Via Email or Mobile Phone

During the 90-day pilot, the participating insurance company provided a random sample of customers the option to receive their claim payments electronically through Digital Disbursements. Customers who opted in to the program were sent either an email or mobile phone payment.

Client Profile

Sixty-five claim representatives for one of the largest insurance companies in the U.S. participated in a 90-day proof-of-concept pilot. A random sample of consumers was provided the option to receive their claim payments electronically through Digital Disbursements.

High Adoption Rate Indicates Consumer Acceptance

Nearly 50 percent of customers accepted the offer to receive an email or mobile phone payment. This was considerably higher than the anticipated 38 percent adoption rate, revealing that consumers have come to accept—and expect—digital payments for the convenience, ease and speed they offer. Additional findings included:

- **Email was the preferred form of payment**—83 percent of customers who opted-in selected email as compared to 17 percent who chose mobile payments
- **Demographics played a role**—Gen Y customers were more likely to accept a Digital Disbursements payment
- **Top reasons for declining the offer**—Checks are still the method of choice for some consumers, while others do not have internet access
- **Top reasons for not depositing a payment**—Not wanting to complete the enrollment process and hesitation to provide account information on a website with which they were not familiar were the primary reasons given for not depositing a payment

With Digital Disbursements, organizations also can send payments directly to a customer's debit or ATM card or bank account, providing customers with flexible payment options.

Key Stats	Result
Opt-in offers accepted	47%
Payments successfully deposited	82%
Customer service calls received	7

Secure, Convenient Customer Experience Reduces Support Calls

Due to regulatory requirements, the insurance company instituted a short expiration period of three days for payments, meaning if the payment was not deposited within 72 hours of

receipt, it would be canceled and the insurance company would issue a manual check. The standard Digital Disbursements expiration period is 10 days. Even with the abbreviated expiration period, over 80 percent of the payments were successfully deposited and 49 percent of payments were deposited the same day. With the standard 10-day expiration period, an average of 98 percent of payments are successfully deposited.

Another indication that the customer experience was easy and frictionless was the small number of calls to customer support—just seven.

Secure, Faster Access to Funds

Digital Disbursements allowed the insurance company to provide its customers with a faster way to receive and process payments. While checks can take seven to 10 days to process and mail, and another one to two business days to clear (three or more days for transactions perceived to be higher risk), funds sent via Digital Disbursements can be settled into the customer's account in hours instead of days.

This is particularly important in critical payment scenarios such as when a customer is forced to evacuate their residence due to damage covered under their insurance policy (such as flood, hurricane or tornado). In these situations, delivering payment faster is a necessity as it allows the consumer to find temporary shelter and replace lost or damaged items. The participating insurance company found this to be a significant benefit as it enabled it to provide a more positive customer experience during a stressful and challenging time.

Digital Disbursements also eliminates the need for a customer's account number, and funds are sent using proven risk management and security measures accepted by thousands of financial institutions, providing a more secure process than paper checks.

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Lower Cost and Better Tracking

According to a 2015 study, the Association for Financial Professionals estimates the average cost of issuing checks is \$5.91 per check as compared to the cost of 25 cents to issue an electronic payment. Given this estimate, Aite Group calculates the U.S. economy could save an average of \$3.3 billion in B2C check issuance costs by converting to electronic disbursements.

Another benefit the insurance company realized with Digital Disbursements was the ability to track and reconcile payments more easily and accurately. Digital Disbursements automatically tracks each payment, eliminating time-consuming manual tracking processes and providing 24/7 visibility into payment status for more effective payables or disbursement management.

A Better Way to Pay Your Customers

Secure and faster payments that cost less to deliver. Flexible delivery options for customers. Better tracking capabilities. Digital Disbursements provides companies in a variety of industries such as insurance, lending, online marketplaces and utilities, as well as financial institutions, a more cost-effective way to issue payments and an option that provides a better consumer experience.

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"The pilot successfully demonstrated that the same capabilities used to send person-to-person payments could be used to send business-to-consumer and business-to-business payments. Digital Disbursements is a game changer for businesses and financial institutions. It is a cost-effective way to electronically send any type of consumer payment that provides secure, convenient and faster access to funds."

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Challenge

Corporations, financial institutions and other organizations that need to send payments to consumers often rely on paper checks or ACH payments, which are expensive, take longer to settle and require manual tracking.

Solution

Digital Disbursements offers companies and financial institutions a method to send secure, convenient electronic payments to an email address or mobile phone number, thereby reducing costs and improving the consumer experience.

Benefits

- Eliminates the need for an account number to send an electronic payment
- Lowers cost of payments by reducing paper and mailing costs
- Offers easy and flexible options to send payments
- Instant or same-day settlement provides faster access to funds, particularly in crucial payment scenarios
- Frictionless experience for consumers or business partners in receiving a payment
- Automated reconciliation reduces time spent on manual tracking and reconciliation

Connect With Us

For more information about Digital Disbursements, call 800-872-7882, email getsolutions@fiserv.com or visit www.fiserv.com.