



## Online Banking Exceptions: A Growing Industry Issue

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Despite the volume of electronic consumer-to-business bill payments surpassing the volume of check bill payments nearly 10 years ago, a number of issues and gaps remain—inhibiting further growth and quality. These gaps include:

- bank and third-party bill payment vendors sending millions of checks to “non-electronic” endpoints (billers who don’t have electronic routing instructions), including many “downstream” billers;
- bill payment origination from bank/third-party channels, the leading source of bill payment exceptions, resulting in unpostable and “drop-to-check” payments to billers; and
- bill payment originators maintaining their own directories, which causes fragmentation and complexity due to the need for maintaining multiple profiles and unique processes with each directory provider.

A [recent study](#) by [NACHA — The Electronic Payments Association](#)<sup>®</sup> puts the average “non-post” or exception rate for electronic payments at approximately 1 percent of total payment volume. While this number is significant on its own merits, it’s even more eye opening when the circumstance is quantified. Most industry experts agree the cost of resolving these exceptions is about \$5.58 per item.

A variety of tools are available to work through these gaps, increase electronic efficiency and reduce related operating costs. One of the more “unique” tools is the ACH Biller Directory hosted by The Federal Reserve. This tool utilizes the ACH network to allow billers to receive authorized and vetted credit payments through the safe and secure ACH Network.

Highlights of the network include:

- enabling banks, billers and bill payment providers to standardize bill payment transactions through NACHA ACH formats;
- increasing the volume of C2B electronic payments by converting checks to ACH payments, especially to/from underserved markets;
- enhancing bill payment service options for billers who may already utilize one of the many proprietary industry solutions;

- maintaining consumer privacy and control of financial information;
- minimizing risk with ACH credit payments; and
- increasing data quality and decreasing bill payment exceptions through standardized ACH Notification of Change (NOC) and Bill Payment Exception (BPE) mitigation processes.

[FirsTech's eLockbox \(electronic concentration\) product](#) utilizes the ACH Biller Directory, as well as several direct connections with multiple bill pay originators, to process online bill payment data. FirsTech's platform helps billers "scrub" their third-party electronic remit data so the majority of these payments post without exception—creating efficiencies in time, effort and costs for billers while increasing customer goodwill.

For an overview of the innovative suite of products and services FirsTech provides, visit [FirsTechPayments.com](https://www.firstechpayments.com) or call 1.800.800.1594 today.

