



December 10, 2013

Mary Hughes  
Payments Information and Outreach Office  
Federal Reserve Bank of Minneapolis  
90 Hennepin Avenue  
Minneapolis, MN

Subject: Remittance Coalition – Input from Deluxe - Federal Reserve Call for Public Input on US Payment System

Dear Mary,

Deluxe is responding on behalf of our small business customers.

Much consideration and dialogue has been invested to date through industry forums and stakeholder meetings to gather input on the US Payment System Improvements. Consideration for our small business customers, we know, is at the forefront of the Remittance Coalition's efforts. Yet, do we have a deep understanding of the end user of payments (specifically the small business owner)? Or have our approaches been socialized with those that serve the small business customer rather than a direct outreach to the small business community?

Our position is simple. Small Business owners have a number of priorities. They have a passion for their dream – their business; whether it is a salon, a veterinarian, a dentist, maybe a car repair service station. Pursuing their passion is why they are in business. They also take pride in running their business. This they want to go efficiently.

For example, getting and keeping customers, thinking of new ways to reach customers, community outreach and making a profit (for retirement, or sending their kids to college). Payments they use today are viewed as reliable, easy, convenient and low cost. Business transactions are different from consumer transactions. They are more complex and remittance information needs to go along with payments (please refer to enclosed chart contrasting consumer and business payment requirements\*). They use a variety of payment methods and like us, they live in a world where technology changes daily.

So what happens when electronic payments become the predominant method of payment rather than cash or check? Many small business owners already use multiple methods of payment. It depends on who/where they are issuing the payment to. So if it's their employees or suppliers, more often it's by check. They have indicated that it's easy, convenient, and they have control over the timing of sending the payment and when the check is cashed – so the timing/delay of the check processing is used as a benefit to their process. It's worth noting that small business owners are the same individuals who, as consumers, have driven a far more rapid migration to payment electrification. When viewed through this lens, it becomes clear these individuals are applying different criteria to their payment decisions in their roles as consumers and businesses- and that the business-oriented solutions of which they are aware do not fully meet their needs.

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Approaching 100% adoption of electronic payments by Small Business Owners will require awareness and ubiquity of a trusted method that matches the security, ease, convenience, and functionality of the checks they use today. The Remittance Coalition should strive to cast a broader net across the small business community, fostering deeper engagement and participation in payment system improvement strategies. Such participation would encourage greater rates of adoption.

Mary, thank you for the opportunity to provide input, we look forward to the Remittance Coalition’s decision for reply as a collective whole of members to the Federal Reserve US Payment System Improvements.

Sincerely,

Deluxe Corporation  
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Susan Haider, Vice President Product Management/Marketing  
 Glen Sarvady, Executive Director Product Management  
 Angela Hendershott, Director Industrial Design Engineering

\*Glenbrook Research - Deluxe Corporation

## SB Payment Needs are More Complicated

What’s so special about business payments? 		
Payment Attributes	Consumer Buyer	Business Buyer
Invoice	Bill optional	Invoice nearly always required
Timing	Pay immediately	Credit provided by supplier
One:Many	Pay one bill at a time	Pay multiple invoices at a time
Payment matches invoice?	Usually pay in full	Partial payments common
Data requirements	No explanation necessary	Remittance to explain “what’s this payment for?”
Who pays?	Seller bears the cost of the payment	Buyer pays cost of payment (usually)
ePayment Adoption	Electronic payments prevail	Paper checks dominate
Generally... (there are exceptions)		

SB payments are often more complicated than consumer payments:

- SBs have a *process* for receiving and making payments that requires more effort and data to be able to execute.
- It’s not *only* about having the ability to make a *transaction*

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