

# eChecks are Growing in Popularity for eCommerce

Whitepaper



# Don't Overlook eChecks for eCommerce Payments

There's a good chance you have the wrong impression about checks as a form of payment. After all, why would someone pull out their checkbook when they could pay with a credit card or mobile wallet? The truth is, echecks remain not only a viable but a preferred payment option for many consumers. In 2018, online ACH payments were up 14.2 percent to 5.9 billion, with a total value of \$2.9 trillion. The newly introduced option of same-day ACH processing saw \$159.9 billion in payment volume during 2018, up 83 percent over the year before. Over the next 10 years, NACHA projects that same day ACH volume will grow to 1.8B transactions annually. Consumers prefer echecks for a variety of reasons including the desire to avoid credit card balances and widespread acceptance.

# 84%

of retailers accept checks as a form of payment

# Merchants find value in echecks for a variety of reasons:

- 1 Lower cost to process. Merchants save \$1 on average per purchase vs. credit cards
- 2 Convert recurring customers to a less expensive processing method
- 3 Reduce declined recurring payments due to expired card information
- 4 Increase reach to consumers who can't or won't use credit cards.
- 5 Offer an additional payment method your competition may not offer

Online consumers most commonly use echecks for bill payment, subscription payments, online purchases from e-tailers, and peer-to-peer payments. The average consumer makes 6 check payments per month, with more affluent consumers making 8 check payments per month. The vast majority of leading online retailers accept echeck payments, from Amazon to Cabela's, Foot Locker, eBay, and B&H Photo. There's every reason to believe that your business would benefit from accepting echecks as well.

# Challenges with Legacy eCheck Solutions

Although echecks are attractive to consumers and online merchants for a variety of reasons, they still present the merchant with numerous challenges:

## **RISK OF FRAUD**

No quick or reliable way to authenticate echeck customers  
Unable to confirm that account numbers are valid

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## **RISK OF NSF**

No insight into account balance or availability of funds  
Burdensome and expensive collections process

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## **OPERATIONAL IMPACT**

Several day delay between accepting payment and the receipt of funds  
Limited to physical goods sales where fulfillment could be artificially delayed  
No echeck solution for digital good sales where customers expect immediate fulfillment  
Different fulfillment processes required for card sales and echeck sales  
Fulfillment delayed on echeck sales until funds were received or assume NSF risk  
Added complexity to shipping and fulfillment operations

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## **CUSTOMER EXPERIENCE**

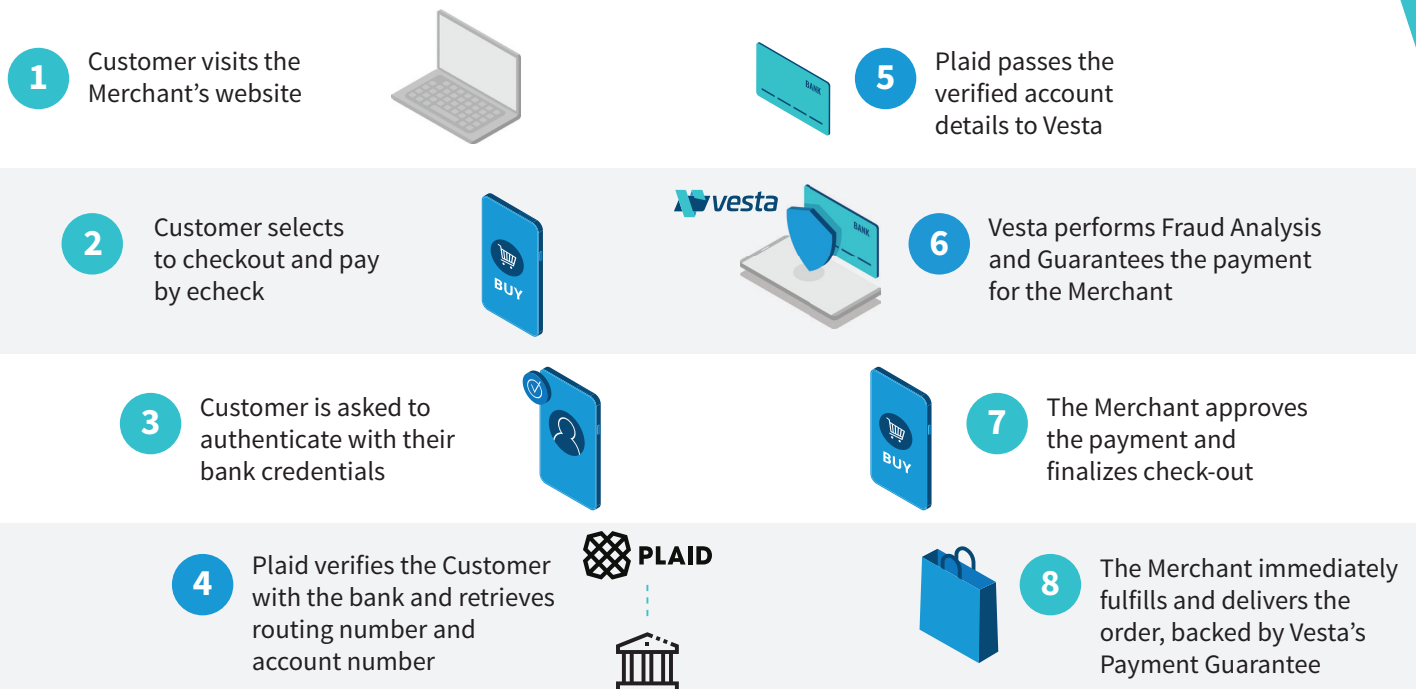
High friction - required to enter routing and account numbers  
Authentication checks can be cumbersome  
Delayed fulfillment and shipping create a poor customer experience

# A Powerful Partnership

Vesta and Plaid have forged a new partnership that delivers exceptional value to merchants looking to add electronic checks to their list of available payment options. The solution combines the data enrichment and real-time balance information provided by Plaid with Vesta's zero-fraud guarantee. But that's not all. Vesta strengthens the solution by including a guarantee against non-sufficient funds (NSF) for all approved transactions.

This innovative solution is ideally suited for merchants looking to reduce their overall cost structure and improve customer experience. For example, peer-to-peer sales and money transfer services, digital marketplaces, and e-ticketing services all benefit from the ability to offer immediate fulfillment now that echecks no longer carry the risk of fraud loss or NSF.

## Here's How it Works



# Here's What You Get



## Zero Fraud. Zero NSF.

eCheck payments are guaranteed against loss due to fraud or NSF  
Consistent and predictable revenue



## Improved Financial Performance

Lower overall cost structure compared to card payments  
Improve payment acceptance  
Expand addressable customer base  
Enable new revenue streams



## Operational Enhancements

Immediate fulfillment of echeck purchases  
Simplified and consistent fulfillment and shipping operations



## eCheck Processing

Supports all ACH processors including Stripe and Dwolla  
Offered with or without payment processing provided by Vesta



## Improved Customer Experience

Capture more customers by providing them with the payment options they prefer  
Lower friction for customers: simple authentication with username and password  
Once authenticated, bank routing and account numbers are automatically retrieved  
Immediate fulfillment and delivery of digital goods orders



# About Vesta

Vesta is a fintech pioneer in fraud protection and fully guaranteed payment technologies, helping online merchants, major telcos, payment processors, and acquirers optimize revenue by eliminating the fear of fraud. The company's flexible, scalable solutions enable companies to grow their businesses by focusing on revenue rather than risk, delivering secure, frictionless transactions that maximize acceptance and improve customer experience – all backed by a zero-fraud-liability guarantee.



# About Plaid

Plaid is focused on democratizing financial services through technology. We build beautiful consumer experiences, developer-friendly infrastructure, and intelligent tools that give everyone the ability to create amazing products that solve big problems.