

# Merchant Capture: One More Product in the Customer Toolbox

Bank Expo 2008

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Norway Savings Bank

# Agenda

- Profile Information
- Key Considerations
- Risk Management
- Customer Strategies

# Norway Savings Bank Profile Information

- \$880 million in assets
- Mutual, community bank
- Full range of consumer banking products
- Working to improve business/commercial product line



# Norway Savings Bank

## Profile Information

- Twenty-one branches in Western & Southern Maine
- Core processing system: ITI
- Item Processing: Outsource to FISC
- Primary relationship managers with commercial customers: Loan Officers
- Recently added a Cash Management Specialist
- Risk profile: conservative

# Merchant Capture - Key Considerations

- Vendor – Went with FISC's product
- Software – Alogent Sierra Xpedite (through FISC)
  - Thin client
  - Branded for NSB
- Hardware
  - Provide Panini My Vison X scanners
  - Covered by maintenance plan

# Merchant Capture - Key Considerations

- Equipment
  - Scanner – sell? lease? Provide their own?
  - Maintenance?
- Pricing
  - Monthly fee? One-time fee? No charge?
  - Eligible for earnings credits?
- Per Item fee
  - Discounted ? No change? No charge?

# Merchant Capture – Risk Management

- Pilot with a customer who is willing, patient & loyal!
- Effective Merchant Capture Agreement
  - Find attorney with industry experience!
  - Key components include:
    - Who is responsible for maintaining the hardware (scanner)?
    - Customer responsible for sending a balanced file
    - Retention- timeframe, secure, no duplicates
    - Image quality- ANSI
    - Funds availability
    - Contingency plan
    - Warranties

# Merchant Capture – Risk Management

- Customer Qualification process
  - Know Your Customer!
  - Have a documented process in place
  - Integrate with other services (ACH, Wire)
  - Be able to show due diligence
  - Initial approval and annual review
    - Maybe not quite underwriting, but...
- Some knowledge of the Check 21 Act
  - warranties & indemnities

# Merchant Capture – Risk Management

- Regulatory examinations
  - Merchant Capture described as “one of the three hottest exam topics” (along with VOIP and web application security)
  - Customer agreement is “key”
  - And, security of the website and transmission process
  - They will want to see process in place

# Merchant Capture – Customer Strategies

- Include in cash management tool box as retention tool, and to have to offer to prospective customers
- Proactively market and advertise in banking area, to attract new relationships
- Aggressively price, market and advertise to add quantity, regardless of customer location