Modernizing County Finance with Digital Disbursements

Tuesday, April 30, 2024

Moderator: Seamus Dowdall, NACo, Associate Legislative Director

Panelists:

Hon. Scott G. Erickson, Knox County, IL, County Clerk & Recorder

Curtis Webb, Visa Direct, Senior Director, Head of Disbursements

Agenda

How can county governments increase efficiency and deliver more value with digital disbursements?

1

Introduction and Background

2

Knox County Pilot Program Overview & Challenges

3

Digitizing Disbursements with Visa Direct

4

Q&A

Introductions

Seamus Dowdall,
Associate Legislative Director, Telecommunications & Technology, NACo

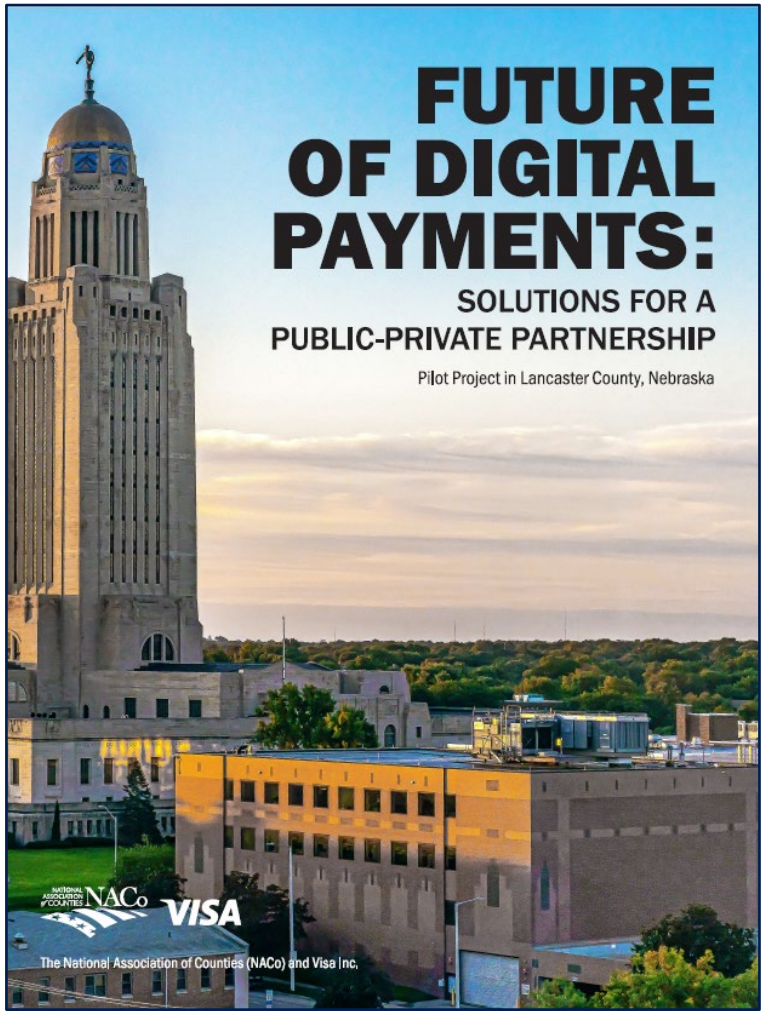
Curtis Webb,
Senior Director
Head of Disbursements
Visa Direct, North America,
Visa Moderator, Visa

Hon. Scott G. Erickson,
County Clerk & Recorder,
Knox County, IL

Moderator

Panelists

Building on previous research



NACo and Visa released Future of Digital Payments: Solutions For a Public-Private Partnership, based on a study in Lancaster County, Nebraska, which examined how county staff use digital payment systems to accept payments, disburse funds, and procure goods and services.

Key Findings

Using digital payments can help lower costs compared to cash and check transactions.

Payment preferences vary depending on constituent age and the type of transaction.

Internal processes and department impacts should be considered to effectively foster widespread adoption of new digital payment systems.

Knox Pay: Exploring the impact of real-time* payments for counties

Overview

Visa and NACo launched a partnership to explore innovative ways to implement digital disbursements for county agencies and their constituents.

- The 12-month Knox Pay pilot program tested Visa Direct, which is designed to securely deliver payments to recipients' bank accounts in real time.*
- The program includes disbursements made by Knox County, Illinois to jurors and election judges.
- The final report will be released in April 2024.

Primary goal of the pilot program

Understand how Knox County can improve efficiency and the constituent experience by delivering payments with Visa Direct

*Real time payments allow you to have money deposited in less than 30 minutes into your bank account from an app or website — usually within a few seconds. Actual fund availability varies by receiving financial institution, receiving account type, region, and whether transaction is domestic or cross-border.

Visa and Knox County partnered closely to launch and grow the program

Pain Point

It was taking 3 to 4 weeks for constituents to receive checks — some jurors would get their checks a full month after jury duty.

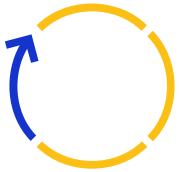
Potential Solution

The county could provide much faster payments using Visa Direct .

Implementation

With any new process, there can be challenges.

There can be a perceived risk that comes with adopting a new digital payment process, especially for older constituents.



Building momentum

Adoption was slow at first but picked up over time.

The county began to identify common questions asked by residents.

Survey results show early adopters are pleased with the **ease and speed** of payment.

Key findings from the Knox County pilot program

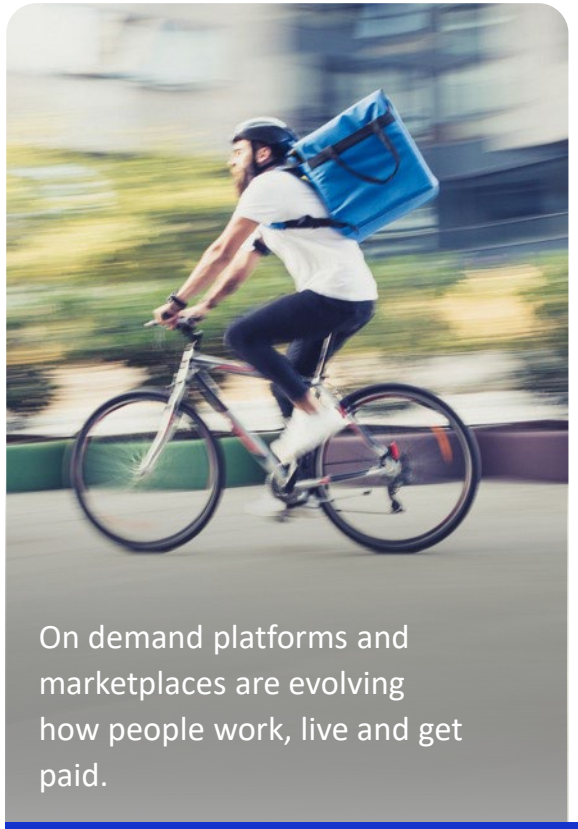
Integrating technology into processes empowers counties to deliver services and programs **efficiently and cost-effectively.**

Adaptability is crucial when it comes to achieving your goals.

Success of county digital payment programs relies on **stakeholder collaboration** and **cross-sector partnerships.**

Having a **local government champion** who can make decisions, address roadblocks, foster collaboration, and drive change is integral.

Payment modernization is underway in all consumer segments

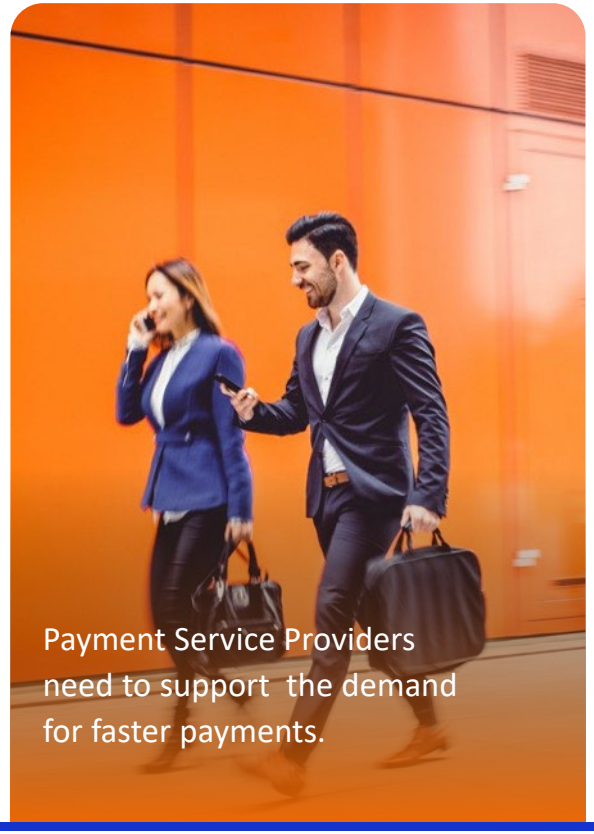


On demand platforms and marketplaces are evolving how people work, live and get paid.

Gig Economy and Freelancers

Millennials and Gen Z

Marketplaces

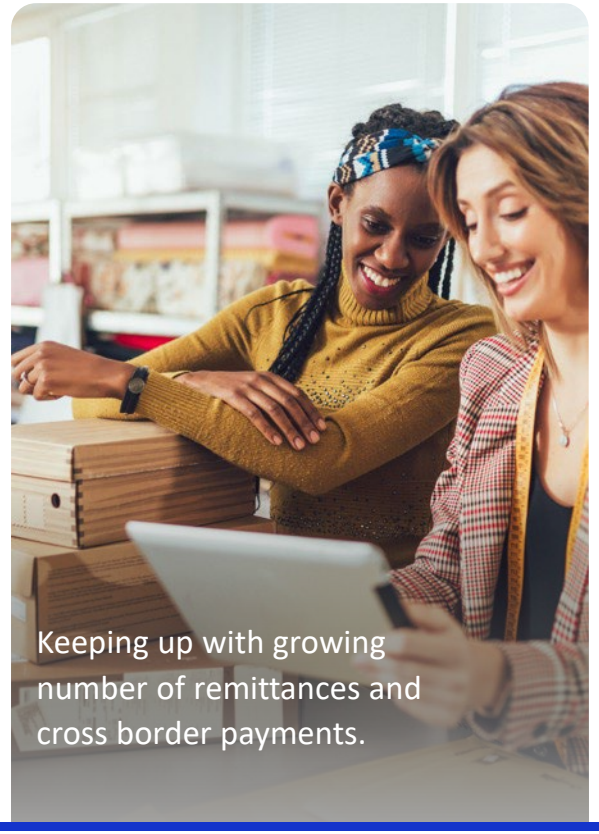


Payment Service Providers need to support the demand for faster payments.

Consumers

SMB's

Corporates

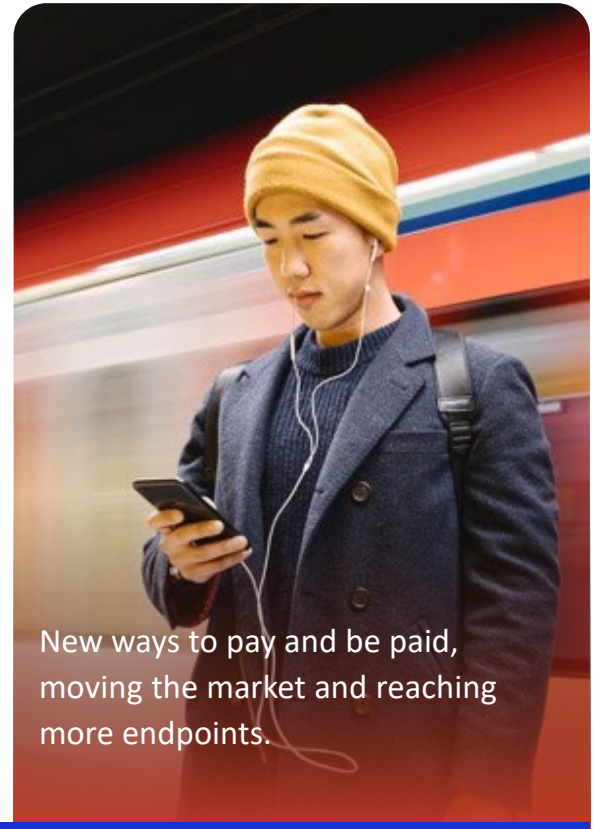


Keeping up with growing number of remittances and cross border payments.

Remittances

Suppliers

Smaller Sellers



New ways to pay and be paid, moving the market and reaching more endpoints.

Digital Banks

Wallets

New Segments

A seismic shift is underway to modernize payments

Batch Payments

- Subject to returns
- Availability and inter-bank settlement within days
- Limited information, proprietary standards
- Business hours
- Batch clearing

Real-time Payments

- Irrevocable
- Immediate availability and faster inter-bank settlement
- Data rich, global standards
- 24x7x365
- Faster clearing

Increasing funds delivery speed while reducing costs of checks

What is Visa Direct?

Visa Direct allows recipients to have money sent within minutues[1] to their card or bank account. Instead of traveling to deposit a check or waiting 2-3 days for a direct deposit to clear, constituents can simply scan or enter their debit card number to get paid.

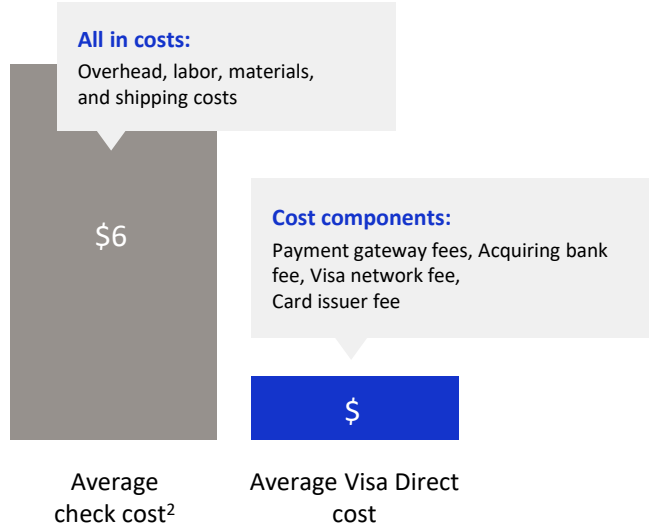
Fast delivery

Checks
5–7 business days

ACH
2–3 business days

Visa Direct
In real time[1]

Reduced costs



1 Actual fund availability depends on receiving financial institution and region. Visa requires fast-funds enabled issuers to make funds available to their recipient cardholders within a maximum of 30 minutes of approving the transaction. Please refer to your Visa representative and the Visa Direct Original Credit Transaction Global Implementation Guide for more information

2 Source: "The Total Economic Impact™ Of Real-Time Funds Disbursements Vs. Traditional Methods," A Forrester Total Economic Impact™ Study Commissioned By Visa, June 2020.

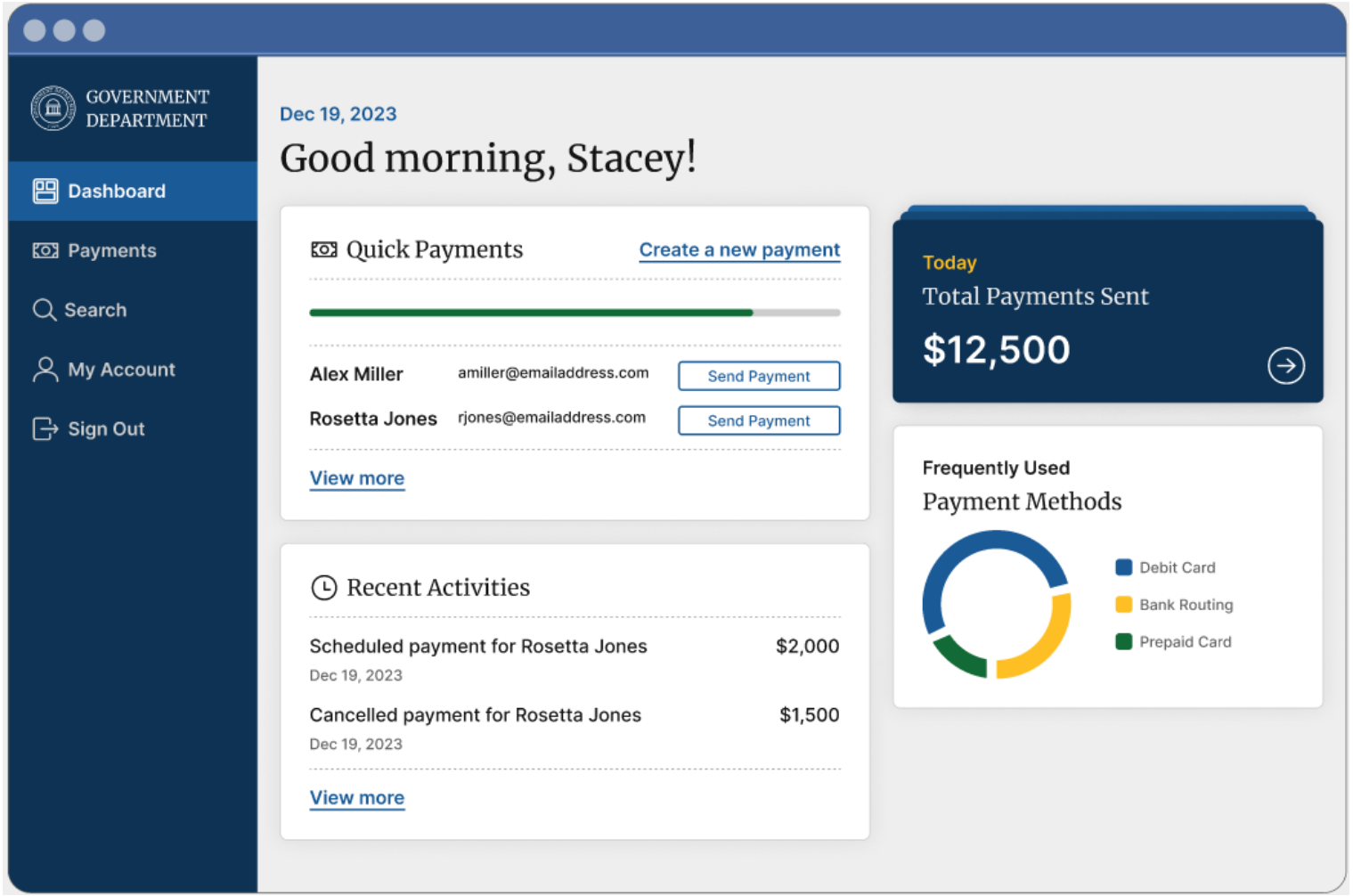
Existing payments solutions fall short of consumer expectations

	ACH	Check	Visa Direct
Credentials	Account & Routing #	Account & Routing #	Card#
VAS Capabilities	Med	Low	High
Brand Trust	Med	Low	High
Funds Availability	2-3 business days	7-10 business days	Typically, under a minute[1]
Coverage	Domestic	N/A	Nearly 100% Bank Coverage Domestic and Cross Border
Cost	$	$$$	$$

1. Actual fund availability depends on receiving financial institution and region – measure is applicable for Visa Direct Card, only

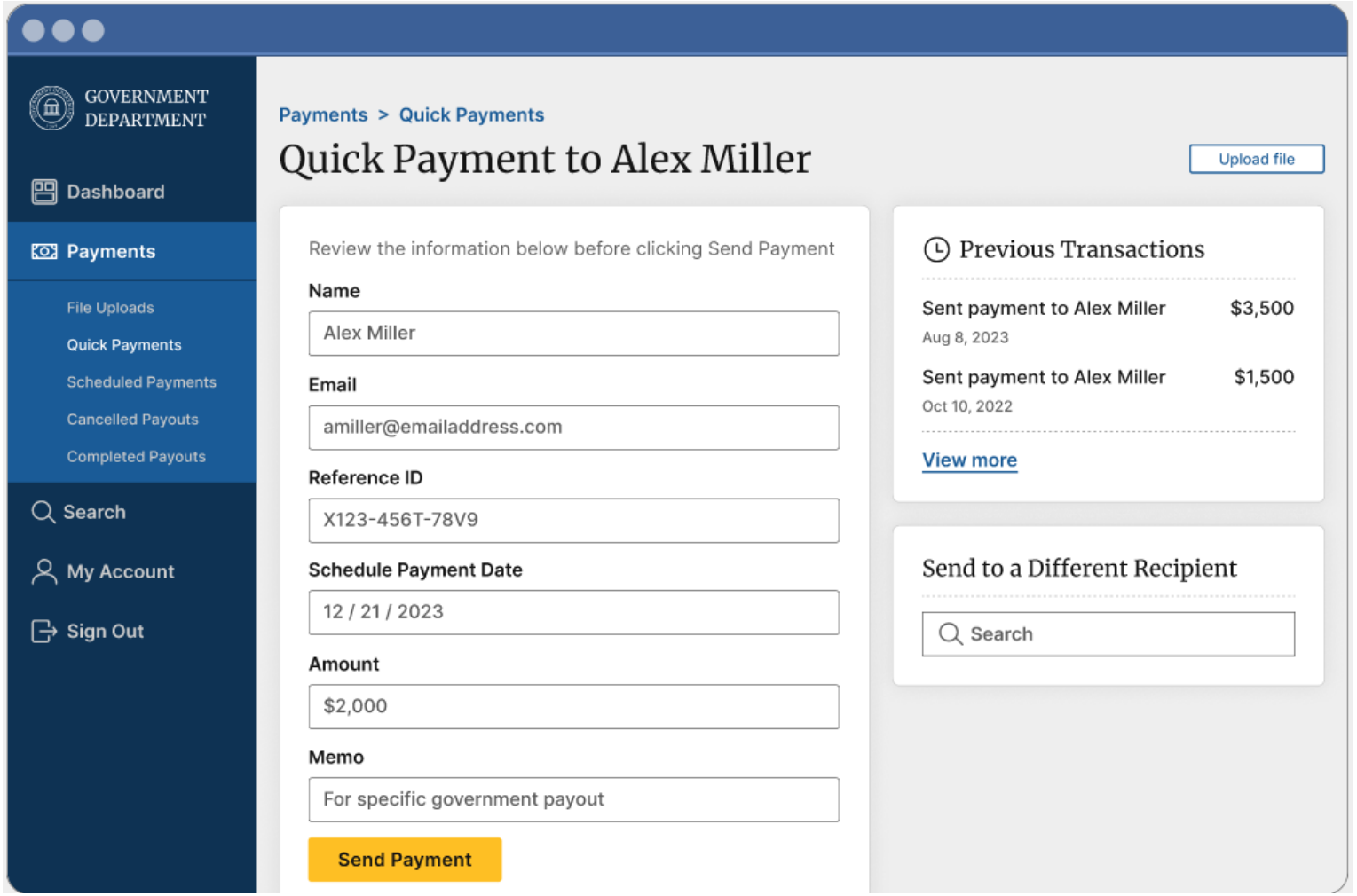
Employee Portal experience can simplify how digital payouts are initiated

Illustrative



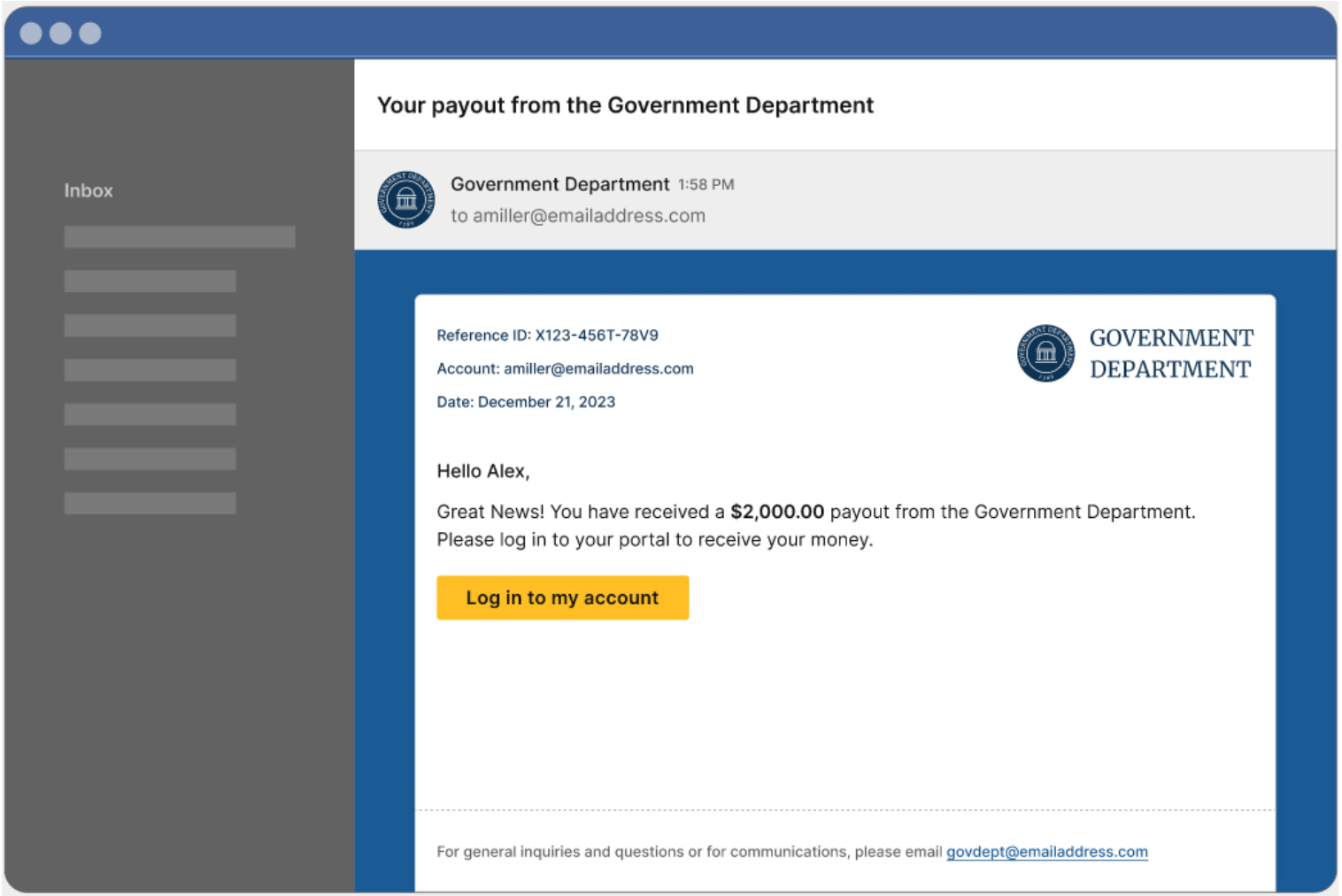
Populate information for new payments and view payment history

Illustrative



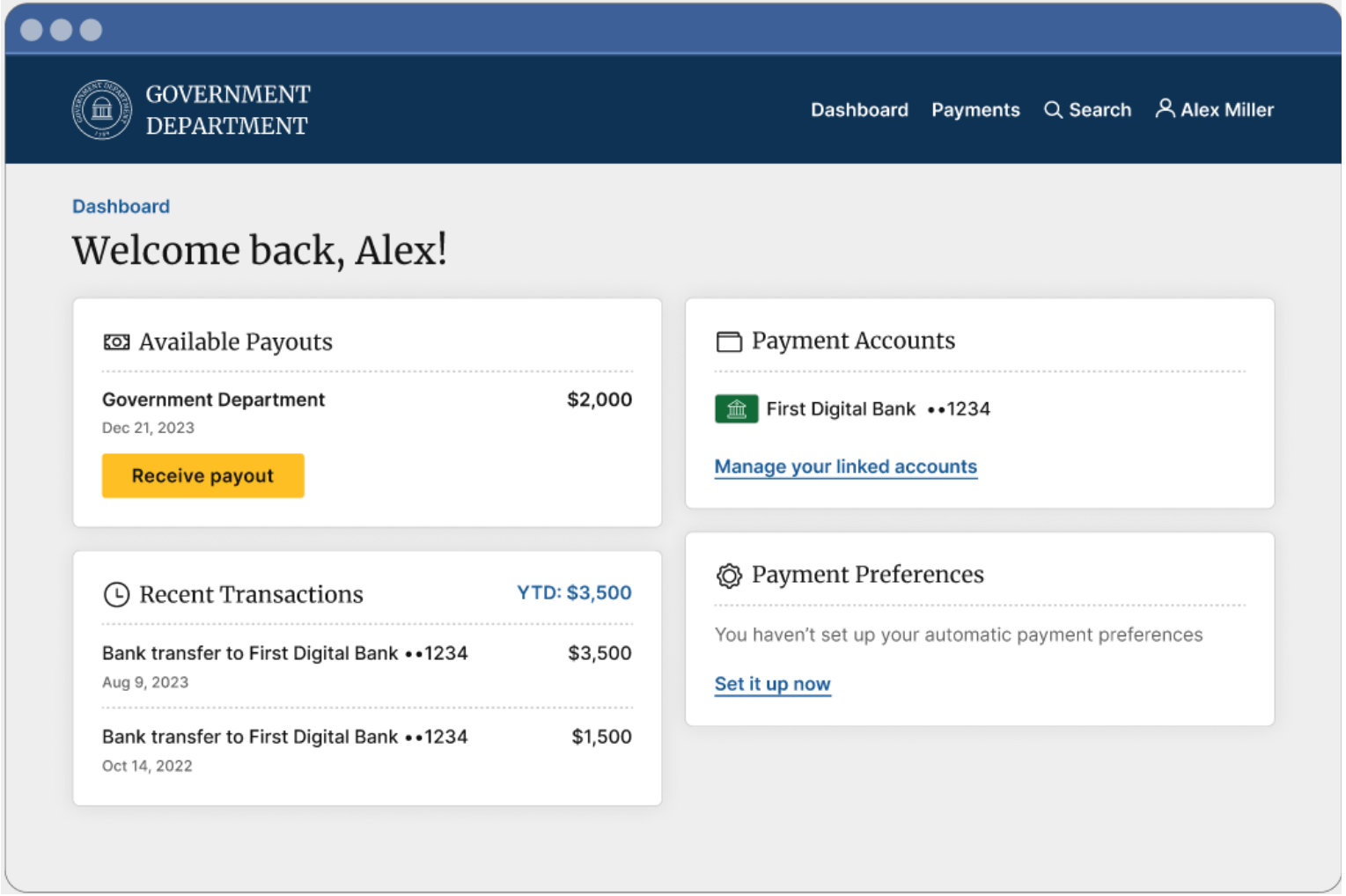
Recipient notification of available payout via email

Illustrative



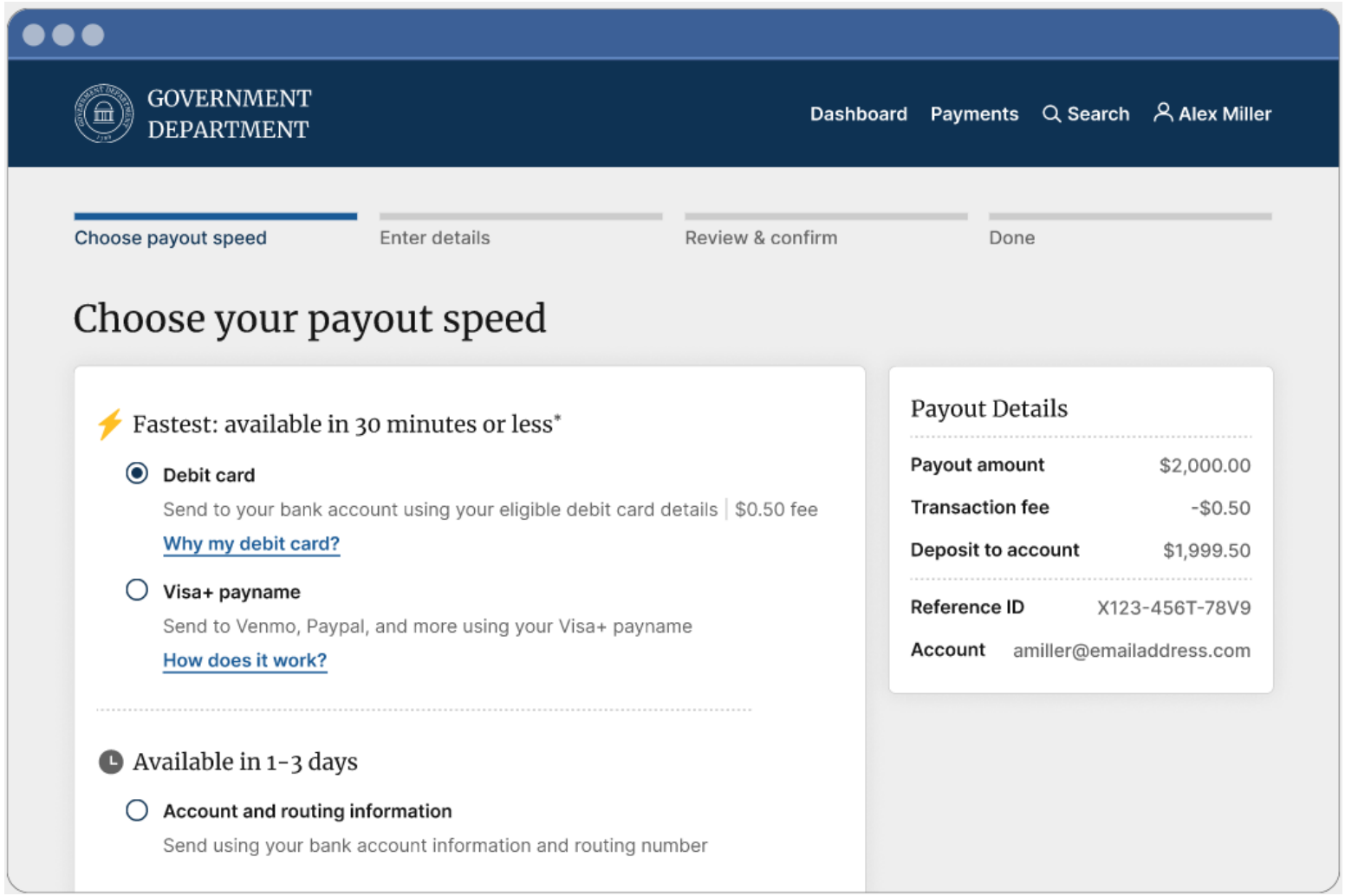
Dashboard view shows overview of relevant payout information

Illustrative



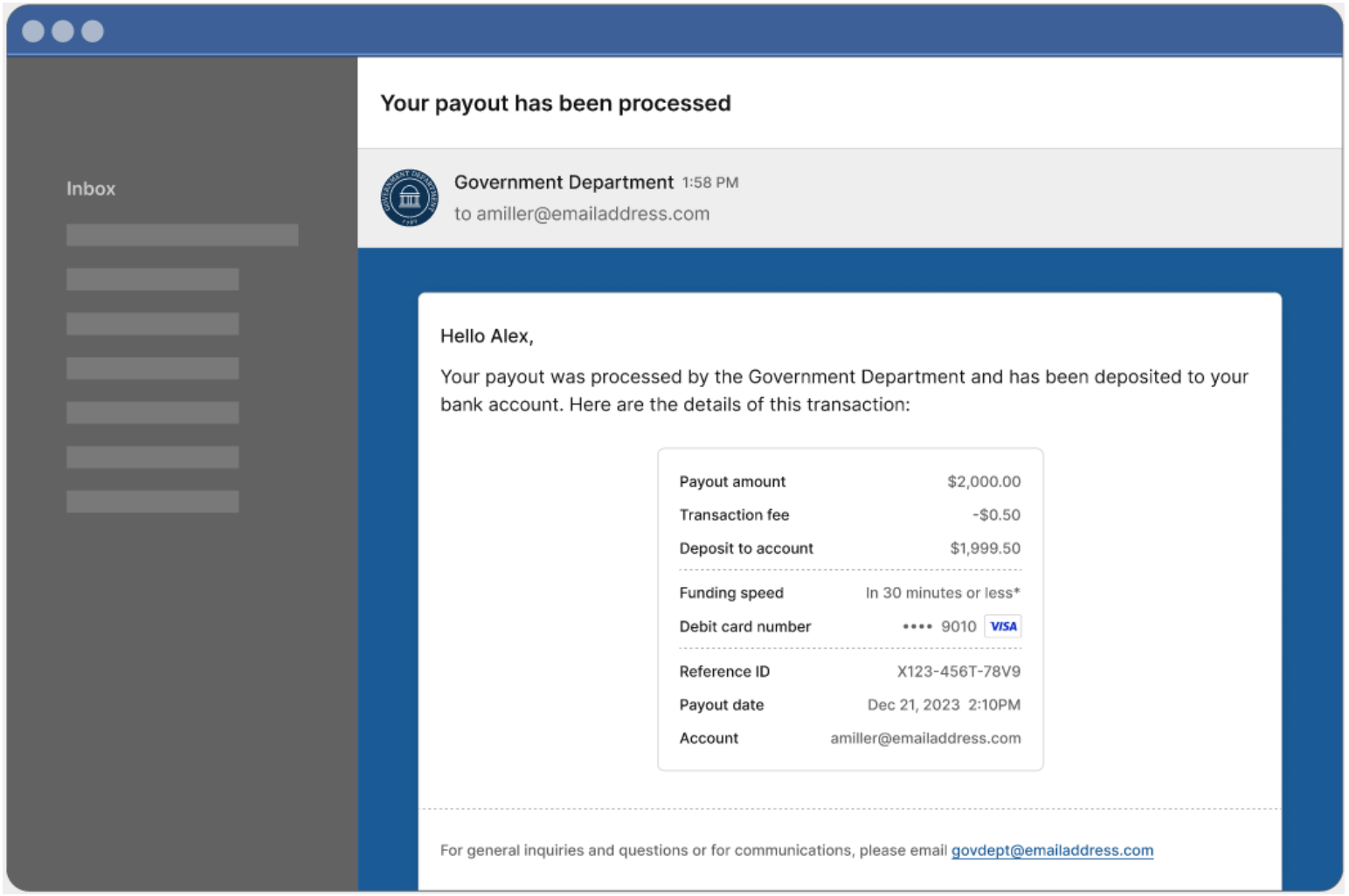
Display all payout options by speed vs. payment method type

Illustrative



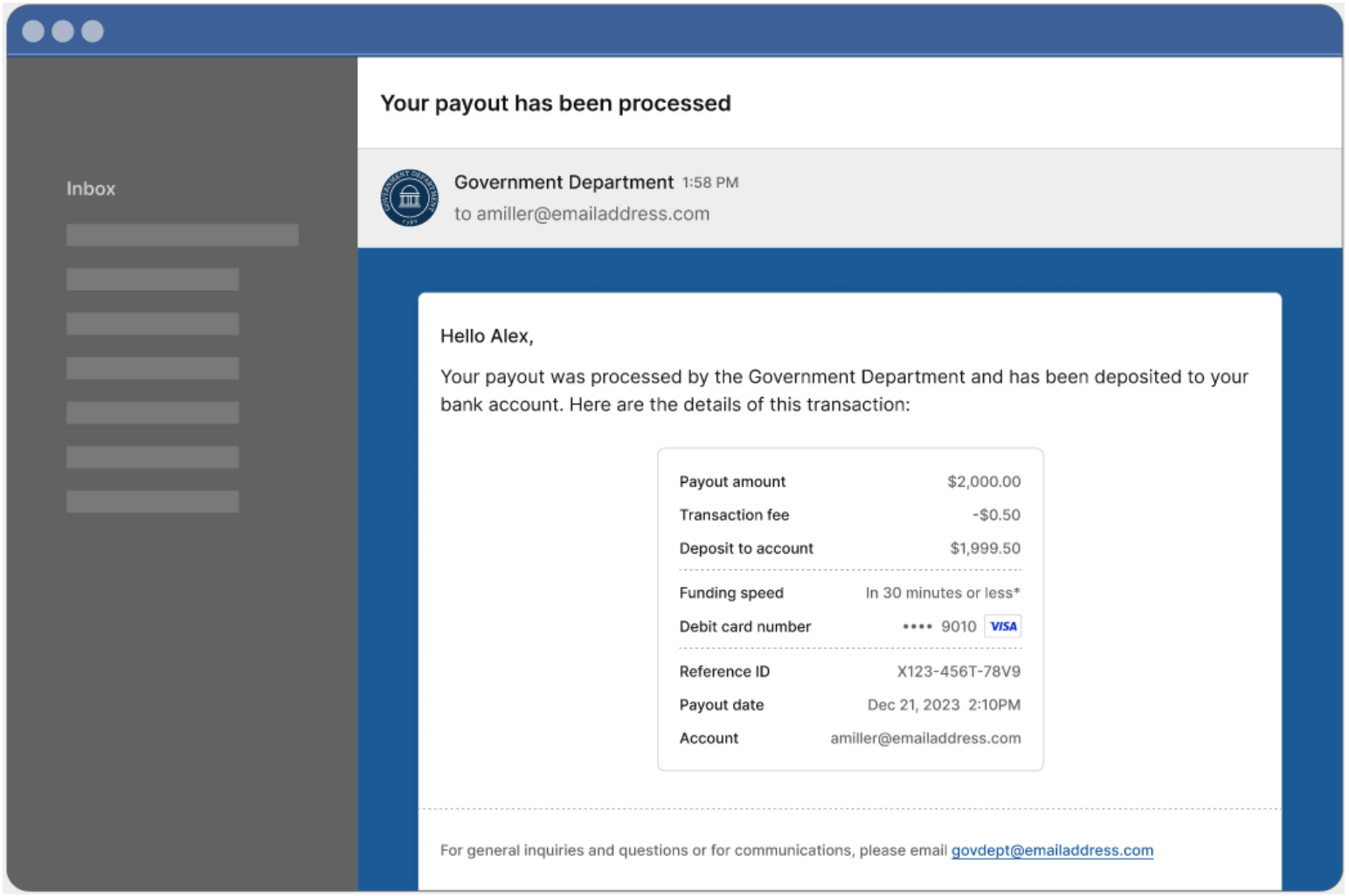
Email confirmation of successful payout and transaction details

Illustrative



Email confirmation of successful payout and transaction details

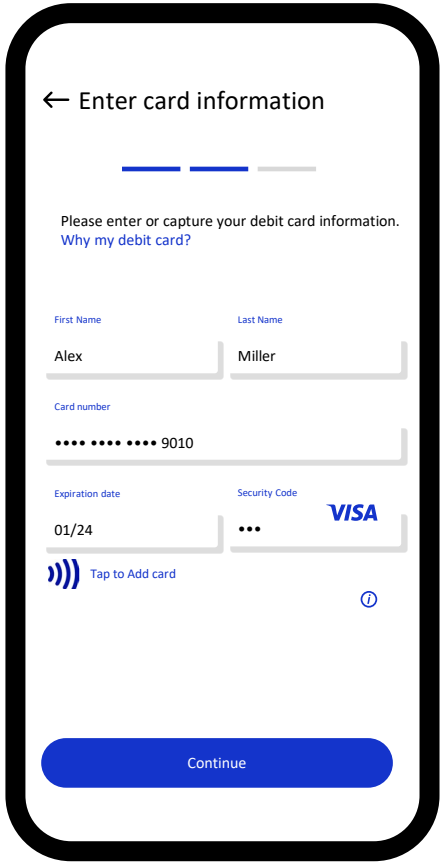
Illustrative



Solution Spotlight: Verify an account is eligible to receive transactions and validate the cardholder's name

Illustrative

Use **'Account Name Inquiry'** to verify the name on card matches the destination account name.

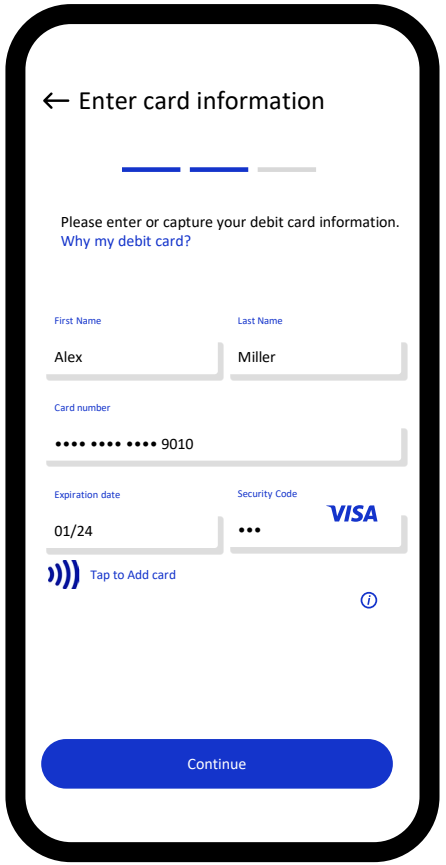


Check to verify the account's eligibility to receive OCTs (or AFTs) and Fast Funds posting with **'Account Lookup.'**

Solution Spotlight: Expedite card onboarding and validate the card number and account early on

Illustrative

‘Tap to Add’ allows for frictionless card credential entry



Use **‘Account Updater’** to ensure you have the most update to date credentials.

‘Account Verification’ confirm that the payment destination account is valid based on $0 Auth and CVV.

Q & A