



June 2024

# Future of Digital Payments:

Enhancing County Operations With Digital Disbursements

*Pilot Project in Knox County, Ill., Executive Summary*



# About the Pilot Project

## Local Government Disbursements Evolve With the Payment Sector's Accelerated Growth

The digital transaction sector is experiencing significant expansion, with projections indicating that its value will increase from over \$5.4 trillion in 2020 to \$11.3 trillion by 2026. This rapid growth is driven by the widespread embrace of digital payment methods and the rising popularity of online payment channels. In response to these trends, local governments are integrating digital payment solutions to enhance efficiency, reduce costs and improve constituent satisfaction, thus modernizing their service delivery systems and phasing out obsolete processes.

## Transforming County Operations Through Digital Payments: Insights From Knox County, Ill.

This report highlights the transformative impact of technology integration in local government operations, with a special emphasis on digital disbursements and their role in modernizing county services. NACo, Visa and Interchecks collaborated on a pilot project in Knox County, Ill. to explore the benefits and challenges of transitioning from conventional to digital payment methods. The objective is to advance public sector excellence and efficiency by adopting digital disbursements as part of the wider public sector digital transformation movement. Knox County is a successful example of digital payment integration in a local government, demonstrating the benefits of digital disbursements in county operations.

*"It is a plus that we can implement this program and give our end users access to something that was not available before. Cities may have had more opportunities to do this with many more banks, whereas a smaller county may not be able to implement such a program with its local bank. Now, there's an opportunity to bring big city technology to a small county setting."*

**– Scott G. Erickson, County Clerk and Recorder, Knox County, Ill.**

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### Project Partners



# Key Learnings and Recommendations

The Knox County pilot program has been highly successful, with users expressing high satisfaction rates and significantly reducing administrative burdens. As a result, the County Clerk's Office plans to expand digital disbursements and serve as a model for other counties.

This report identifies four critical areas for successful digital transformation in local government disbursements: technology, leadership, stakeholder collaboration and constituent engagement. As digital transformation becomes more prevalent, counties are encouraged to prioritize key areas, stay ahead of the curve and remain efficient and responsive to constituent needs.



**Technology integration is a catalyst for efficiency:**

The transition to digital payment methods, including disbursements, provides immediate benefits by reducing payment processing times from weeks to seconds, exemplifying efficiency and modernization in public sector financial transactions.



**Leadership and collaboration are pivotal:**

Successful implementation requires a dedicated champion within local government to facilitate cross-departmental collaboration and stakeholder engagement, which is crucial for overcoming challenges and ensuring the program's success.



**Stakeholder collaboration enhances infrastructure:**

Establishing a reliable digital payment infrastructure through partnerships across sectors is vital. These collaborations ensure the adaptability and sustainability of digital disbursement systems in handling county financial operations.



**Overcome barriers through adaptability and learning:**

Addressing constituents' concerns related to technology use and data security through targeted education campaigns and providing flexible, user-friendly solutions are essential for increasing program adoption and satisfaction.

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