



June 2024

Future of Digital Payments:

Enhancing County Operations With Digital Disbursements

Pilot Project in Knox County (Ill.)



About the National Association of Counties

The National Association of Counties (NACo) strengthens America's counties, serving nearly 40,000 county elected officials and 3.6 million county employees. Founded in 1935, NACo unites county officials to:

- Advocate county priorities in federal policymaking
- Promote exemplary county policies and practices
- Nurture leadership skills and expand knowledge networks
- Optimize county and taxpayer resources and cost savings, and
- Enrich the public understanding of county government.

NACo's Mission

Strengthen America's Counties.

NACo's Vision

Healthy, safe and vibrant counties across America.

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Acknowledgments and Project Partners

Acknowledgments

This study was commissioned and developed in collaboration between Visa and the National Association of Counties to empower county officials with scalable best practices to enhance public sector services while efficiently managing local financial resources.

The authors thank Scott G. Erickson (County Clerk and Recorder, Knox County, Ill.), Rachele Trigueros (Visa), Ronda Kent (Visa), Joseph Delaney (Visa) and Stephen Wade (Interchecks Technologies) for providing essential insights, information and comments for this report. The authors would also like to thank the various Knox County residents who served as jurors and election judges for providing useful information for this report. Without them, this project would not have been possible.

NACo IS PROUD TO RECOGNIZE VISA AND INTERCHECKS FOR SUPPORTING THIS PILOT PROJECT

About Visa Inc.

Visa is a world leader in digital payments, facilitating transactions between consumers, merchants, financial institutions and government entities across more than 200 countries and territories. Our mission is to connect the world through the most innovative, convenient, reliable and secure payments network, enabling individuals, businesses and economies to thrive. We believe that economies that include everyone everywhere uplift everyone everywhere and see access as foundational to the future of money movement. Learn more at [Visa.com](https://www.visa.com).

About Interchecks Technologies, Inc.

Interchecks is a leading instant payment platform that delivers a broad range of payment services to a large and diversified client base that includes Government, Lenders, FinTechs and Financial Institutions. Founded in 2016, we are headquartered in New York and maintain a presence across North America. Additional inquiries can be directed to sales@interchecks.com.



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Foreword

The move toward a digital economy has transformed how we live our lives, ushering in an era of efficiency, speed, transparency and inclusion. Digital payments have seen exponential growth and acceptance in recent years and it is clear to see why. Digital payments offer numerous benefits - from convenience and speed to enhanced security and data transparency.

Visa has long championed the efforts of federal, state and local agencies to reduce reliance on paper checks for the delivery of critical government payments. Through its partnerships with financial institutions, payment processors, program managers, non-profit organizations and others, Visa supports many government-sponsored prepaid card programs and implements emerging payment solutions like Visa Direct.

Visa recognizes and seizes the opportunity to aid governments in their transition to the digital payments realm, marking a significant step towards modernization. A move to digital will significantly improve the efficiency of county agencies, reduce administrative burdens and provide a better experience for constituents. At all levels of government — federal, state or local — public agencies need the tools to serve the public easier.

Building off the success of the 2020 report: [Future of Digital Payments: Solutions For a Public-Private Partnership](#), which highlighted the immense potential of digital payments and public-private partnerships in the payments space, Visa has again partnered with the National Association of Counties (NACo) to explore innovative ways to enhance the adoption of digital disbursements by county agencies and their constituents.

This pilot project showcases how Visa Direct, a real-time* payment tool, enables direct payment into the bank accounts of county election judges and jurors using their debit cards. Visa Direct's potential extends beyond this, offering possibilities for various local government use cases. Through this pilot, we can better understand how Visa Direct can improve county agency efficiency and constituent experience related to payment delivery and identify and address potential barriers to adopting Visa Direct in local government use cases. Partnering with a county government provided deep insights into the effectiveness and feasibility of Visa Direct enablement across other counties.

We are excited to share the insights and learnings from this pilot. The successful implementation of Visa Direct in this pilot project paves the way for the broader adoption of digital disbursements in the public sector. As we embark on this journey, we are confident that digital payments will play a significant role in shaping the future of public-private partnerships.

Pace Bradshaw

Senior Vice President, Head of U.S. Government Engagement
Visa Inc.



**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 the transaction is domestic or cross-border.*

Recommendations and Key Findings

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

- Streamlining payment processes through digital transformation will result in cost savings and a seamless experience for residents, setting counties on a path to modernization.

2 *A local government champion is crucial in driving the initiative, facilitating collaboration and bringing about change.*

- A dedicated local leader with the necessary skills and knowledge to navigate government-to-citizen payments is crucial to successfully implementing a digital disbursement system. This champion will navigate challenges, promote stakeholder cooperation and drive meaningful change.

3 *The success of local digital payment programs relies on stakeholder collaboration and cross-sector partnerships to establish a reliable payment infrastructure.*

- County financial operations are complex, requiring the cooperation of various departments and stakeholders, each with unique processes. Successful implementation of digital payment programs hinges on engaging these stakeholders and setting up clear structures and responsibilities for the new digital methods.
- Effective communication and trust-building between government entities and private partners are essential for the success of any program. It is also crucial to explore how counties can adopt a private sector model for the public sector, particularly in the case of smaller jurisdictions.

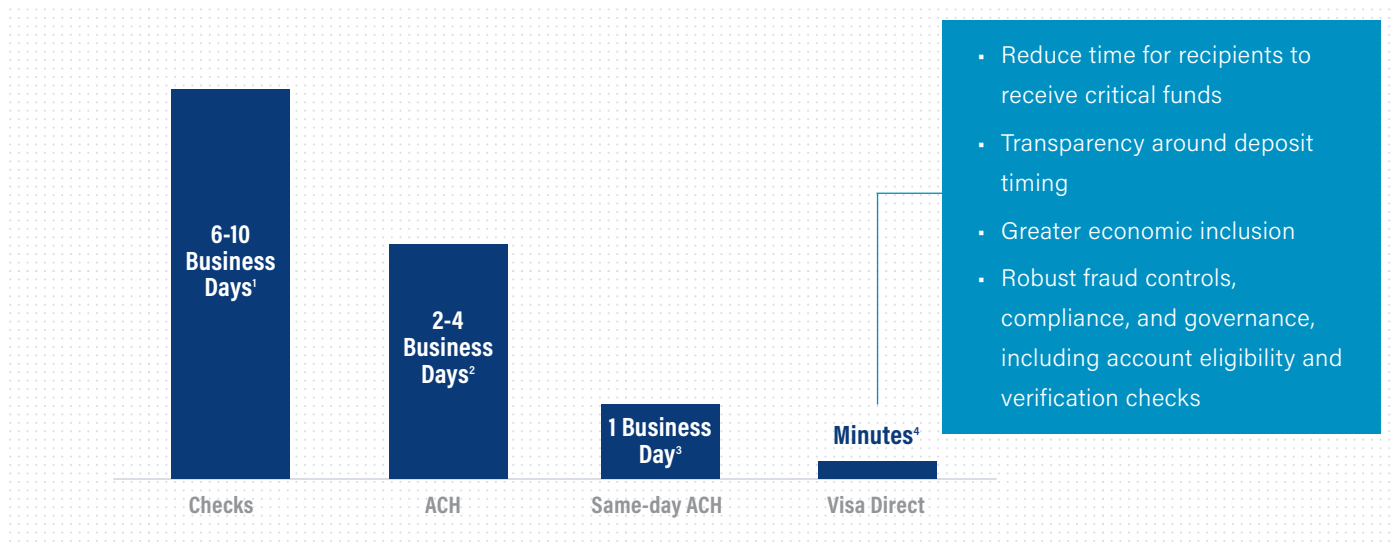
4 *Digital transformation can be a learning curve for the county agency and constituents; therefore, fostering adaptability is crucial.*

- Thorough research and due diligence are crucial when implementing new technology and adopting new business processes. Counties can reduce payment processing costs by reviewing internal processes, including administrative costs related to reconciling payments and reissuing lost or missing payments.
- Your technology partner should offer flexible and customizable solutions that integrate seamlessly into existing infrastructure to meet changing needs and expectations, fostering easy adoption by end-users, whether staff or constituents.

Understanding Real-Time Payments

The demand for faster money movement drives more businesses and government agencies to adopt seamless payout (or disbursement) solutions. When a business or government entity sends money to a recipient, it's called a payout or disbursement. Modern payouts are typically conducted through push-to-card (direct-to-debit) or push-to-account (ACH) methods. Push-to-card allows a payer to actively send money to a cardholder, providing instant funds access. This payment method is settled in real-time, offering a faster alternative to traditional bank-to-bank transfers.¹ For example, with Visa's push-to-card functionality, Visa Direct, recipients usually receive their funds within 30 minutes.

With VISA's Push-To-Card Functionality, VISA Direct, Recipients Usually Receive Their Funds Within 30 Minutes



The payments industry is undergoing various stages of real-time payment adoption and value realization worldwide. This transformation presents challenges for banks, processors, acquirers and FinTech companies. Payments Market Infrastructures (PMIs) are being developed to facilitate instant payments, leading banks to reconsider and potentially restructure their business

models. These changes also present other challenges, including regional market integration, international expansion, the need to automate and be more cost-efficient, offer new services and replace legacy systems and also introduce heightened fraud and cybersecurity risks. The development and success of instant payments globally are contingent on achieving compatibility.²



CREDIT CARD

**** 6623



Done

The Public Sector Has Embraced Digital Payments, but There Is Room to Digitize Disbursements

The Pandemic Has Fueled Growth in the Digital Transactions Industry

The digital transaction industry has been growing rapidly in recent years, with a value of over \$5.4 trillion in 2020, expected to reach \$11.3 trillion by 2026.¹ This growth is driven by several factors, including the widespread use of debit and credit cards over cash and checks, the emergence of digital wallets and peer-to-peer payment apps and the increasing number of disbursements and other payments made through digital channels.²

The COVID-19 pandemic significantly increased the adoption of digital payments.³ Shutdowns and social distancing requirements influenced payment behavior as businesses and consumers opted for new payment technologies aligned with the remote nature of life.⁴ Most industries, including government, retail and health care, shifted their operations online, impacting payment systems nationwide.



Digital Payments Are Quickly Replacing Cash and Checks in the Public Sector

Digital transformation in local governments involves adopting digital channels to optimize government operations, enhance service delivery, improve citizen interaction and streamline payment services.⁵ As governments strive to modernize their services, many offer online payment options for high-volume transactions, including property taxes, permits and license fees.⁶

While digital payments in the public sector have grown, digital disbursements have not received sufficient attention despite their numerous benefits. Disbursements refer to payments made by organizations, businesses, or governments to Residents and can take different forms, such as payroll, refunds, incentives and child support payments.⁷ **Over 68 percent of U.S. consumers prefer instant disbursements, highlighting the need for public sector innovation to provide quick access to funds without relying on traditional payment methods.**⁸

Although some governments continue to use traditional payment methods like mailing checks, phone payments or in-person transactions at government offices, public sector digital transformation is gaining momentum.⁹

Knox County Clerk Debuts Pivotal Pilot Program

Knox County, Ill., the subject of this study, is committed to utilizing technology and innovation in its government operations to improve its services and meet the needs and expectations of its residents. The County Clerk's Office implemented a successful pilot project adopting a digital disbursement program. This report highlights the program's advantages and offers useful suggestions for other counties to streamline their digital disbursement operations.

The pilot program's scalability makes it relevant for most counties in America, as more than 69 percent of active county governments serve a population of less than 50,000 residents. While larger counties have more opportunities to work with financial institutions, smaller counties often lack the resources to begin a program with a local bank. By leveraging the latest technologies, governments can better serve their communities and adapt to a rapidly evolving digital landscape.



KEY TAKEAWAY

The pandemic highlighted the need for digital transformation in the public sector, emphasizing the importance of having a well-established digital infrastructure and digital payment system. For efficient government operations, digital payments are critical. They cater to modern residents who prefer to have faster, more convenient and trackable payment methods. Although digital payments in the public sector are more prevalent, digital disbursements also provide significant benefits. This pilot program is especially important for smaller jurisdictions.

Counties Build Public Trust and Remain Proactive by Adopting Digital Transformation

Digital Payments Spark County Innovation and Modernization

Digital payments have revolutionized how local governments make disbursements, bringing in greater efficiency, security and convenience for recipients. Numerous counties nationwide have embraced digital payment solutions to streamline various disbursement processes.

For example, in Los Angeles County, Calif., the transition to paperless payments for child support services marks a pivotal shift toward modernization. Residents can now opt for direct deposit or the Way2Go Electronic Payment Card, a versatile option that doesn't necessitate a traditional bank account or social security number.¹⁰

In Pierce County, Wash., a similar transition has occurred for housing assistance payments. Through direct deposit or debit card options, recipients experience enhanced accessibility and efficiency, while landlords benefit from streamlined deposit information access, fostering smoother transactions and landlord-tenant interactions through direct deposit or debit cards.¹¹

In Mohave County, Ariz., jurors now receive payment through digital disbursements, highlighting the adaptability and inclusivity of such systems. Mohave County has made the payment process easier and more efficient by adopting digital payment technologies, which has especially benefitted the aging population.¹²

Beyond immediate conveniences, these counties' experiences underscore broader benefits, including cost reduction and resource optimization. By bypassing the need for physical checks and manual processing, governments can allocate resources more judiciously, redirecting the workforce towards critical service provision and infrastructure development areas.

The evolution of digital payment systems holds vast potential for further innovation and refinement. Future iterations of digital disbursement platforms may offer even greater security and accessibility features, ensuring equitable access to public funds. As more counties embrace this transformative trend, the landscape of public finance stands poised for continued evolution towards efficiency, transparency and inclusivity in an increasingly digital world.

Knox County Clerk's Office Introduces New Direct-To-Debit Card Program

Recognizing the trend towards digital check-cashing apps, the Knox County Clerk's Office introduced its new direct-to-debit card program to speed up payments and improve the user experience.¹³ The program has been well-received by its users, even those initially hesitant about using digital government services.¹⁴ Overall, these success stories demonstrate the benefits of digital payments in the public sector, providing a great opportunity for local governments to adopt cutting-edge technologies and improve their operations.



KEY TAKEAWAY

Digital payment solutions have transformed the delivery of public services throughout the country, providing better efficiency, accessibility and convenience. The modernization of government operations is exemplified by the shift towards digital payments, which demonstrates the potential for all levels of government to modernize their operations and improve service delivery.

County Financial Frameworks Influence the Effectiveness of Digital Payment Programs

The Diversity of Structures and Stakeholder Roles Shape County Financial Operations

Financial operations at the county level can vary widely, usually involving different departments and local officials.¹⁵ These operations, which may operate together or separately within the county's financial structure, revolve around the department's revenues and expenses, with each supervisor managing their day-to-day needs.¹⁶

Apart from the internal structure, county financial operations are also subject to state and local laws.¹⁷ For instance, Tennessee has three types of state laws governing county financial functions: general laws, general laws with local option application and private acts for a specific county. Counties that have adopted charters can manage their finances under the general law, including making purchases, issuing disbursements and receiving funds without the trustee's involvement.¹⁸

In Illinois, the home state of the pilot county, the county treasurer holds many duties as the county banker.¹⁹ The treasurer is the custodian of county funds and is responsible for distributing and receiving public money. All payments made by the county must be expressly authorized by state law or by the county board. The county treasurer also serves as the county tax collector, including preparing tax bills and collecting and distributing property taxes.²⁰

In addition to serving as the keeper of all vital county records, such as birth and death certificates, the county clerk supervises local elections. The clerk also has financial duties, including providing a monthly report summarizing the financial status of the clerk's office and overseeing the payment of residents who have served as poll workers and jurors.²¹

Knox County Treasurer and Clerk Team Up for Digital Innovation

In Knox County, the Treasurer's and County Clerk's offices have been pivotal in rolling out the new digital disbursement program, spotlighting the importance of collaborative efforts in county financial operations. These agencies, both of which have significant accounting responsibilities, adapted to the new program's requirements by establishing a pre-funded account, enabling instant payments to constituents.

The Treasurer's Office worked closely with the County Clerk's Office. This collaboration ensured the program's implementation aligned with existing processes, thereby reducing costs, enhancing efficiencies and improving services for residents.

The success of integrating digital payment programs into county operations heavily relies on the engagement of multiple stakeholders led by a dedicated champion. This approach ensures a seamless transition by clearly defining and formalizing the roles and responsibilities associated with adopting digital methods.



KEY TAKEAWAY

The involvement of multiple stakeholders, led by a strong champion, is crucial for the success of digital payment programs in county financial operations. Clearly defining structures and responsibilities and establishing a reliable digital payment infrastructure compliant with laws and regulations is essential for the program's success. This ensures smooth, transparent, accountable and efficient financial operations.

Moreover, setting up a reliable digital payment infrastructure and framework that adheres to relevant laws and regulations is fundamental. These initial steps are crucial for maintaining transparency, accountability and operational efficiency as jurisdictions like Knox County move towards payment digitization. This strategic approach not only facilitates the immediate benefits of digital disbursement but also positions the county for future financial innovations and improvements.





Pilot Project Background

The National Association of Counties (NACo), in collaboration with Visa Inc., embarked on an initiative to explore and promote the benefits of incorporating digital payment methods across county agencies. This partnership, supported by the National Association of County Collectors, Treasurers, and Finance Officers (NACCTFO), identified Knox County, Ill., as a suitable candidate for a pilot program. Knox County, recognized for its eagerness to adopt technological advancements to enhance government operations, particularly in disbursement issuance, became the focus of this innovative project.²²

In 2022, the Knox County Clerk's Office, Visa and Interchecks Technologies launched a pilot program aimed at transforming the county's disbursement processes. This partnership aimed to revolutionize the way disbursements are made in the county, leveraging Visa Direct's real-time payment capabilities. This program specifically targeted payments to individuals summoned for jury service and poll workers, testing the efficiency and effectiveness of digital disbursements in a real-world setting.

Overview of Knox County, Ill. and the County Clerk's Office



KNOX COUNTY, ILL.

POPULATION (2023):

48.4K

COUNTY WORKFORCE

(2022):

359

MEDIAN HOUSEHOLD INCOME

(2018-2022):

\$50,300

Knox County is a relatively small yet vibrant community, with nearly 50,000 residents across approximately 720 square miles. The county government structure is robust, featuring over 50 departments and employing more than 300 individuals.²³ Financially, Knox County operates on a substantial budget, with annual expenses exceeding \$84 million and revenues nearing \$85 million.²⁴

Central to Knox County's civic engagement is the County Clerk's Office, which plays a pivotal role in managing the electoral process. The office oversees 28 polling places across the county, ensuring the smooth execution of elections.²⁵ To achieve this, the county clerk is tasked with recruiting and training upwards of 100 poll workers for each election cycle.²⁶ The clerk's responsibilities include ensuring election judges and jurors receive timely compensation.²⁷

Methodology

NACo surveyed Knox County residents who served as jurors or election judges to learn about their payment experience before and after the new digital payment program was launched. The surveys aimed to understand the community's experience with the new direct-to-debit card system and their willingness to adopt digital payments in the future. Interviews with county leadership revealed the extent to which the Knox County Clerk department used traditional versus digital payment methods for disbursement transactions.

Digital Disbursement Program Elevates Payment Efficiency at Knox County Clerk's Office

Problem: Setbacks in the County Clerk's Disbursement Process

Before launching the digital disbursement program, the Knox County Clerk's Office faced several challenges in processing payments for residents serving as election judges and jurors. The existing method was costly and labor-intensive, leading to payment delays.

Residents had to wait for paper checks to be printed and either mailed to them or collected in person. Additionally, every transaction had to be manually entered into the county's accounts payable system, and the office often had to deal with issues arising from lost or uncashed checks. This reliance on a traditional method persisted due to the absence of a digital disbursement option prior to the pilot program.

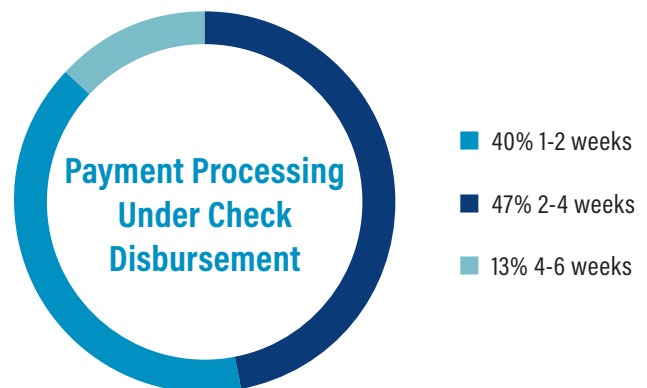
The process was further complicated by the fact that the county agency could only issue checks on a bi-monthly basis, lacking any digital service for immediate payments. Consequently, there was a

significant delay in residents receiving their payments, often nearly a month after their service. A survey conducted by NACo highlighted that many Knox County residents who served as election judges experienced these payment delays.²⁸ While nearly three-quarters of those surveyed were satisfied with the check disbursement process, almost half reported a waiting period of 2-4 weeks to receive their payments.²⁹

Specifically, paper checks for jurors and election judges were processed at the end of each month, at the same time as the county's bills. Despite the checks being electronically signed through the accounts payable system, the County Clerk's Office was burdened with manually entering each transaction into the system and then mailing the checks. This inefficiency resulted in jurors and election judges receiving their payments up to a month and a half later, underscoring the need for a more streamlined and efficient payment process.

FIGURE 1

Nearly Half of the Participants Were Paid Within 2-4 Weeks Through the Check Disbursement Process



Source: NACo Survey of Knox County Election Judges, 2023³⁰

Note: None of the survey participants reported payment within a week or after six weeks.

Solution: Speeding Up Payments From Government to Residents Through Digital Change

In November 2022, the Knox County Clerk's Office introduced a digital payment program that enables real-time payments. This innovative approach ensures that funds become instantly available within seconds of a transaction's completion, significantly speeding up government payments to constituents. The county agency uses an advanced disbursement platform for direct payments to debit card accounts, a move well-received by constituents.³¹

The NACo Survey revealed a strong preference for electronic payments among election judges and jurors. Specifically, 94 percent of election judges preferred electronic payments, with a split between 50 percent favoring direct payments to a debit card and 44 percent opting for ACH or direct deposit to a bank account.³²

Similarly, electronic payment was the preferred method for 76 percent of jurors, with 52 percent choosing direct deposit to a debit card and 24 percent preferring ACH or direct deposit to a bank account. Participants in the survey unanimously praised the program for its speed, highlighting the convenience and efficiency of receiving payments through this modernized process.³³ The introduction of the digital payment program by the Knox County Clerk's Office marks a significant step forward in streamlining financial transactions and meeting the preferences of constituents for quick and convenient payment methods.

Solution: Technology Partner Helps County Clerk's Office Modernize Payment System

The County Clerk's Office, together with its technology partner, successfully transitioned to an efficient payment system. The technology partner's platform provided a user-friendly and secure payment portal to enable the collection of user data necessary for processing payments. In the real-time industry, challenges can arise within the payment chain, especially for banks that lack the payment market infrastructures (PMIs) needed to establish platforms for enabling instant payments. In Knox County, some users faced payment rejections from their banks due to difficulties in integrating with the real-time network, making it difficult for them to support this new method of instant payments.

In response to these challenges, the Clerk's Office and its technology partner worked closely to simplify the process, highlighting the importance of having a flexible, agile and responsive partner when embarking on digital transformation. The shift to online and digital payments necessitates significant back-end updates by government agencies and financial institutions to enable this change.³⁴

Additionally, the Clerk's Office faced opposition from constituents who were wary of using the new service.³⁵ Concerns were primarily centered around the security of sharing financial information online and the prerequisites for internet access and a cell phone, which posed significant barriers, especially for older constituents.³⁶ Counties seeking to advance this technology should consider inclusive policies around its use and communicate with residents to achieve widespread adoption and success.

Solution: Strategic Actions at the County Clerk's Office Result in Increased Participation

The County Clerk's Office took several strategic measures to overcome these challenges. First, the agency collaborated with its technology enablement partner, focusing on resolving backend issues to enhance system functionality.

Second, the county agency embarked on an advocacy and education campaign to promote its program more effectively. By providing in-person education, sharing experiences and refining their approaches, the agency could anticipate and address constituents' questions more efficiently.

Third, the county agency utilized visual aids, distributing posters and flyers in the courthouse during juror training sessions to raise awareness about the program.

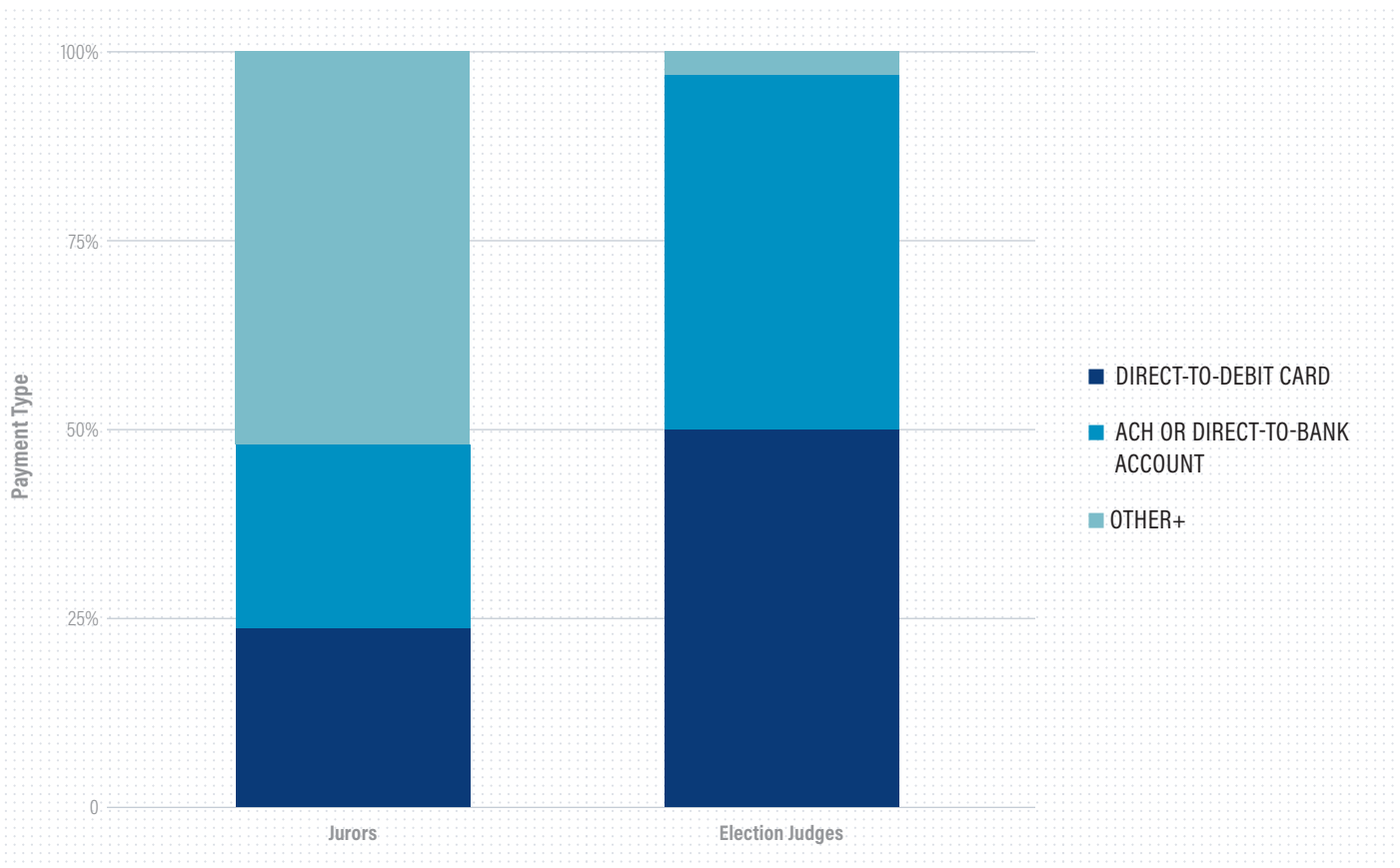
To simplify and make the enrollment process more accessible, clipboards and a secure Chromebook for immediate payee registration were provided for easy sign-up during these sessions. After signing up, the Clerk's Office promptly sent participants a detailed follow-up email outlining the forthcoming steps in their enrollment journey, ensuring they were well-informed and prepared to proceed.

These measures successfully mitigated constituents' initial resistance to adopting the new digital process, thereby enhancing overall participation in the program.



FIGURE 2

Residents Like Faster Payments and Easy Access to Funds Preferred Payment Types of Jurors and Election Judges



Source: NACo Survey of Knox County Jurors and Election Judges, 2023

Question: How would you like to receive future payments?

Notes: NACo conducted surveys with Knox County residents who served as jurors or election judges to understand their experience with the new digital payment system and their willingness to adopt it in the future.

+Other includes check or money order by mail, Peer-to-peer or Real-time payment apps (i.e., PayPal, Venmo, Zelle, etc.) and other payment types.

*Direct-to-debit card refers to a real-time payment method where funds are issued directly to an individual's debit card.



KEY TAKEAWAY

County officials can investigate alternative payment methods to streamline the process and lower the costs associated with compensating residents for their time. This could involve exploring potential partnerships with reliable payment processing companies to provide a modern digital platform that would make it easier to provide timely and efficient payments.

Outcome:
Knox County Clerk's Office Praised for Innovative Approach

Knox County Clerk's Office's new payment system has proven efficient and user-friendly, increasing participation and garnering positive feedback. According to the NACo survey, 89 percent of election judges prefer the new direct-to-debit card payment option.

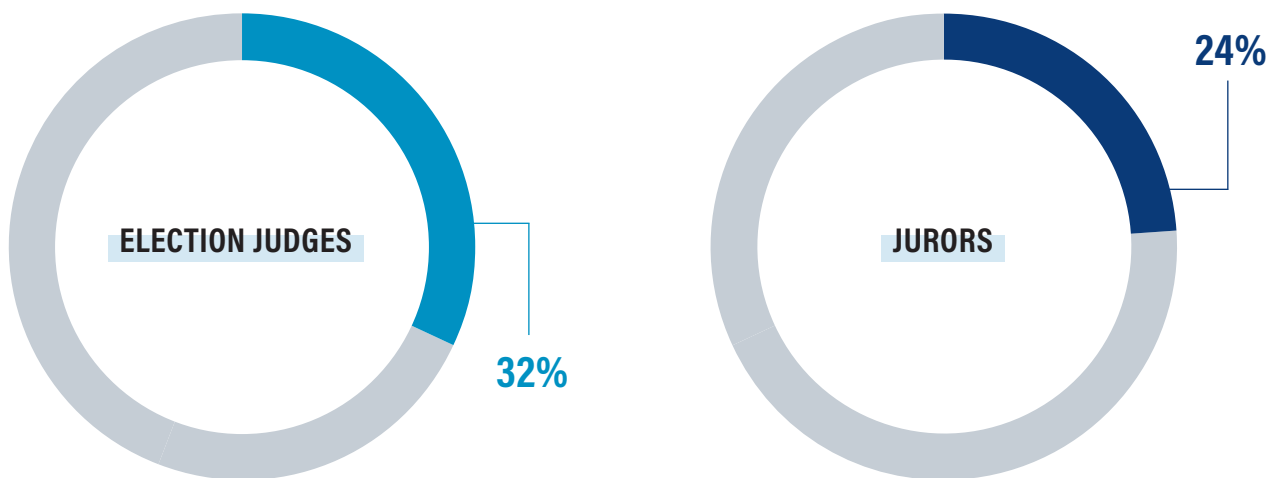
Election judges (93 percent) and jurors (70 percent) are highly satisfied with the program. It has also been commended for its fast payments, easy onboarding and enhanced participant security and convenience.⁴⁰

Outcome:
Constituent Interactions Soar with New System

The County Clerk's Office has seen positive results since launching its direct-to-debit card program. **The program has enrolled 37 election judges and 83 jurors and successfully conducted 80 transactions,** offering convenience to residents and reducing costs for the county by minimizing the time and resources needed for issuing and mailing checks.⁴¹

The office has also observed a steady increase in digital disbursements since the program's inception, with digital-to-nondigital payout ratios of 32 percent for election judges and 24 percent for jurors.

FIGURE 4:
The Volume of Digital Disbursements in the Clerk's Office is Steadily Increasing
Digital vs. Nondigital Payout Ratios for Election Judges and Jurors



Source: Knox County Clerk's Office, 2024



KEY TAKEAWAY

The success of Knox County's program is a testament to the benefits of digital transformation in local government. County leaders can emulate such an initiative by fostering collaboration across agencies to establish a streamlined workflow and ensure timely payouts.

Next Steps: The County Clerk's Office Plans to Digitize All Disbursements

The Knox County Clerk's Office recognizes that the transition to digital disbursements may take some time, but is confident that the program's benefits will become increasingly apparent as more constituents participate. The program is designed to gradually transition more transactions from paper checks to digital disbursements.

The Clerk's Office is focused on enhancing participation in digital disbursements, setting a goal to onboard most election judges and jurors into the system

over the next three years.⁴² As part of this initiative, the County Clerk's Office is currently addressing several challenges, notably the need for increased accountability checks as a contingency measure. The agency is actively working on measures to identify whether financial institutions can accept payments through the real-time network in advance.⁴³

Knox County Clerk and Recorder Scott Erickson believes that keeping pace with technology is crucial for the public sector to deliver quality service, meet citizens' expectations and gain public trust.

"As technology progresses, it is essential for us to keep pace and be able to leverage it; otherwise, we'll lag behind. Unfortunately, the public sector often lags a few steps behind the private sector. Therefore, we must be more flexible and adaptable in the public sector."

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



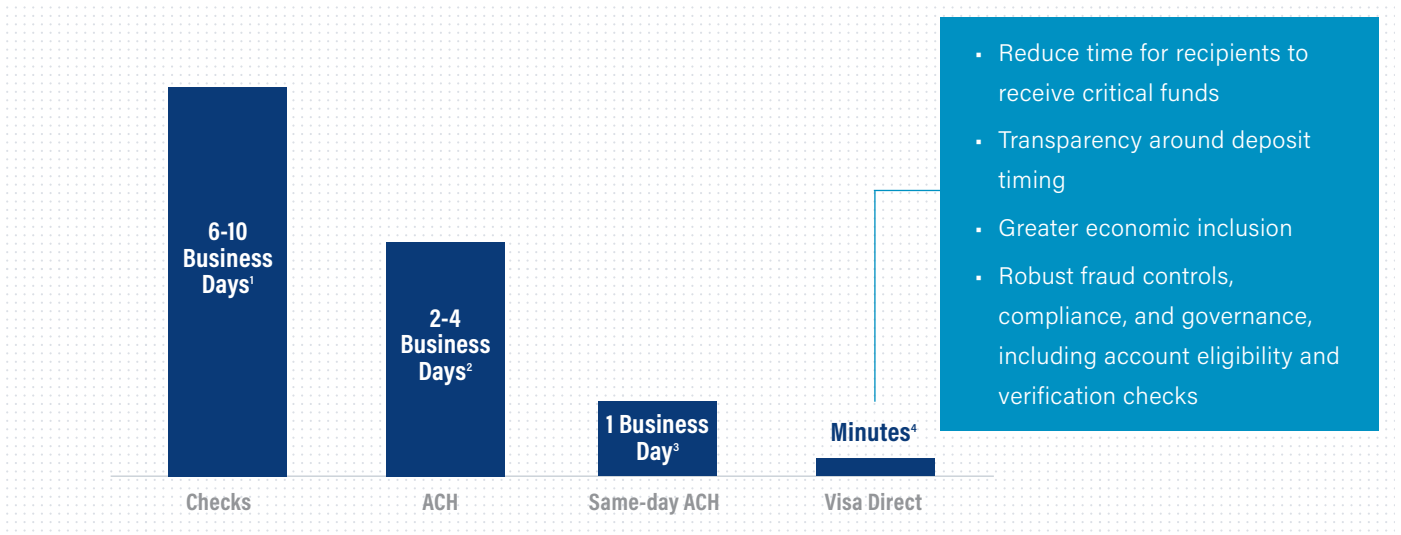
*Scan to Access the 2020 Future of Digital Payments:
Solutions for a Public-Private Partnership report.*

Visa Direct: A Modernized Payment Disbursement Platform

Visa Direct enables funds to be deposited into a checking account via a debit card in 30 minutes or less. Instead of waiting to deposit a check or for a direct deposit, people can simply scan or enter their card number when they want to get paid.

FIGURE 3:

Visa Direct Offers Cost Savings, Fraud Reduction and an Improved Payment Experience



1. Visa/Aite Group, North America insights on realtime payments, June 2018. Assumes five (5) to seven (7) days for check settlement times and one (1) to (3) three days for First Class mail delivery, per USPS estimate of mail shipping times as stated on the USPS Mail & Shipping Services webpage (<https://www.usps.com/ship/mail-shipping-services.htm>)

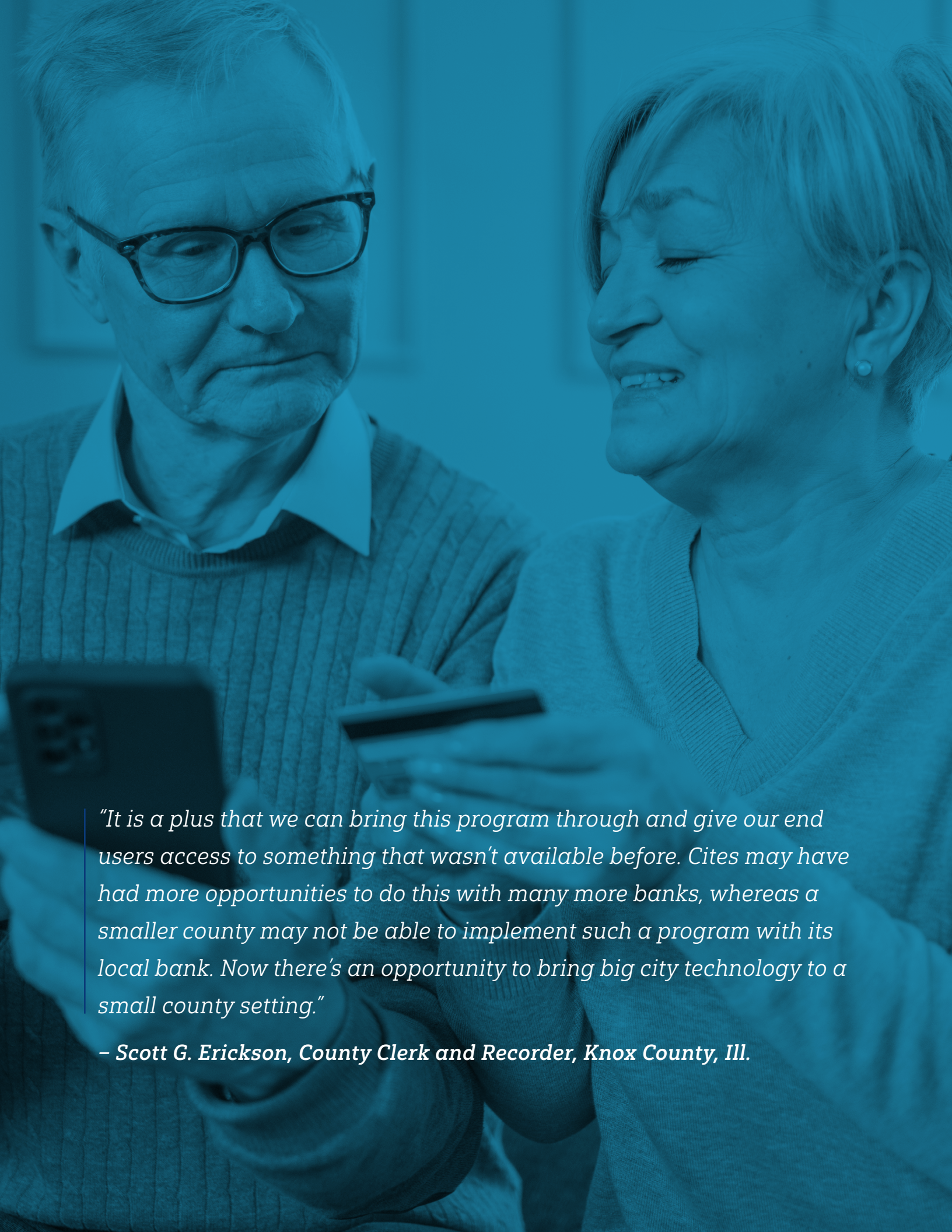
2. Visa/Aite Group, North America insights on realtime payments June 2018.

3. Visa/Aite Group, FedNowis Almost Here June 2022.

4. Actual fund availability varies by financial institution, receiving account type and region.

Visa Direct: Government Use Cases of Payments to Consumers and Small Businesses

	GOVERNMENT-TO-CONSUMER (G2C)	GOVERNMENT-TO-SMALL BUSINESS (G2B)
Refunds (federal and state income and business tax, VAT/sales tax, DMV refunds)	✓	✓
Employee/contractor payments	✓	
Benefits (Social Security, unemployment, disability)	✓	
Assistance (adoption/foster, TANF, SMI, food stamps)	✓	
Rent support (payments to landlords)	✓	
Child support (parent 1 > government > parent 2)	✓	
Ad hoc claims (workers' comp, jury duty, election judges)	✓	
Disaster relief (COVID-19, hurricanes, floods)	✓	
Supplier procurement payments		✓
Business loans and grants		✓



"It is a plus that we can bring this program through and give our end users access to something that wasn't available before. Cites 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.

Endnotes

¹ Research and Markets, "Digital Payments Market - Growth, Trends, COVID-19 Impact, and Forecasts (2021-2026)" (2021), available at <https://www.businesswire.com/news/home/20210604005270/en/Digital-Payments-Market-Report-2021-Transaction-Value-was-5.44-Trillion-in-2020---Global-Growth-Trends-COVID-19-Impact-and-Forecasts-2021-2026---ResearchAndMarkets.com> (June 5, 2023).

² Ibid.

³ See Rahul De, Neena Pandey and Abhipsa Pal, "Impact of Digital Surge During COVID-19 Pandemic: A Viewpoint on Research And Practice," *International Journal of Information Management* 55 (2020): 102171; and The Bank for International Settlements (BIS), "COVID-19 Accelerated The Digitalization Of Payments," available at https://www.bis.org/statistics/payment_stats/commentary2112.htm (June 5, 2023).

⁴ Ibid.

⁵ Local governments can leverage technology to optimize their operations, enhance service delivery, and improve citizen interaction by adopting digital channels. This digital transformation includes streamlining payment services and processes and adopting new digital delivery models to improve service efficiency. The benefits of this transformation are numerous, including increased efficiency, accessibility, and security, while reducing costs. See imageAPI, "Innovating locally: The path to local government digital transformation" (2024), available at <https://www.imageapi.com/blog/digital-transformation-local-government> (June 7, 2023); and Governing, "The Future of Payments: Expanded Digital, Mobile and Cash Options are Key to Resilience and Constituent Satisfaction" (2021), available at <https://papers.governing.com/The-Future-of-Payments-Expanded-Digital-Mobile-and-Cash-Options-are-Key-to-Resilience-and-Constituent-Satisfaction-140535.html> (June 7, 2023).

⁶ Governing, "The Future of Payments: Expanded Digital, Mobile and Cash Options are Key to Resilience and Constituent Satisfaction" (2021), available at <https://papers.governing.com/The-Future-of-Payments-Expanded-Digital-Mobile-and-Cash-Options-are-Key-to-Resilience-and-Constituent-Satisfaction-140535.html> (June 7, 2023).

⁷ PYMNTS, "State and Local Disbursements: How State Agencies and Local Governments are Responding to Shifting Payment Needs " (2020), available at <https://www.pymnts.com/disbursements/2020/local-state-governments-approach-to-faster-disbursements/> (June 5, 2023).

⁸ PYMNTS, "Disbursements Satisfaction Report 2023" (2023), available at <https://www.pymnts.com/study/disbursements-satisfaction-instant-payments-consumer-finance/> (June 5, 2023).

⁹ Ibid.

¹⁰ California Child Support Services, "California is Moving to Paperless Payments" (2023), available at <https://childsupport.ca.gov/GoPaperless/> (November 14, 2023).

¹¹ Pierce County Housing Authority, "Payment Reporting" (2015), available at <https://www.pchawa.org/landlords/payment-reporting>

¹² Mohave County, AZ, "It Doesn't Have to Be Complicated: Transitioning to Digital Payouts" [Webinar], ICMA (2023), available at <https://icma.org/events/it-doesnt-have-be-complicated-transitioning-digital-payouts> (November 15, 2023).

¹³ Knox County Clerk's Office, 2024.

¹⁴ Ibid.

¹⁵ The University of Tennessee, County Technical Assistance Service, "Financial Structure of County Government" (2023), available at <https://www.ctas.tennessee.edu/eli/financial-structure-county-government> (November 22, 2023).

¹⁶ Ibid. For example, the county treasurer may oversee all receipts and disbursements, while a purchasing or administration department manages the county's needs and day-to-day expenses.

¹⁷ Ibid. Federal laws, regulations and policies also apply to the financial operations of counties.

¹⁸ Ibid.

¹⁹ Illinois Association of County Board Members And Commissioners, “Inside the County Courthouse: County Treasurer,” available at <https://ilcounty.org/upload/files/Treasurer-Fact-Sheet.pdf> (November 14, 2023).

²⁰ Ibid.

²¹ JUSTIA US Law, 2022 Illinois Compiled Statutes Chapter 55 – Counties 55 ILCS5, Article 3 – Officers and Employees (2022), available at <https://law.justia.com/codes/illinois/2022/chapter-55/act-55-ilcs-5/article-3/> (December 21, 2023).

²² Knox County has been gradually moving towards digitizing its transactions for several years now. It was the first county in Illinois to allow credit card payments, which laid the foundation for a digital disbursement program. Knox County Clerk’s Office, 2024.

²³ NACo Analysis of U.S. Census Bureau – Census of Individual Governments: Employment, 2022.

²⁴ The Knox County Budget for Fiscal Year 2023-2024.

²⁵ Poll workers in Knox County are also known as election judges. County Clerk’s Office, Knox County, 2024.

²⁶ Ibid.

²⁷ Together, the Knox County Circuit Clerk and County Clerk’s Office oversee the orientation of residents summoned for jury service in the county. Each year, the courthouse calls 8 to 10 juror pools to determine their assignment or whether they are needed. County Clerk’s Office, Knox County, 2024.

²⁸ NACo Survey Analysis of Knox County Residents, 2023.

²⁹ Ibid.

³⁰ Note: NACo conducted surveys with Knox County residents who served as jurors or election judges to understand their experience with the new digital payment system and their willingness to adopt it in the future. NACo Survey Analysis of Knox County Residents, 2023.

³¹ The county agency assessed available technologies after experiencing delays caused by an inefficient payment method, which was in place before the pilot program. County Clerk’s Office, Knox County, 2024.

³² NACo Survey Analysis of Knox County Residents, 2023.

³³ Ibid.

³⁴ dashdevs, “5 Challenges Of Digital Transformation In Banking” (2023), available at <https://dashdevs.com/blog/5-challenges-of-digital-transformation-in-banking/> (December 6, 2023).

³⁵ NACo Survey Analysis of Knox County Residents, 2023.

³⁶ Ibid.

³⁷ The new payment process from Knox County’s Clerk’s Office has resulted in high success rates, and positive feedback has been received from participants who appreciated the streamlined user experience and faster payments. NACo Survey Analysis of Knox County Residents, 2023.

³⁸ NACo Survey Analysis of Knox County Residents, 2023.

³⁹ Fifty (50) percent of respondents reported in the same survey receiving their payment within 48 hours through the new program, compared to the traditional check disbursement process. Similarly, 45 percent of respondents who served as jurors indicated receiving their payment within 48 hours through the new direct-to-debit card program. The time taken for payment receipt includes the processing time by the county and the time taken for payment delivery. NACo Survey Analysis of Knox County Residents, 2023.

⁴⁰ Knox County Clerk’s Office, 2024.

⁴¹ Ibid.

⁴² Knox County Clerk’s Office, 2024.

⁴³ Ibid.



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