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Inside the Vault

Cash Management News

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Gary Halvorson, Oregon State Archives

HOLIDAY

**Labor Day
September 3**

Treasury Closed
Banks Closed

See article for more information

REGISTER NOW: MERCHANT CARD FORUM

Registration is now open for the Merchant Card Forum that will be held at the Veterans Auditorium in Salem on Tuesday, September 18. Agency staff responsible for merchant card-related policies and procedures, or making decisions about payment acceptance options, should plan to attend. Representatives from U.S. Bank/Elavon will present business-user focused topics such as recent payment industry changes and new services from U.S. Bank/Elavon. The forum also will cover general information about security and compliance but will not dive deeply into the Payment Card Industry Data Security Standards (look for a separate forum focused on security and compliance in the future). Click [here](#) to register and contact Customer Solutions at customersolutions@ost.state.or.us with any questions.

SERVICE SPOTLIGHT

E-commerce is the selling or purchasing of goods and service online. And because the exchange takes place online, there are two primary payment methods that can be used. The first is the use of a merchant card (debit or credit), which requires adherence to Payment Card Industry Data Security Standards (PCI DSS). The second is the use of bank account and routing information, which ultimately is used to produce an Automated Clearing House (ACH) or "e-check" transaction and requires adherence to the NACHA rules.

Agencies have three options when exploring e-commerce solutions:

- The Oregon Department of Administrative Services has contracted with NIC USA to act as the statewide e-commerce service provider. An agency must still complete a work order contract specific to its implementation, but Treasury has qualified both ACH and merchant card options for NIC USA.
- Treasury has contracted with U.S. Bank to provide a solution that supports both ACH and merchant card options.
- Agencies may follow appropriate procurement processes to contract directly with third party vendors. Treasury must review and approve third party vendors for compliance with Treasury policy [FIN 214](#) and related public funds laws, PCI DSS, and NACHA requirements as may be applicable. Agencies should contact Customer Solutions early in the process to prevent delays.

If you are interested in evaluating your business needs and available options, or have questions about e-commerce solutions generally, contact Customer Solutions at customersolutions@ost.state.or.us.

INTEREST RATE

Average
Annualized Yield

July
2.25 percent

Interest Rate

July 1-31
2.25 percent

ACCEPTING CHECKS ISN'T FREE

As agencies consider what payment methods to offer their customers, it is important to evaluate all associated costs in addition to technology and process requirements. While Automated Clearing House (ACH) and merchant card transactions have readily apparent costs associated with them, the costs of accepting paper checks can be harder to identify. Many people mistakenly assume that paper checks are a free means of accepting payments, but we all know few things in life (or business) are free.

The Check's in the Mail...Or Is It?

Today, many consumers are turning to electronic payment methods or credit and debit cards when paying bills. According to the 2017 TSYS U.S. Consumer Payment Study, only 15 percent of consumers prefer to use a check when paying a bill. But if your customers are still willing and able to write you a check, you'll have to wait for them to write and mail it and for the postal service to deliver it. Not only are you in the dark waiting to see if and when a check arrives, but that wait impacts your agency's cash flow and decreases the time value of your funds.

Where's the Nearest Bank?

Transporting paper checks to your local branch (using either your own staff or an armored car service) costs both time and money in addition to presenting security concerns. And due to the continued growth of digital banking, banks are consolidating or closing branches faster than they're opening new branches. Earlier this year, the Wall Street Journal reported that banks closed more than 1,700 branches across the country from July 2016 through June 2017. Some agency locations are already having to travel farther distances because of branch closures, and the trend shows no signs of stopping.

What Do You Mean It Bounced?

Depositing a check is only the first step in the clearing process. And if a check gets returned or "bounces", the costs include more than the lost funds. In addition to incurring a returned check fee, your staff will have to spend precious time chasing down the customer to resolve the issue. If the check was due to fraud, you might not be able to recover the funds at all.

Each step of the check acceptance process costs time and money. And while all payment methods have associated costs, the Association for Finance Professionals estimated in 2015 that check acceptance costs are nearly three times greater than ACH costs. Agencies serve a variety of customers with various needs and it's understandable that agencies may want to offer as many payment options as possible. But when evaluating those options, it's important to recognize all of the associated costs, impacts, and risks. To learn more about payment options and how to best meet your needs, contact Customer Solutions at customersolutions@ost.state.or.us.

NEW TREASURY WEBSITE IN THE WORKS

In order to help all Oregonians achieve long-term financial security, Treasury is constantly focused on how to best serve our customers—state agencies, local governments, and the public. One of the ways we strive to do that is by connecting with our customers and providing clear, relevant, and timely information. To help us best achieve that goal, we recently launched an effort to restructure and refresh our website. You won't see big changes for a few months, but some back-end work is already happening. If you find that your favorites or shortcuts to forms or documents no longer work, visit www.oregon.gov/treasury to locate what you need.



UPCOMING BANK HOLIDAY

Due to the Labor Day holiday, Treasury, the Federal Reserve, and Oregon banks will be closed on Monday, September 3. Customer statements and files will not be produced for September 3 due to the closures. In addition, ACH files sent to Treasury after the deadline on Friday, August 31, will be sent to the bank on Tuesday, September 4, and must have an effective date of September 5 or later.

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