



*2007 NASC Conference*

**NACHA's  
Online Payment Pilot  
2007 NASC Conference**

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State of Alabama*



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**Why is  
*The State of Alabama*  
Interested in  
“Credit Push?”**





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*It's New!*

*It's Innovative!*

*We like new Innovative Stuff*



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**Electronic Payments are Advancing Rapidly**



**We want to be**

**Part of the Leading Edge.....**

**Not the Trailing Edge**



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**As we look to what we are doing we see the need to attract large number of people.**

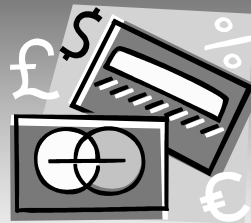
- Alabama has over 100 online applications live with Alabama Interactive
- Many accept ACH (eCheck)
- Would like to offer Credit Push



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**Credit Push would allow many Possibilities**

- Additional Convenience
- Perceived Security
  - *Identity Theft*
  - *Credit Theft*
  - *Debit Card Theft*
- Real Time Authorization
- Constituents would feel more secure logging into their bank





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### ACH has drawbacks:

- Cumbersome and Risky
- Lack of immediate authorization by financial institutions
  - *States wait several days for transaction to finalize*
  - *Net affect is just like a worthless check*
- Returned ACH can be 10 days after transactions initiates



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### What is the Business Case?

- Credit Card transaction cost \$
- ACH is more efficient if it is not returned
- Self funded models charge convenience fees but could inhibit adoption by constituents
- With ACH you could become a collecting agency...



*with all the headaches that go with that process*



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### Credit Push...

- Eliminates concerns about theft of identity and account numbers
- Involves relationship between constituent and their bank - *Trusted Relationship*
- Eliminates the lag regarding receipt of "Good Funds"
- Gets us out of the business of collecting bad debts



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### Credit Push Unknowns

- Price
- Process
- Acceptance
- Financials
- Customers





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*Questions*

