

# Paying e-bills

*Electronic billing confers advantages not only on the organization issuing the bill but on the customer paying it, as well.*

By W.H. Loewen

**E**LECTRONIC-BILLING DISCUSSIONS USUALLY FOCUS ON WHAT the billers can do and the benefits to the billers (see “E-advantages”, *Canadian Treasurer*, February/March 2004). There is another side of the coin – the customers. Their acceptance of the process is essential. While it may seem natural that the customer would want electronic billing, in fact there are issues that need to be dealt with to gain that acceptance.

One particular payment site illustrates this lack of consideration. Its instructions to customers include a suggestion that they make a copy of the bill

as a physical record. This, of course, defeats the arguments in favour of electronic billing as far as bill payers are concerned. Why would you use your paper

and ink when the biller is already providing a paper bill? While presentment-service providers will retain a history for you, what happens if you decide to change or discontinue the service? With businesses, the problem is even more critical. Permanent records are essential for tax and audit purposes. Furthermore, the bill must often be seen by a number of people before it can be paid.

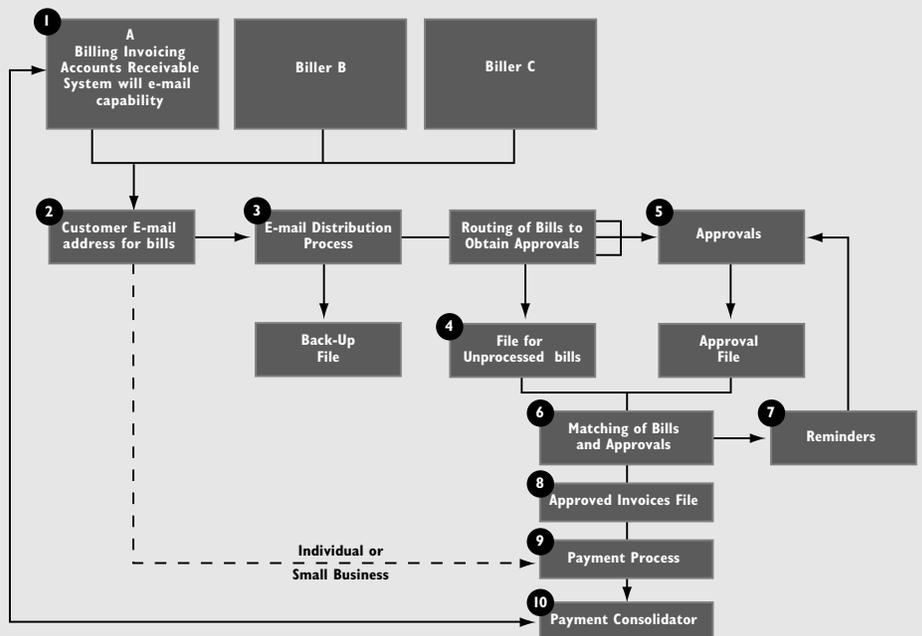
Consumers need a method of gaining access to their bills from one location. The only realistic possibility of a consumer finding all bills in one place is to have them emailed to a location set

## EXPLANATION OF DIAGRAM

**B**ills for the purpose of this diagram include invoices, monthly or other periodic bills or invoices and statements of account and any other document requiring a response from the recipient.

**1. Email module:** To any existing billing system is added a facility to separately bill those customers who are to be provided with electronic bills rather than mailed bills. This could be external to the existing system or built into it. An external module would monitor the print file being produced by the billing system and extract from it those bills that are to be e-mailed. It would have available to it the e-mail address of such bills and an e-mailing capability.

**2. Customer's e-mail boxes:** Customers will establish an e-mail address reserved for bills. The advantages are easier and more





This screen shows the e-Bills outstanding in the customer's mailbox. Selecting any of them will cause the email to appear in the screen below.

up for that purpose. They also need a payment process that allows them to pay those bills (and any other paper bills) as they view them. Finally, they may need to be able to examine the bills they have paid.

Businesses need the same capabilities but may also require the ability to pass the bill to a number of parties for inspection and approval.

The requirements of a system that can serve the needs of both business and consumers are:

**1. Create an e-bill address:** Establishing a separate email address for bills will make it easier to deal with the bills to be paid. Such an address will be less likely to attract SPAM. It could be as simple as eBills@your-name or company.com. However, it would be vulnerable to SPAM if everyone used a simple address

such as this. We recommend adding a unique word or number after "eBills" to avoid unwanted emails.

**2. Bill-payment software:** The second requirement is bill-payment software residing on the payer's computer that can display the emailed bills as the bill payer processes his or her payments. It should have a variety of capabilities, including removal of the bill to a "paid" file once paid.

**3. E-bill routing:** For businesses that have more complicated approval processes than individuals or single proprietorships, a third element is required. Before payment occurs, invoices must be matched with receiving slips, checked for prices and extensions, goods checked for quality, etc. The system must be able to move the bill through the process electronically, following the same path as a paper invoice.

For these businesses, a hypothetical routing system is described in Figure 1. The routing required for emailed bills is similar if not identical to that required for ordinary paper bills. Approvals are added as the email moves through various check points and locations.

For some years we have contemplated the idea of a paperless office. This process makes the possibility of a paperless billing and payment system a reality.

To see a tangible example of how this process and technology can come to life, we will take a look at sample screens from TelPay(r) bill-payment



Payment of the invoice shown can be made from this screen. (In this case the invoice is a Manitoba Government PST return). If there are multiple bills from the same source, they will appear in chronological order. Once paid in full, the bill is stored in the "paid" file. Other capabilities include partial payments, accounting distribution, and other features.

software. With this e-payment software, you can view any emailed bill and pay any individual or organization in Canada with no biller list restrictions.

Screens 1 and 2 (on page xx) show examples of screens used to review and pay such bills.

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certain identification of e-mails requiring processing and less likelihood of SPAM or other clutter.

**3. E-mail distribution process:** Manually or with assistance of a computer program, the bills received will be forwarded to the appropriate persons for approval. This process would simulate existing mail-distribution systems but would function electronically although print copies could be generated as well. As distribution is made, the original document is removed to a backup file. Distribution may be as follows, although each customer may design it to suit the organization's own procedures.

- a) **Statement of account** – to accounts-payable department for reconciliation purposes.
- b) **Monthly or periodic bills** – to the party responsible for approving/monitoring such bills – usually utilities, taxes, etc.
- c) **Invoices for goods and services** –

distribution to multiple locations may be necessary; e.g. Receiving department for receipt of goods, Purchasing department for approval of prices and authority to accept, Quality Assurance for testing, etc.

**4. Master file of unprocessed bills:** Each bill received is transferred to an unprocessed bills file at the same time as it is forwarded for approval. The file includes a record of the approvals requested.

**5. Approvals:** Parties receiving bills perform the functions required (checking with receiving records, checking quantities, prices, calculations, etc.) and then forward the invoices to an approval file with appropriate acknowledgements.

**6. Matching bills with approvals:** A program matches the approval file and the master file of unprocessed bills to determine if all required approvals have been received. If

approvals have been received, the bills are removed to an approved-bills file along with a record of approvals received and their sources.

**7.** The same program as in #6 or a separate program monitors the unapproved-bills file for overdue approvals and generates reminders.

**8.** The approved-bills file is entered by the payment-processing system to generate electronic payment instructions.

**9.** The payment process may generate the payment by forwarding the payment instructions and details to a payment concentrator.

**10.** The payment concentrator may forward a file of payments from various sources to the biller for incorporating into its Accounts Receivable system, thereby completing the electronic process. Payment of course could also be made by other means.