



ELECTRONIC BILL PAYMENT

A primer on how TelPay® manages your bill payments

Ever wonder why TelPay® manages payments the way they do? The following is an article by W.H. (Bill) Loewen, Chairman and Founder of TelPay® Incorporated to help explain our process.

Electronic bill payment service is still in its infancy. Though individuals have been using such services since it was introduced by TelPay® in 1985, businesses are just beginning to use it. As we've noted many times, handling payment to utilities and credit card companies fills a need for individuals but is not sufficient for businesses. They have to be able to pay anyone. Serving their needs adds a new set of requirements, some of which require a whole new set of procedures, prices, and rules of the game. We will try to explain the difference by answering questions about why we do what we do. These are questions that arise frequently.

TYPES OF BILLERS?

While businesses have to be able to pay anyone they also have to pay many of the same billers as individuals (credit cards, utilities, etc). These we call "Standard Billers." We provide the payer with a list of them, they choose the ones they want to pay, enter the account number the first time they make a payment, and that is it. When a customer wants to pay a biller that is not on the TelPay® list, then they must provide us with details about that biller that will enable us to accurately direct the payment. These billers we call "Customer Specific Billers."

WHY DOES TELPAY® CHARGE DIFFERENT PRICES FOR DIFFERENT TYPES OF BILLERS?

We consolidate payments from many sources for each biller. We send the details in one list and/or file and make a single credit to that biller's bank account. That's why we are sometimes called a "payment consolidator." If the payment is to a Standard Biller, we usually have significant volume of payments being consolidated each day. For these our costs per payment are low so we charge less. For Customer Specific Billers our volumes are generally very low and sometimes we have to send a cheque by mail. Our costs are higher so we charge accordingly.

WHY DOES TELPAY® ENCOURAGE BILL PAYMENTS ON A WEDNESDAY?

To improve the likelihood of being able to consolidate multiple payments to the Customer Specific Billers, we encourage payments on Wednesday of each week. This suits the billers too as they prefer to handle groups of payments rather than individual remittances throughout the week. As we build volume of payment to Customer Specific Billers, our costs per payment decline and so we expect our fees will too. In the meantime, our fees offer a significant cost reduction from payments made by cheque.

HOW DOES TELPAY'S "PAY ANYONE" CAPABILITY DIFFER FROM OTHER ELECTRONIC PAYMENT SYSTEMS?

TelPay's payment system emulates — in an electronic way — all the features of a cheque. Just like a cheque, the funds can be deposited into an account with any financial institution. It also provides the recipient with full details of what has been paid. For example, many business payments may cover numerous invoices. The biller needs to know which invoices have been paid. The TelPay for Business™ system does that.

WHAT DOES A PAYMENT CONSOLIDATOR SUCH AS TELPAY® PROVIDE TO THE PAYMENT ENVIRONMENT?

To accomplish the tasks outlined above, TelPay® maintains a three-way relationship between bill payers, billers, and the financial institutions they use. Each of these relationships has its own particular needs. Bill payers want to make payments electronically but they do not want to have to maintain a file of bank account numbers for all of their billers. Billers want accurate account numbers, grouped payment files, and a single credit to their bank account covering as many payments as possible. Financial institutions need reliable bank account numbers. All three need a single party to sort out any problems that may arise. These are the things that a payment consolidator provides.



PAYROLL – A HOT ITEM FOR TELPAY FOR BUSINESS™

In 1968, Comcheq Payroll Services, TelPay's parent corporation until 1993 was among the first Canadian companies to promote the idea of outsourcing payroll services. Back then we were particularly proud of the efficient way we served companies with very small payrolls.

Over the years, and with the advent of microcomputers, many "in-house" payroll software programs have been developed. These programs are easy to use and updating tax tables via the Internet is now easier than ever before.

One key area that has been a challenge for anyone providing in-house payroll software has been the ability to offer direct deposits to employees' bank accounts at a cost-effective price.

TelPay for Business™ has solved this problem by including in its bill payment software the ability to import a file of direct deposits as generated by a payroll system. The cost is as little as 15 cents per direct deposit not including the \$15.00 per month fee for maintaining the entire software package. Today, most in-house payroll software providers recommend TelPay for Business™ as their direct deposit tool of choice for their customers.

So after having been responsible for the outsourcing of many payrolls, TelPay® is now helping them move back in-house!

Partnerships with payroll companies

A growing list of payroll software companies now recommend TelPay for Business™ to their customers as a convenient and cost-effective means of providing direct deposits of their payroll funds. TelPay for Business™ accepts a file from the in-house payroll system and processes the deposits to the employees' accounts. Among the payroll systems for which deposits can be accepted are:

- Canpay
- Easy pay
- eNet Payroll
- Orange Digital Systems
- PayDirt Payroll
- Paymate
- QuickBooks

Other systems that provide a deposit file in the standard bank format can be easily accommodated. Even if you prepare your payroll manually, you can still easily enter your new employees' banking details into TelPay for Business™, and be ready to transmit your employees' net pay by direct deposit to their bank account.

Using the direct deposit feature of TelPay for Business™ also works well for such things as employee advances and expense reimbursements, dividends, and any other payment file.

Take full advantage of the convenience of making your CRA payroll source deductions electronically.

Regardless of the size of your payroll, TelPay for Business™ can handle your needs.

HIGHLIGHTS OF TELPAY'S 20TH YEAR

TELPAY® FIRSTS:

Continuing our pioneering traditions, TelPay® introduced a new version of TelPay for Business™ that involved over 100 enhancements. Dallas Kostna, Vice-President of Systems and his staff have worked to implement many system updates including:

- **Introduction of remote authorization features for TelPay for Business™**

This enables signing officers to have the details of payments being made e-mailed to them. They then return a unique password if they approve of the payments.

- **Addition of the ability to view and pay e-mailed bills within TelPay for Business™**

The e-mail image is stored with the payment history thus eliminating the need to print the bill. We foresee the time when most bills are sent by e-mail and paid by a payment system such as TelPay for Business™.

- **Improved funding procedures**

TelPay for Business™ now offers a variety of methods of providing the funds required for making the payments requested. TelPay® Trust account is set up as a “biller” on most financial institutions’ bill payment systems. Transfers made by this method appear at TelPay® the next business day. TelPay® has also set up accounts at the major financial institutions so that customers of those institutions can make immediate transfers. TelPay® will also debit the customers’ bank account but may withhold payments until the debit has cleared the payment system.

Adagio Systems builds direct integration between their Adagio accounting software and TelPay for Business™

Brian Denysuik, President and CEO of TelPay® is proud to announce that Adagio accounting software, supplied by Softrak Systems, has recently partnered with TelPay® to provide their users with the ability to make 100% of their payments anywhere, anytime — electronically; eliminating the need for paper cheques.

This direct integration is the first of its kind in Canada between an accounts payable system and an electronic payment system. Adagio/TelPay® integration provides complete two-way flexibility: export payment details directly from Adagio’s A/P system into TelPay for Business™ OR export payment details from TelPay® into Adagio.

Softrak’s President and CEO, Andrew Bates states “Integrating Adagio payables and TelPay for Business provides a bank independent, secure, and easy to use electronic funds transfer (EFT) system to all small businesses, while maintaining their direct control of payables entry, payment, and costing. TelPay for Business directly meets our clients’ concerns regarding authorization and security, and removes much of the administration overhead of beginning to use EFT in a small organization. EFT reduces cheque processing fees and other direct costs for traditional cheque production, while increasing security and maintaining traceability of payments.”

For more information regarding the Adagio/TelPay for Business™ integration, please contact TelPay® at 1.800.665.0302.



TelPay’s Bill Loewen wins 2005 Distinguished Treasury Award

In September, the Treasury Management Association of Canada (TMAC) named Winnipeg businessman W.H. (Bill) Loewen, Chairman of the Board of TelPay® Incorporated, as the winner of its prestigious Distinguished Treasury Award. TelPay® has always prided itself in continuous development and innovation to always bring enhanced benefits to our customers. This award truly marks TelPay’s strides to do just that.

This annual award was established in 2003 to recognize individuals who have distinguished themselves in the field of treasury and financial management. Loewen invented the electronic payment process and continues to lead innovation in the financial services industry.

As the award was presented during the TMAC Annual Conference, Mike Whiston, TMAC President said “As well as decreasing billers’ costs of processing their payments, Loewen’s inventions have also resulted in treasury and finance departments receiving their payments earlier thereby increasing cash flow for thousands of organizations across Canada.”

NOTICE OF PRICE CHANGE

Effective October 1, 2005, the fee charged for first-time billers added to the system was reduced from \$1.50 to \$1.25. We wanted to reduce the complexity of the price schedule.



Our new logo and Web site

For some time we have been searching for a way to depict graphically the activities undertaken by TelPay®. The movement of money and information from bill payers to billers and their financial institutions has always been a challenge. Our advertising agency, Taylor George Design, was the one to see the solution. The dollar sign with embedded arrows suits us perfectly.



What others say about us

“At Assiniboine Credit Union, we use TelPay for Business to pay our accounts payable bills. This is a fairly new development in our relationship with TelPay and it’s working very well. Today, we pay in excess of 300 bills per month this way. It makes the accounts payable process much more efficient because in our organization we have signers on different floors and even different locations. Through a secure e-mail system, we are able to move the work along much more easily and quickly. It didn’t take us long to realize this new system was going to save us both time and paper. TelPay has worked hard to meet our needs.”

Cathie McFarlane, Controller, Assiniboine Credit Union

“Easypay Payroll recommends TelPay to our customers wishing to pay their employees by direct deposit. TelPay provides excellent service at a price that is typically 50% less than what the client’s bank would charge. By combining Easypay with TelPay, we provide a strong argument to bring payroll in-house, from both an economic and service perspective.”

George Vukusic, President and Founder, Easypay

The Canadian Bookkeepers Association (CBA) and many of its members are already utilizing TelPay for Business™ for bill payments and employee direct deposits.

“The ease of use, efficiency, and flexibility of, paying bills anytime, anywhere is awesome. Not having to worry about sending cheques by courier to get two signatures is very beneficial for the CBA. Utilizing TelPay’s ‘Remote Authorization’

functionality to obtain approval of the payments maintains the necessary security required while at the same time reduces time and increases productivity threefold.”

**Jan Breuls-Dorang, Vice-President,
Canadian Bookkeepers Association**

Ledgers Canada has more than 35 offices across Canada, providing accounting, bookkeeping, payroll and tax services to small businesses, their owners, and the general public.

“Not only do we use the TelPay system, we strongly recommend this system to our clients. We have proven, time and time again, the savings in time and fees are very significant, even to a small business.”

Gord Haslam, President, Ledgers Canada

“When we expanded our business into Canada we were looking for efficiency in our operations. At the recommendation of our accountants, we started using the TelPay bill payment system. After nine months of operations in Canada, we still have not written a single cheque. We pay all of our suppliers and employees with the TelPay system. We now have an internal policy requiring all new suppliers to provide us with their banking information for payment processing. This system saves us a considerable amount of time and money.”

**Barry Cousins, Regional Director,
Color Converting Inc. (Canada)**

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