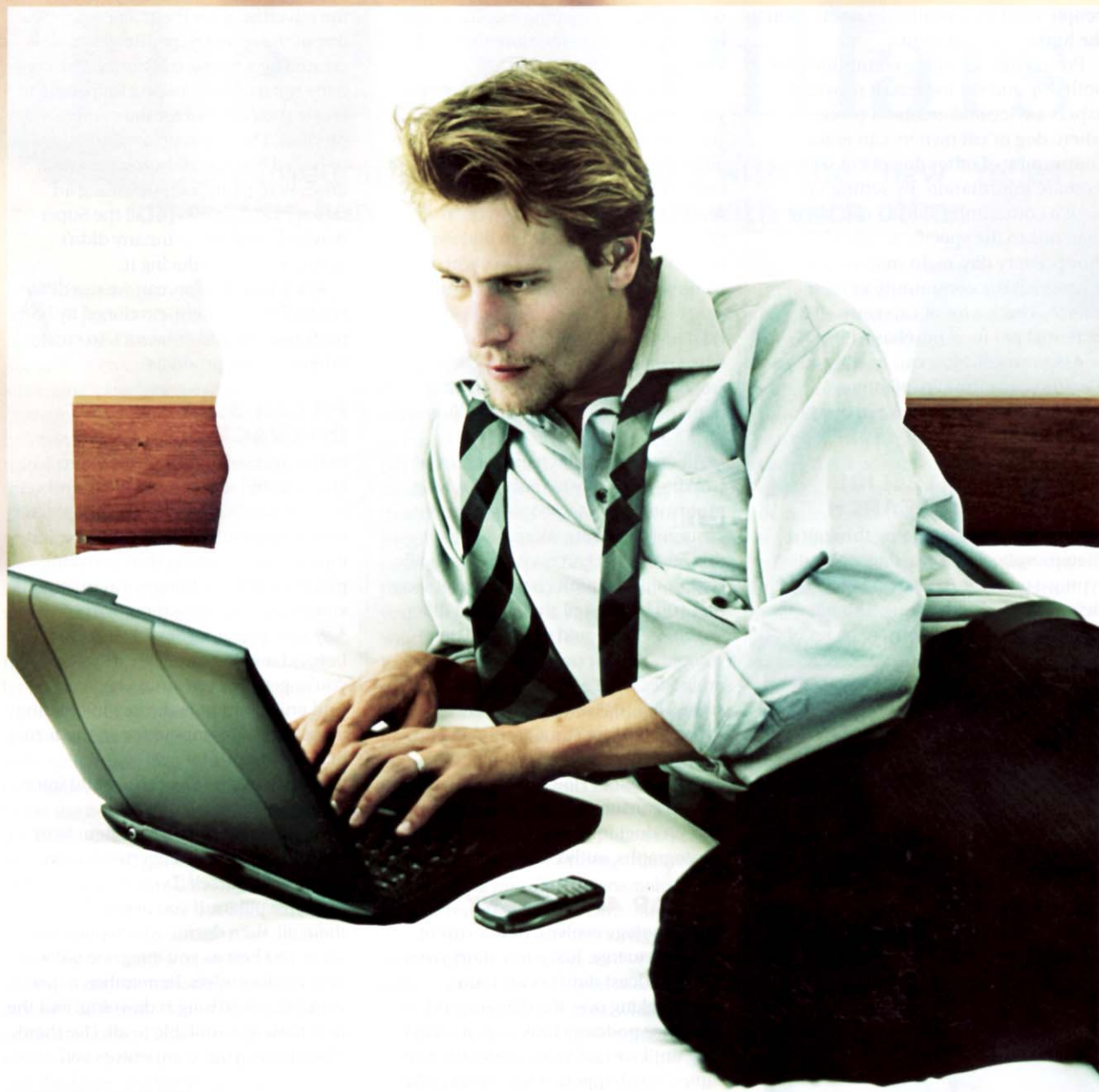


SPECIAL REPORT



The Power of Pay

Online shoppers who use online banking spend more than the average online shopper. Here's how merchants can capitalize.

A new industry study commissioned by MODASolutions reveals a direct correlation between online shoppers and online bill payers. The study found that 50% of consumers who shop online also pay bills online—and they spend 117% more than the average online shopper.

The survey, conducted by J.C. Williams Group, uncovered several compelling connections between paying bills online and shopping online. First, people engaged in online bill payment spent an average \$1,060 in eCommerce over the previous six months.

This was approximately double the industry norms (\$488) from a prior J.C. Williams survey. In addition, heavy bill payers—those who paid bills online 19 or more times in the past six months—spent an additional 34% more over the same time period versus the study average (\$1,423).

Even more telling is the psychological makeup of these consumers. Eighty percent indicated that the availability of “a safe and secure online payment option” is the most important factor when shopping online.

It turns out that the transaction benefits these consumers have come to expect from online banking are ones they want from eCommerce. Seventy-six percent of those surveyed expressed interest in alternative payment methods that let them pay for eCommerce purchases through the online bill payment portal offered through their financial institutions.

Online banking bill payment application extended to the checkout can energize consumers to shop, spend, and repeat online purchasing. Payment options such as MODASolutions’ eBillme leverage banking’s reliable infrastructure to make eCommerce easier, safer, more lucrative, and more attractive to the 50% of consumers who shop and bank online.

These consumers regularly use online banking to check balances, transfer funds, and pay bills because they prefer its security, trustworthiness, convenience, and speed. The next step: transferring this comfort level and tech

savvy to online shopping, where they can pay from available funds, while keeping financial information private.

Merchants who provide online banking options at the checkout can profit from this emerging online shopper/bill payer segment. And while e-tailers have historically been cautious about implementing non-credit card payment options, they now can lean on online banking’s proven infrastructure to facilitate electronic cash transactions.

Here’s how the online bill payment alternative payment process works. When completing a purchase, consumers select the payment option, such as eBillme, at checkout. An electronic bill, or eBill, from their merchant is presented online and a copy is sent to their e-mail address.

Consumers then log on to their online bank, and pay the merchant the same way they pay any other bill. The payment is sent directly from their bank account to the merchant’s. This private bank-to-bank transaction means sensitive information is never exposed over the Internet, and without incurring debt for the shopper.

The desirable customer demographic is already in place. According to the survey, 50% of the U.S. online buyer population made at least one online bill payment in the previous six months.

That’s hardly surprising, considering that online banking now boasts 84 million online users, and is forecasted to reach 110 million by 2010. This expanding use is a testament to the banking system’s reliability and efficiency.

That’s why it makes sense for online merchants to partner with payment providers who have established relationships with financial institutions, and take advantage of their existing infrastructures. Banks have designed, developed, and invested billions into secure online banking—not to mention marketing and promoting it—and have added double authentication processes to further protect consumers’ cash.

Interviews with merchants who extended online bill pay to the checkout such as eBillme consistently reveal measurable results. They attract more

customers to their sites, increase average spending, and convert more Web site visitors into sales. They also receive more first-time buyers and greater repeat business because of the increased checkout security and debt management.

Online bill pay extended to the checkout also provides merchants with cost savings and brand reinforcement. Transaction fees are typically lower than credit cards. Chargebacks and NSF’s are eliminated. Payments are guaranteed, as consumers are authenticated by their own banks, paying with available funds from checking or savings accounts.

Best of all, implementing alternative payment options is a reliable, professional, and cost-effective way to augment an online business without breaking the piggy bank. Adding online bill payment as a payment option requires a brief, straightforward integration period. Vendors provide merchant services and support throughout the life of the contract.

In the end, featuring online bill payment alternative payment options at checkout is a win-win for everyone involved. Consumers benefit from a familiar, secure way to shop online. Financial institutions benefit from increased transactions through their online banking platforms.

And the e-tailers who connect these two groups reach a highly profitable, largely untapped market. By bringing them to the table, merchants of any size increase order values, reduce costs, and widen profit margins—eCommerce’s ultimate goal.



►► Marwan Forzley is the founder and CEO of MODASolutions the creator of eBillme, formerly SECURE-eBill, a payment option that enables consumers

to shop online and pay directly from their online banking accounts. Marwan is respected as an expert in alternative payments, articulating the evolving dynamics of the industry with major publications including: *Internet Retailer*, *Forbes*, *Business Week*, *American Banker*, *The Associated Press*, *CNN Radio* and *eCommerce Times*, among others.