



What Benefits Does BOC Have for Merchants?

The National Automated Clearinghouse Association (NACHA) estimates that the banking industry could save \$320 million during the first five years of BOC adoption due to its processing efficiency. Check conversions are estimated to save the banking industry between \$0.03 and \$0.05 for every check converted to ACH debit, according to NACHA.

Originators would also reduce their expense for equipment because MICR readers would only be needed in the back office for end-of-day capturing rather than at each checkout register. This simultaneously reduces the amount of time spent training cashiers on this equipment. Additionally, checkout time could be expedited because authorization of BOC conversions is posted by a sign at checkout and on the consumer's receipt. Cashiers will not need to obtain consumer signatures for back-office conversion of checks. BOC can also reduce losses from returned checks, reduce banking fees, and decrease transportation costs (e.g., armored car expense.) Similar to remote deposit, BOC allows *Originators* to select the least-cost processing option.

Other benefits to BOC *Originators* include allowing originators to convert check payments to ACH debits under a more controlled environment (the back office,) thereby speeding up returns, improving collections, and accessing best-clearing options. Performing the conversion in the back office reduces implementation barriers and allows processing requirements to be closely aligned with other remote deposit processing options.¹

When *ODFIs* begin considering which *Originators* may be most likely to implement BOC, a good place to start is a list of the institution's corporate customers. From there, the list could be segmented to identify customers already using another form of check conversion, especially those using POP. If *Originators* are already using check conversion, BOC will be a much easier sale because they are familiar with the process and benefits that a new form of check conversion can offer.

For those customers not already converting checks to ACH debits, *ODFIs* may still want to schedule discussions to explain the benefits BOC can bring to their businesses. Likely candidates would include retail stores such as big box, grocery, department, hardware, or similar stores. The key is to identify *Originators* selling to retail consumers where the amount is \$25,000 or less. Customers falling into this category will likely focus on cost and ease of implementation, so *ODFIs* should come prepared to address such questions.

ODFIs can start talking with corporate customers now to gauge merchant interest in BOC. Starting the discussion by sharing the business case for BOC is a good way to encourage corporate customer participation. Once *Originators* make the decision to implement BOC, they will likely look to their *ODFIs* to be their primary source of education. *ODFIs* should be ready to prepare *Originators* to comply with the *NACHA Operating Rules*.

¹ 2007 ACH Rule Changes, page 3.