



Checks And Your Business Customers

by [Steve Brown](#) Topics: [business customers](#), [payments](#)

Summary: In the business world, checks have been the preferred method of payment for eons. That is definitely changing. How to prepare your business customers.

If you go to the Urban Dictionary you will see that the term "check this out" originated in the 1960s or 1970s to mean "this is so cool you have to look at it." In a more updated version, we note one kid overheard saying, "check it out dude, this is what we should do" to another kid, really just means, "listen, this is what we should do."

Any derivation of the word "check" in the banking or business world means something else completely. In the business world, for instance, checks have been the preferred method of payment for eons.

While checks still account for [51% of B2B payments](#), check usage has fallen by 30% since 2004 as the rise of electronic options are changing the payables landscape. It's now projected paper checks will be overtaken by electronic payments by 2020.

In 2003, Americans wrote roughly 36B paper checks, but nearly a decade later, that number fell to 18B. Given the ever-increasing pace of business operations, faster payments are becoming progressively more important to a company's bottom line. Knowing that, community banks will want to leverage their cultivated relationships with business customers to assist them in the evolution from paper to electronic payment.

Many small-to-medium businesses (SMBs) still accept checks (as well as cash), and often do not accept some card payments (because of interchange fees). Credit and debit card transactions carry a 1% to 4% transaction fee, with an additional 10 cents to 30 cents per transaction, [according to All Business](#). Since paper checks have almost no interchange fees, they let SMBs keep more profit and better manage their float too.

But, as more retail and business customers embrace card and digital payment methods, business customers are expanding their payment acceptance beyond traditional paper-based means. For community banks that want to support business here, consider these suggestions to support their payment evolution:

Help them understand that checks are on their way out. The use of paper check payment is decreasing by 4% or more per year among consumers and businesses, according to the FDIC. While many more traditional or older customers still favor check payments, their usage is dwindling. If a business is planning for the long-term, it needs to consider how customers will be paying now and in the future.

Offer the option of electronic checks. For online businesses, e-checks reduce the online shopping cart abandonment and offer an alternative to cards. According to a First Data, having at least three checkout options increases completed transactions by 9%. E-checks are popular with people who are afraid of giving out credit or debit cards numbers online due to possible identity theft.

Help customers understand the cost of paper checks. [Businesses lose from \\$4 to \\$20](#) each time they need to process, cut and mail a paper check. Yet, half of businesses still pay bills with paper checks, and 48% of SMBs still do not utilize direct deposit. Clearly more education here is needed, so keep it rolling to capture and keep more customers.

ECONOMY & RATES

Rates As Of: 06/21/2019 12:15PM (PDT)

Treasury	Yields	MTD Chg	YTD Chg
3M	2.11	-0.23	-0.25
6M	2.05	-0.29	-0.42
1Y	1.94	-0.26	-0.65
2Y	1.79	-0.13	-0.69
5Y	1.81	-0.10	-0.70
10Y	2.06	-0.06	-0.62
30Y	2.57	0.01	-0.44
FF Market	FF Target	Fed Disc	
2.37	2.50	3.00	
SOFR	Prime	Unemp	
2.36	5.50	3.60	

[More Market Rates](#)

BANK NEWS

More Women

[Korn Ferry reports](#) a 4% YoY increase in the number of women over 55Ys old who were working in February, now making up 34.3% of the US work force. This is a 10Y high and shows that, despite a tight labor market, this is one area of opportunity perhaps for community banks adding staff.

Digital Assistant

[Bank of America's digital assistant](#) known as "Erica" has surpassed 7mm users, completed more than 50mm customer requests and is adding about 500,000 new customers per month. Community bankers should take note, as it appears this sort of banking is becoming much more normal to more people (so human to human contact may slowly decline).

Data Difficulty

IBM's SVP of cloud and cognitive software told an audience at The Wall Street Journal's Future of Everything Festival that 80% of the work for a given artificial intelligence (AI) project is collecting and preparing data. He said companies frequently underestimate the cost and work associated with collecting and cleansing data.

HEDGING SERVICES FOR COMMUNITY BANKS

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