

Cash & Checks + Alternative Options

Cash

Typical Transactions

Higher volume / lower dollar value
Frequent / fast / on-the-spot (i.e., retail)
From individuals (in person)

Pros

Provides customer convenience / logistics

Cons

Requires manual controls - safeguarding, separation of duties, frequent deposits, etc.
Requires change fund
Not traceable

Typical Transactions

Lower volume / higher dollar value
Less frequent or known / set frequency (i.e., monthly or one-time payments)
From individuals or businesses

Pros

Traceable - Can be deposited remotely through use of Remote Deposit Capture

Cons

Requires manual controls - safeguarding, separation of duties, frequent deposits, etc.

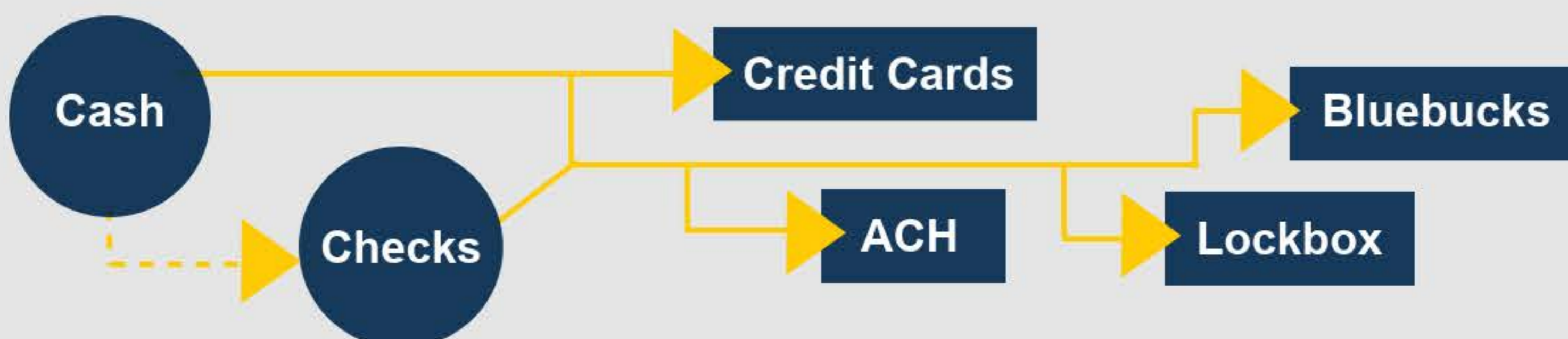
Key Takeaways

- Both cash and checks require labor intensive, manual controls - in some cases for small dollar amounts
- Checks offer some advantages over cash - traceable & can utilize Remote Deposit Capture
- Strong controls are required - as a public institution receiving funds from multiple external stakeholders



Questions to Consider

- 1) Do you have to accept cash (i.e., could you just accept checks and/or credit cards?)
- 2) If you accept checks, do you utilize Remote Deposit Capture?
- 3) What are the other payment options? How do they work and would they meet your needs?
- 4) Does it make sense to change business processes to potentially accommodate different methods?



See Reverse Side for Descriptions of These Alternative Payment Options

NOTE: Per SPG 501.05, SSC-Accounts Receivable is used for all general receivables not handled by another central receivable system unless they receive an exception approval from the appropriate senior University official.

Credit Cards



Typical Transactions

Both high / low volume & high / low dollar value

Point of sale / Real time receipt of payment

From individuals

Pros

Provides customer convenience (in person/online/telephone)

Electronic / System-to-system - Less manual risk

Cons

Must maintain PCI compliance (protect customer information)

Requires safeguarding, separation of duties, etc.

Initial setup cost (varies depending on type of device)

Credit Card transaction fee (typically about 2%)

***NOTE:** The SSC now accepts Credit Card payments for eligible transactions.
Contact the SCC to find out more information*

Description

Funds are electronically transferred from a personal/business bank account to U-M. Treasury can set up an agreement to electronically **push or pull funds** depending on the circumstances.

Best for regularly scheduled (multiple) payments from a set population with known dollar value

Pros

Electronic / System-to-system - Less manual risk

Pull: U-M controls timing & amount of payment

No fees to department

Cons

Push: Customer controls timing & amount of payment

ACH



Description

Customers mail payments directly to a 3rd party bank who collects and deposits the funds on the department's behalf.

Best for frequent / high volume payments.

Pros

Eliminates departmental controls regarding safeguarding of cash/checks

Cons

Expensive - typically requires high volume to justify the cost

Lock Box



Description

The campus currency at the University of Michigan. Used mainly for on-campus dining, books, & fan gear but can be accepted by any U-M department that purchases the appropriate hardware.

Pros

Electronic / System-to-system - Less manual risk

Customer convenience - Refundable & Easy to Use (can be funded through student's account, online with a credit card, or in person with a credit card/cash)

Cons

Limited customer base - Individuals must have a valid M-Card to use Blue Bucks
Initial Hardware cost of \$1,430 + Annual Licensing fees of \$1,035 (Reviewed Annually)
3.5% transaction fee on every purchase

Blue Bucks



For more information on utilizing Credit Cards, ACH, or a Lockbox, email treasury@umich.edu or call (734)763-1299

For more information on accepting Blue Bucks, email bluebucks@umich.edu or call (734)764-3000