## 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

### Checks

**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?

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

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**ACH**

**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

**Lock Box**

**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

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

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**Blue Bucks**

**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

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