



WHITE PAPER

# **The Instant Money Opportunity** Too Many Banks Overlook

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Learn how immediate funds increase sales and capture more customers

November 2017

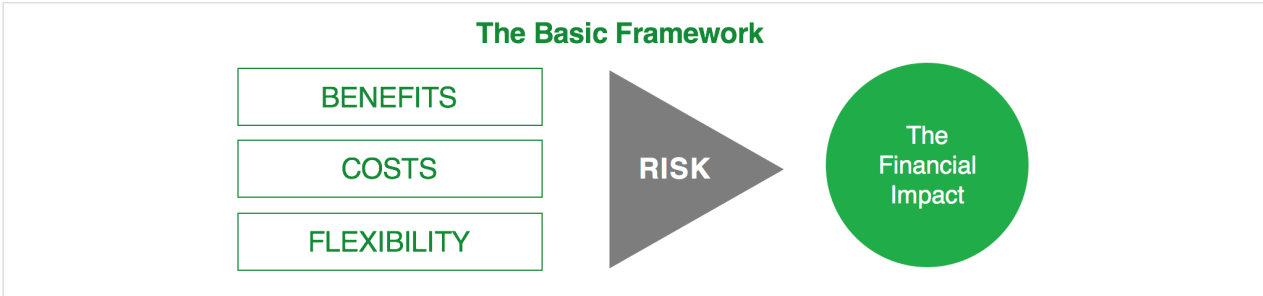
Banks have never faced a more challenging and competitive environment than they do right now. First, there are the strong generational trends underway that have many consumers shying away from the traditional banking experience.

Then there are the business and regulatory pressures that are forever increasing banking transaction costs. And, certainly, technological trends have changed peoples' perceptions and relationships with money, including prepaid products and services, peer-to-peer lending, online wallets, and mobile adoption that move at web speed.

The impact is certainly showing in the numbers with estimates that annual bank transactions are declining by 5 percent. Fortunately, banks are still in a position to succeed. While some banks view this demographic and tech-driven disruption as nothing but a threat, other banks see opportunity. In fact, mobile trends, new APIs, and risk-management strategies are powering one of the most rapidly growing areas for banks to increase revenue and grow customers — instant digital funding.

Forrester Consulting was recently commissioned to assess how immediate funds availability can actually boost a bank's bottom line. In the sections below, we examine Forrester Consulting's Total Economic Impact (TEI) study that explored how instant funding — or instant money — benefited a large bank that provided instant-money services to existing and non-bank customers.

### Total Financial Impact Approach and Methodology



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## What every bank needs to know: Forrester's Instant Money Total Economic Impact Study<sup>1</sup>

For its study, Forrester Consulting interviewed a large U.S. bank with about 20,000 employees and 1,500 branches within several states. The analysis examined the customer and revenue results from a new instant-money service that the bank deployed.

Previously, when it came to immediate funds availability services, this bank offered only traditional check deposit and check cashing for its existing customers. The Forrester Consulting study explored how the bank's results improved with the availability of immediate funds for cashed checks, and provides a framework by which other banks can evaluate the potential financial impact from offering their own instant-money services. About one-quarter of the bank's employees are bank tellers, and it makes available thousands of ATMs as well as a mobile channel.

The bank sought to provide safe to spend funds that would help strengthen existing customer relationships and acquire customers from new markets who needed or simply wanted instantly available money. The bank also sought to better serve SMBs and millennials who use banks less than previous generations and expect instant access to their money. Finally, the bank aimed to stay on current trends and outrun the continuing decline of paper checks.

*“There was a lot of discussion about customers who need instant money to meet their daily needs; we saw an opportunity to help them,”* says the services senior vice president at this bank, who adds that the bank was driving customers away by sticking to only traditional methods.

Instant funding helped the bank to better serve these otherwise lost customers.

*What did Forrester Consulting find?*

<sup>1</sup> The Total Economic Impact™ Of Ingo Money, a commissioned study conducted by Forrester Consulting on behalf of Ingo Money, August 2017

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## Forester’s Findings: increased revenue, higher margins, and more new customers

Forrester found that simply speeding the access to cash — by making it immediate — had a profound impact on customer behavior and revenue. Surprisingly, all types of customers soon opted for instant check-cashing services — that’s instant access to their money in exchange for a small percentage of the check amount.

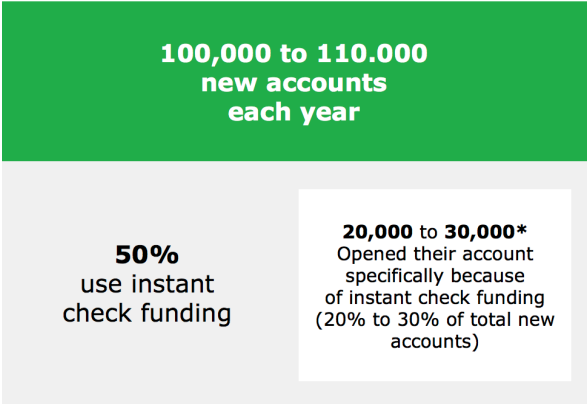
The service the bank chose to use supports and guarantees most every type of check, including pre-printed payroll, government, personal, and two-party checks. Additionally, the service supported all channels and any check amount. The service provided access to instant money to existing bank customers and non-customers alike.

The results Forrester Consulting quantified stand on their own, with a risk-adjusted, three-year net present value (NPV) of nearly \$47 million:

	<h3>NEW SERVICE INCOME</h3> <p>New revenue stream from instant check cashing fees</p>	<ul style="list-style-type: none"><li>• <b>\$25.5 Million, 3-year PV</b></li><li>• <b>90% check approval rate</b></li><li>• <b>Check cashing across all channels:</b> branch, ATM, drive-in, and mobile app</li></ul>
	<h3>NEW CUSTOMER INCOME</h3> <p>Net new accounts opened due to instant check cashing</p>	<ul style="list-style-type: none"><li>• <b>\$21.2 Million, 3-year PV</b></li><li>• <b>20,000-30,000 new accounts</b> opened each year because of Ingo Check</li></ul>

The bank earned \$25.5 million incremental fee revenue (risk-adjusted present value over the three-year period).

The bank also earned incremental revenue of \$21.2 million (risk-adjusted, three-year present value) from new customers from the instant check-cashing service. Surprisingly, a good percentage of the revenue was not only from check-cashing fees, but from new customers who chose to partake in the bank’s additional products and services. Interestingly, going forward the regional bank Forrester Consulting studied estimated that every year 22,000 to 30,000 new customers will open a banking or prepaid card account following use of the new bank’s instant check-cashing service.



Metrics	w/ Ingo Money
Avg. annual income from checking account*	\$210
Total income for the bank	\$21.2 million (3 yr PV)

\*The ratios of total new accounts, those that use Ingo Check, and those that opened their accounts because of Ingo Check

**The message there is clear:** immediate funds availability proves to be an excellent cross-selling opportunity.

In conclusion, Forrester found the more options the bank provided, the better it served its customers by simply being able to give them the services they needed when they needed them, including traditional check deposits, instant check deposits, and/or immediate funds availability. Forrester also found that the bank became known among customers for its services, who then more readily provided referrals to new previously unreached markets for its services.

*“Customers who have opted for instant check cashing come from all walks of life and income levels and use various financial services,”* the Forrester TEI study found.

In the next section, we’ll take a look at the service behind the bank’s success, Ingo Money, and how Ingo Money transformed the bank’s traditional check-cashing services — and its one to seven day waiting period that created frustration and cash flow troubles for some customers — into an instant-money service that won new customers and increased the bank’s profitability.



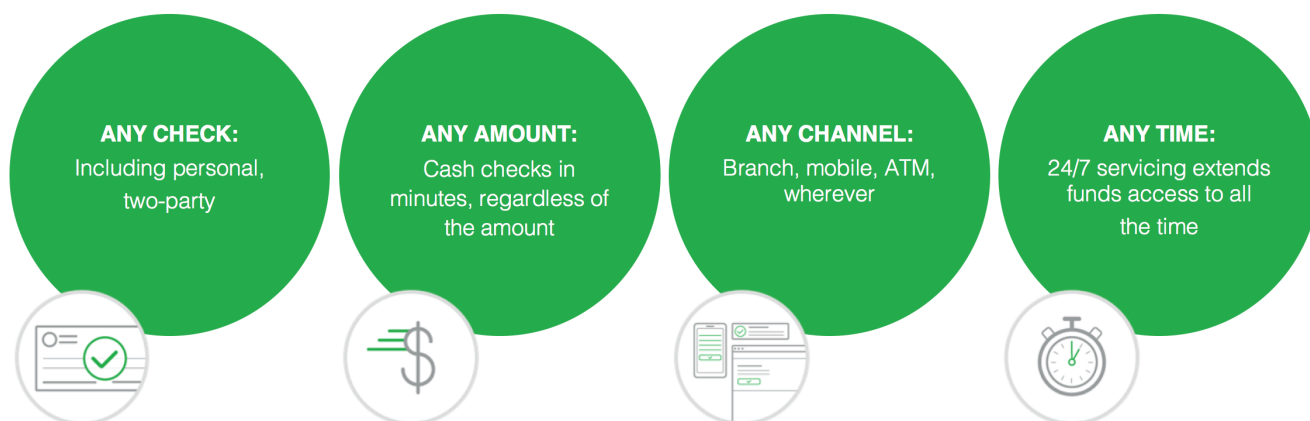
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## Ingo, the proven, turnkey platform for instant money as a service

The bank made the instant-money service available to existing bank and nonbank customers alike. Ingo Money is the instant-money company. Founded in 2001 with a mission to digitize the paper check, Ingo Money's push-payments technologies enable businesses, banks, and government agencies to instantly disburse safe-to-spend funds to more than 4.5 billion consumer accounts. Ingo Money is powering the instant-money economy, from any source to any destination.

Ingo Check enables financial institutions to turn their customer's paper checks into instant, guaranteed funds immediately available to pay bills, make purchases, or withdraw at an ATM. This service builds customer loyalty and increases satisfaction because it eliminates the annoying delays and risks associated with traditional check deposits. Today, banks are using Ingo Check to earn incremental revenue through fee-based check cashing and instant-deposit services offered on their existing mobile, branch, and ATM services.

Ingo Money underwrites and assumes the risk for all approved checks and guaranteed funds — all in a matter of minutes:



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## Conclusion

The stark reality is that banks have never faced a more challenging environment in customer acquisition or customer satisfaction than they do today.

Fortunately, the same trends in technology that are changing peoples' perception of money and relationships with banking institutions — prepaid products and services, peer to peer lending, online wallets, and mobile apps — are also creating opportunities for banks to compete.

Ingo Check is one such technology. Ingo Check enables financial institutions to turn their customer's paper checks into instant, guaranteed funds that are immediately available for customers to use as they need to pay bills, make purchases, or withdraw at an ATM. Today, more and more banks rely on Ingo Check to earn incremental revenue through fee-based check cashing and instant-deposit services offered on their existing mobile, branch, and ATM services.

### Why Ingo?



#### REGULATORY COMPLIANT

Acquiring and settlement bank sponsorship, compliance controls built into a regulatory-compliant, mature platform



#### RISK MANAGEMENT

Multivariate user authentication, account verification, transaction validation, supported by 24/7 transaction and system monitoring



#### REDUNDANT REACH

Independent, multi-network connectivity to nearly any debit, prepaid, or credit card, mobile wallet and cash pick-up location



#### ROUTING INTELLIGENCE

Intelligent BIN routing and automatic re-routing via alternate connections minimize transaction failures and maximize speed



#### RECONCILIATION & SETTLEMENT

Reconciliation is simplified through cross-party reconciliation services and a single, integrated pre-staged settlement process



#### RESEARCH SERVICES

End-to-end transaction processing visibility and support for customer servicing and dispute resolution

**To learn more about Ingo, visit [ingomoney.com](http://ingomoney.com) today.**