

Case Study: Ebiling Simplified

Ebiling is about to get a whole lot simpler. And the benefits of SAML are about to become way more prominent.

NACHA, The Electronic Payments Association (formerly the National Automated Clearing House Association), has developed a pilot to demonstrate a bank-centric solution for electronic bill presentment and payment (EBPP). NACHA's pilot uses existing systems infrastructure and is very user-as well as bank-friendly.

It's called EBIDS (Electronic Billing Information Delivery Service) and, if all goes as planned, it will be introduced to the general public in second quarter 2008.

Most exciting is that EBIDS will deploy a federated model and SAML 2.0, so that when a bank customer is on a banking Web site and wants to see their phone bill detail, they will be able to access that bill detail via federation.

"The vision for EBIDS is to develop standards that make ebilling/payment as easy as Direct Deposit," said Robert Unger, Senior Director of Electronic Commerce at NACHA. "A key part of the plan is leveraging industry standards like SAML to promote interoperability."



"The vision for EBIDS is to develop standards that make ebilling/payment as easy as Direct Deposit. A key part of the plan is leveraging industry standards like SAML to promote interoperability."

Robert Unger

Senior Director of Electronic
Commerce, NACHA

NACHA's Role in Financial Services

As an organization that develops electronic solutions to improve the Automated Clearing House (ACH) payment system in the United States, NACHA's reach is huge. NACHA currently represents more than 12,000 financial institutions through direct memberships and a network of regional payments associations, and 585 organizations through its industry councils.

"NACHA develops operating rules and business practices for the ACH Network and for areas like electronic payments in the areas of Internet commerce, electronic bill and invoice presentment, and payment and EDI," said Unger. "We're continually looking at ways to raise the bar and deliver a higher quality product."

EBIDS is one of NACHA's key initiatives for 2008. According to Unger, the pilot is commencing with a nationally prominent telecommunications company, two Top 10 banks, as well as a smaller/regional bank to demonstrate the applicability across banks of different sizes.

According to Unger, post-pilot, his team will present results to the NACHA board, and, based on a favorable review, likely seek approval for new ACH rules to codify the process (the NACHA Operating Rules govern the use of the ACH).

Key Facts

- **Organization:** NACHA
- **Location:** USA
- **Solution:** New standards for ebilling/payment
- **Launched:** March 5, 2008
- **Multi-Protocol Support:** SAML 2.0
- **Key Features:** Federated model promotes interoperability; Secure and private; Single sign-on

Taking Back Billing

Electronic billing in all of its incarnations—presentment, payments, invoicing—has taken its share of lumps in one form or another over the past couple of years, particularly from critics who say bank-owned or -operated electronic billing platforms lag behind non-financial ebillers. So far behind, in fact, that consumers have begun to associate Internet bill payments with companies outside of financial services.

Several years ago, billers and financial institution service providers debated the benefits of the biller-direct benefit model (where a consumer sees and pays bills at the biller website), vs. the benefits of a consolidate service (where a consumer sees and pays bills at a third party Web site). Now, both billers and financial institutions are vested in increasing ebill and epayment adoption, regardless of the channel.

That's where EBIDS comes in. "The goal of EBIDS is to enhance the customer's ebilling and payment experience by extending the ability for financial institutions to provide a 'one-stop shop' approach to managing personal finances," said Robert Unger. "Through EBIDS, the intent is to be able to provide more ebills at a single site, very much like your mailbox at home for paper bills."

Security and Privacy: Market Drivers

From a security and privacy perspective, the timing couldn't be better for EBIDS. The statistics say it all:

50% of U.S. Internet users avoid making purchases online, afraid financial information may be stolen (CyberSecurity Alliance Research 5/06).

Nearly half of consumers avoid online Bill Pay due to security concerns (comScore Networks, cited in American Banker 4/20/06).

"Consumers expect total convenience as well as stringent privacy safeguards from their financial institutions," said Britta Glade, Director of Marketing, Liberty Alliance. "EBIDS, through its use of industry standards like SAML, makes that safety and convenience balance a market reality and competitive differentiator."

THE EBIDS BREAKTHROUGH

Bill delivery: The ACH is an interoperable, rules-based, secure network that can provide a ubiquitous bill delivery/payment channel to thousands of FIs and millions of businesses.

Bill payment: The ACH credit model is a low-risk, low-cost option that eliminates non-electronic payments and user-based exceptions from online banking when coupled with bill presentment.

New revenue paradigm: EBIDS proposes a business model for banks to be compensated for enrolling consumers and presenting consumers' bills, and provides a least-cost routing option for payment.

FINANCIAL SERVICES ORGANIZATIONS WILL BENEFIT IN A NUMBER OF WAYS

- EBIDS supports online banking: lowers attrition, increases account balances, increases cross-sell, lowers service costs
- EBIDS leverages ACH Network for enrollment, presentment, and payments
- Lowest cost channel and best potential reach
- Uses industry standards—NACHA rules
- Non-proprietary
- Provides compensation to consumer's financial institution—new revenue stream
- Enables a more direct working relationship between biller and banks for EBPP
- New revenue opportunity for bill delivery/remittance services
- Existing infrastructure use—costs to support this channel have increased in the areas of authentication and security (FFIEC Guidance)
- Customer relationship can be leveraged
- Grow the eCommerce "pie" and enable new online transactions
- Take a leadership role in privacy

The Specifics: How EBIDS Works

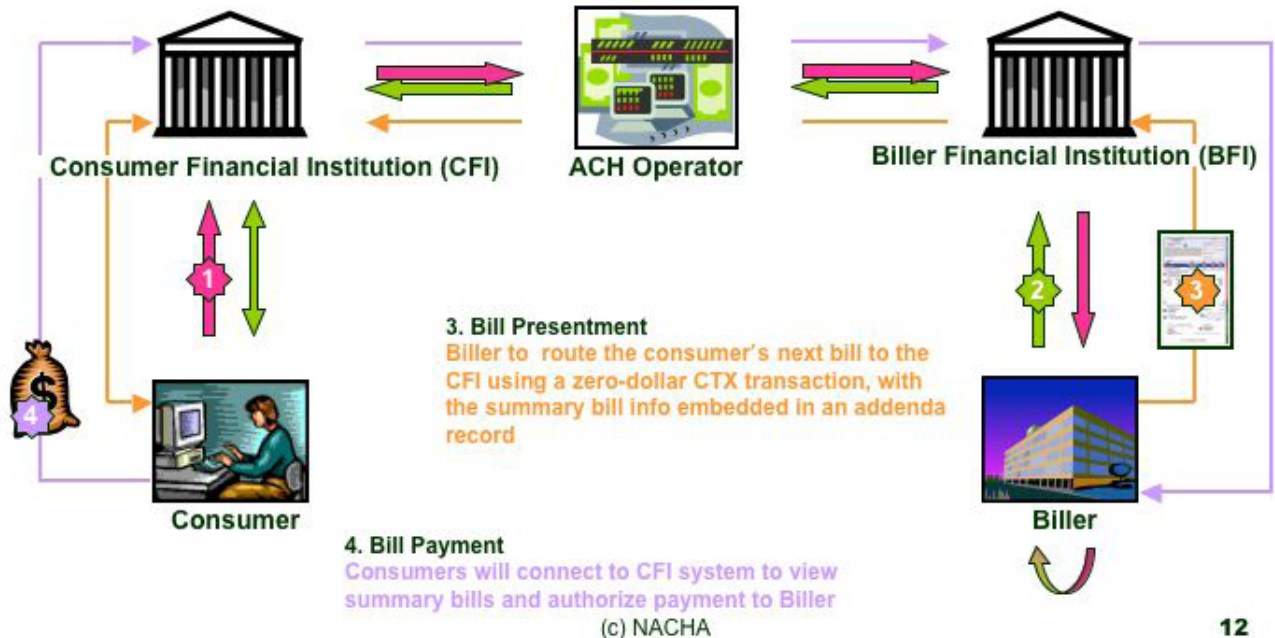
EBIDS Summary Process Flow

1. Enrollment

Consumer enrolls through CFI to receive summary bills from Billers via ACH using ENR

2. Acknowledgement

Billers need to acknowledge EBIDS enrollment requests. Biller confirms/rejects an enrollment using the ENR entry



In the EBIDS process, billers will deliver ebills to consumer financial institutions and receive corresponding credit payments—with appropriate remittance—all through the ACH Network. EBIDS offers a crucial new revenue paradigm both as an incentive for consumer financial institutions (CFIs) to participate, and also to further enhance the value of the online banking channel.

“With any new offering, being able to show ROI is important,” said Liberty’s Britta Glade. “The beauty of EBIDS is that it is not only improving the customer experience through single sign-on, but it’s making it financially viable for banks to step to the plate and adopt this technology.”

Benefits to Consumers

- Privacy of information – financial account information remains with financial institution
- Consumer remains in control of account and timing of payment
- Convenient access to more bills; bills are consolidated at one site
- Access to bill detail through single sign-on

The EBIDS Process Is Straightforward

- A consumer enrolls for ebill via Internet banking with his or her bank
- Biller (via a bank) sends summary billing information/remittance data in an ACH addendum record with a URL that provides access to bill detail
- ACH Network serves as “switch” and delivers summary bill information to the consumer’s bank
- Consumer’s bank provides billing information to consumer via Internet banking system
- Consumer authorizes credit payment, which is transacted through normal ACH processes with remittance data
- Consumer clicks to “view bill” on the consumer FI site, then receives bill detail from the biller site
- SAML is a message protocol for passing the consumer FI credential to the biller, without requiring the consumer to log in with the biller
- Assertions are exchanged behind the scenes and consumer can engage in single sign-on

“Most consumers are fine with just receiving summary bill information, like when the bill is due and how much is owed,” said Robert Unger. “However, if you need to really see the number of calls and text messages that your daughter made on your cell phone plan last month, EBIDS can facilitate that inquiry for you in the session with your bank.”

Benefits to Enterprises/ Organizations

- Meets preference for multiple channels
- Increased adoption
- Reduces unapplied payments
- Guaranteed funds
- No administrative returns
- Accelerated posting of payment
- Cost reduction
- Improved customer experience

Accessing Full Bill Detail: SAML in Action

- Consumer clicks to “view bill” on the consumer FI site, then receives bill detail from the biller site
- SAML is a message protocol for passing the consumer FI credential to the biller, without requiring the consumer to log in with the biller
- Accomplished through the exchange of assertions and seamless to the consumer
- Result: a “single sign-on”

About Liberty Alliance

Liberty Alliance is the only global identity organization with a membership base that includes technology vendors, consumer service providers and educational and government organizations working together to build a more trusted Internet by addressing the technology, business and privacy aspects of digital identity management. The Liberty Alliance Management Board consists of representatives from AOL, BT, France Telecom, Intel, Novell, NTT, Oracle and Sun Microsystems. Liberty Alliance works with identity organizations worldwide to ensure all voices are included in the global identity discussion, and regularly holds and participates in public events designed to advance the harmonization and interoperability of CardSpace, Liberty Federation (SAML 2.0), Liberty Web Services, OpenID and WS-* specifications. More information about Liberty Alliance as well as information about how to join many of its public groups and mail lists is available at www.projectliberty.org.