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ePayments Corp. Prepared For Back-Office Check Conversion Rules
*Back-office conversion (BOC) to boost electronic check conversion
and streamline check processing*

DENVER—New rules allowing for the back-office conversion (BOC) of checks to electronic transactions will streamline the entire check transaction process. That’s according to Paul Lufkin, CEO of electronic payments processing and financial services company ePayments Corp. of Denver, Colo.

“Electronic check conversion is going to skyrocket,” said Lufkin, whose company has been preparing for the new rules for years. “BOC makes the whole conversion process easier and more efficient for financial institutions, merchants and check writers.”

The new rules, developed and issued by NACHA (www.nacha.org), The Electronic Payments Association, are effective March 16th, 2007. BOC allows merchants to collect all consumer checks accepted during the day and convert them into Automated Clearing House (ACH) transactions in the “back office,” away from the checkout lane—or point-of-sale (POS).

With BOC, for example, the need for a scanner at each checkout lane is eliminated, along with the need for cashiers to gain explicit consumer authorization to convert each check transaction. According to NACHA, POS transactions went from zero to 500 million between 2001 and 2006, and that number is expected to rise into the billions in 2007 with the advent of back-office conversion.

Lufkin said his company is well prepared for the new rules with its iSmart Check Processing System for intelligent and integrated check acceptance. The system can intelligently determine the most cost effective method to convert a check (using either ACH or Check 21 methodologies) and has the integrated ability to automatically collect bad checks or ACH transactions. And it’s now ready for back-office conversion in addition to its existing check processing capabilities for point-of-sale and manned bill payment locations.

Compliance issues also accompany the new BOC rules. Organizations accepting checks for back-office conversion must clearly inform consumers that their checks will be converted to an ACH payment, and – if applicable – that their non-sufficient funds (NSF) check will be collected electronically and that they will be charged an NSF fee, not to exceed the allowable state authorized NSF fee.

Businesses that don't comply can face serious fines and penalties, and ePayments offers Electronic Payment Compliance Assessments (EPCA) to help clients navigate the new payments landscape.

For consumers and businesses writing checks, Lufkin explained that it's important to understand that electronic conversion will reduce float time, and that it is possible to opt out of having checks electronically converted, but merchants then have the option of refusing to accept payment by check.

Electronic check conversion continues to be one of the fastest growing types of ACH transactions. NACHA recently reported that ACH transactions grew by 15.6 percent in the 4th Quarter of 2006 compared to a year ago, with more than 3.24 billion transactions worth an estimated \$6.75 trillion conducted during the quarter. In 2005, nearly 14 billion ACH electronic payments were made, with an estimated 2.3 billion checks converted into ACH payments.

About ePayments Corp.

Offering a complete range of merchant check and credit card payment processing and support services, ePayments helps businesses, schools, non-profits and government organizations who receive non-cash payment transactions to reduce their risk while increasing cash flow. Unlike the traditional support players (such as banks), ePayments has evolved the technologies and processes associated with accepting checking payments to reduce the costs required to process all forms of payment. The company provides the complete range of processing services, including electronic returned check collection (RCK), electronic check conversion (ARC) / (BOC), Check 21 (C21) conversion, check authorization, check guarantee, check-by-phone / Web (TEL / WEB), consolidated returns, Electronic Payments Compliance Assessments and credit card processing. For more information on ePayments Corp., call 303-486-0850 or visit www.epaymentscorp.com.

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