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Continuity

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INTRODUCTION

The COVID-19 Crisis has highlighted the importance of having an effective business continuity plan, and payments collection is a critical capability that must be evaluated within this plan. A payment business continuity kit can provide solutions that mitigate risks while preparing your business for the future. The payment business continuity kit is composed of solutions that are driven through self-service or e-commerce channels, PCI-compliant and secure, and accessible to your customers.

THE SITUATION

Does your business have an effective business continuity plan to deal with a crisis?

In regards to the COVID-19 response and as concerns continue to grow, business leaders across the country found their operations were woefully unprepared to effectively manage and maintain a healthy business environment, continue operations, and ensure the delivery of core capabilities and products to the market.

In March 2020, our economy was devastated by the impact of the COVID-19 pandemic.

- Over 90% of Americans are under government-imposed lockdowns or stay at home orders¹
- Within a 2-week timeframe, unemployment claims rose from 200K to 6.6M per week.²

In order to control the spread and threat of the Coronavirus, businesses were compelled to abide by the social distancing measures and CDC guidelines. Many businesses had to cease operation or temporarily close. Other business shifted to a work from home or distributive work environment.

This is the very shock or crisis that highlights the importance of having an effective business continuity plan.

The sustainability of a business is dependent on its ability to continue to deliver goods and services to the market and provide value to its customers and clients.

WHAT IS BUSINESS CONTINUITY MANAGEMENT?

According to the Institute of Internal Auditors, Business Continuity Management (BCM) is the process by which an organization prepares for future incidents or crisis that could jeopardize the organization's core mission and its short and long term ability to continue operations. A Business Continuity Plan or Crisis

¹ www.statista.com/chart/21240/enforced-covid-19-lockdowns-by-people-affected-per-county

² U.S Department of Labor, March 28, 2020

Management Plan (CMP) provides a consolidated portfolio of activities that consist of preventive and reactive measures that, when executed, effectively mitigate or manage the risks created by the crisis.³

In order to continue operations, important considerations related to your financial risks should be assessed. Financial considerations to consider include how will you maintain liquidity, how will you continue to receive payment for services and goods provided, and how will you do it securely.

WHAT IS A PAYMENTS BUSINESS CONTINUITY KIT?

Effective CMPs include measures that address payments collection in a secure manner while in a distributive work environment. In order to address and mitigate risk associated with a crisis, payments capabilities must be secure, compliant, and accessible to your customers.

RISKS:

- 1) Can your business collect payment without employees in the office?
- 2) Can your business maintain a payment collection capability with a fluctuation in employee availability during a crisis?
- 3) Are you dependent on in-person interactions to capture payments?
- 4) Is the manner in which you collect payment safe for employees?
- 5) Can employees collect payments from home offices or secondary locations?
- 6) Is your technology stack structured to securely process payments in a distributive environment?
- 7) Is your payment capture methods PCI compliant?
- 8) Are your customers able to access your payment solution?

CONSIDERATIONS:

Self Service

Self-Service options provide a payment solution capability to businesses that allow the collection of payments with or without employees in the primary office. As needed in today's current environment, no physical interaction is required between the business and customer⁴. Self -Service options are incredibly

³ Business Continuity Management Practice Guide, Institute of Internal Auditors

⁴ Roger Huang, "WHO Encourages Use Of Contactless Payments Due To COVID-19." Forbes, March 9, 2020, <https://www.forbes.com/sites/rogerhuang/2020/03/09/who-encourages-use-of-digital-payments-due-to-covid-19/#6da653ad41eb>

beneficial when onsite work is restricted and remote work must consider any licensing requirements and compliance⁵. Examples of payment solutions that provide self-service capabilities include:

- Third-Party Provided Online Payment Portals
- API Integrated Payment Gateways (within your online portal)
- Interactive Voice Response Phone Systems
- Mobile Payment Applications
- Text and Push Notifications

PCI and Security

In a work from home environment, businesses must ensure appropriate controls are in place to mitigate inherent risks associated with a distributive network, exposure of Payment Card Industry (PCI) data, and regulatory mandates. In addition to federal regulatory guidance, some states have imposed restrictions on how and where employees may collect payments and payment-related information. These consumer protection laws attempt to reduce the risk of data breaches and implement controls that ensure payments are captured in a secure manner by limiting payment collections to a primary office. The primary office policy intends to provide effective protocols that establish clean desk procedures and limit accessibility to financial information.

From a PCI perspective, PCI-DSS standards have defined how businesses can handle card information in a secure and compliant manner. PCI security standard council highlights a capability called Tokenization. Tokenization replaces payment card information with a token or randomized set of information. If the token is compromised, they are useless and therefore reduce the incentive for criminal data breaches. Tokenization essentially allows a business to avoid storing PCI data.⁶

To explore self-service options further, PCI-DSS provides guidance on the advantages and disadvantages of these methods. Self-service ultimately leads to e-commerce and card, not present payment collection. When considering whether to build your own payment portal, redirect to a third-party payment portal, or integrate with an API, one first must evaluate the risk of each.

When building your own payment portal, you maintain all the risks but control the end-to-end experience. While dependency on a third-party provider is reduced, the business is vulnerable to additional risks as card information is stored on their systems, and security breaches would expose card information. The risk of managing and implement effective controls are solely on the business.

Third-party payment services provider portals reduce risk to a business. Businesses also relinquish some control over the experience and process flows. In this model, a business does not have to maintain payment information on their system and lowers the PCI-DSS compliance burden to the business.

⁵ NMLS Resource Center, NMLS Coronavirus/COVID-19 Updates

<https://nationwidelicencingsystem.org/news/Pages/NMLS%20COVID-19%20Updates.aspx>. Accessed April 6, 2020.

⁶ PCI Data Security Standard (PCI DSS), PCI Security Standards Council, April 2017

With an API based model, a business can control the experience while integrating into a third party payment gateway. This method provides additional flexibility but requires the merchant to maintain responsibility over their system security, controls, and the continued protection for any payment information is stored on their system.

To evaluate if a third party self-service or e-commerce payment provider is PCI-DSS compliant, VISA provides [a global registry of service providers](#).

Consumer Friendly

In preparing a payment business continuity kit, a business must understand their risk and the mitigation tactics to use for self-service options and how to maintain secure and compliant systems. While also determining and designing for what consumers want

CONSUMERS WANT CHOICE

CONSUMERS WANT CONTROL

CONSUMERS WANT CONVENIENCE

Mobile and Digital solutions provide consumers what they want. By offering solutions that consumers want, friction is reduced, and experience is improved, resulting in higher customer satisfaction, reduce fallout in the payments flow, and greater payment volume.

According to the Federal Reserve of Atlanta's 2018 survey of consumer payment choice:

- 96.9% of consumers have adopted the use of debit, credit, and prepaid cards
- 79.8% of consumers have adopted the use of electronic payment methods, which includes online bill payment and bank account number payment⁷

According to the Consumer Financial Protection Bureau's 2019 Consumer Credit Card Market report; the adoption of mobile continues to grow:

- 80% of consumers use online portals for financial transactions
- 60% of consumers use mobile apps for financial transactions
- Usage of mobile apps have tripled between 2015-2018
- 90% of consumers under 25 use mobile apps to conduct financial transactions⁸

From internal usability sessions and customer feedback, text message represents an opportunity to meet the consumer where they are at:

- Consumer controls the interaction, when, where and how they respond
- 209% higher consumer response rate to text messages than phone, email or Facebook
- 98% Average Open Rate for text messages

⁷ <https://www.frbatlanta.org/-/media/documents/banking/consumer-payments/survey-of-consumer-payment-choice/2018/2018-survey-of-consumer-payment-choice.pdf>

⁸ https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2019.pdf

When we consider the current COVID-19 response, with over 90% of Americans under stay at home orders, consumers are mitigating their exposure to this risk by staying indoors and reducing their travel. In situations like this, in order to reach consumers, digital solutions are required. Self-service, online, and mobile solutions provide the capability for consumers to access payment systems in this environment.

By providing payment solutions to the consumer, in the method of their choice, and in a manner that provides a seamless, frictionless, and convenient experience, payment volume will increase.

KEY FINDINGS

- 1) The COVID-19 crisis identified gaps detrimental to the sustainability of traditional business operations, specifically payments collection.
- 2) Small businesses must include payment capabilities in their continuity plans
- 3) Self-service or e-commerce payment solutions, which include Online, Mobile, IVR, and Text, are critical components of an effective business continuity plan
- 4) In a distributive work environment, PCI compliance and secure payment solutions are required. Tokenization and the use of third party solutions can reduce a small business's risk exposure.
- 5) Consumers are in high demand for payment solutions that are digital and mobile that provide them a choice, control, and convenience.

CONCLUSION

Now is the time to start planning for the next crisis, is your business ready to implement an effective business continuity plan?

Your business needs effective online and mobile payment solutions. Your customers desire them.

Are you ready to discuss how an integrated, secure, and compliant suite of payment solutions available on the web, mobile device, text message, and IVR can help your business fulfill your customer's needs and prepare your business for the future?

To learn more, visit our website www.paymentvision.com
Contact us @ 1-800-345-7243 or Sales@paymentvision.com

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