

# How Much Can Your Company Save By Converting Payroll to Direct Deposit?

*A New Online Tool Calculates Annual Savings for Companies*

HERNDON, Va. – November 19, 2008 – NACHA – The Electronic Payments Association has introduced a new online calculator as a tool for companies to understand how much they can save annually by converting payroll to Direct Deposit rather than paying by check. The calculator was developed by NACHA’s Marketing Management Group (MMG) in consultation with Treasury Alliance.

The calculator can be found on the business section of [www.electronicpayments.org](http://www.electronicpayments.org). (Direct link - <http://electronicpayments.org/businesses/bs.direct-deposit.calculator.php>)

“Direct Deposit for payroll is simple, safe, smart and green for businesses and consumers,” said Lisa Monroe, Director of Electronic Payment Systems at Evangelical Christian Credit Union and the chairperson of MMG. “This interactive tool shows companies of all sizes - from five to 500,000 employees - how much they can save annually by converting payroll to Direct Deposit or how much they can save by increasing Direct Deposit participation. For instance, a company of 100 employees can save approximately \$3,000 per year by converting entirely to Direct Deposit.”

Direct Deposit remains the most widely used type of ACH payment. In 2007, Direct Deposit was used for 5 billion payments in the United States. Direct Deposit is used for payroll, expense and travel reimbursement, pension and annuity payments, interest payments, retirement and mutual fund distributions, Social Security, Veterans and other government benefits, and tax refunds.

“Direct Deposit is perhaps the most popular type of electronic payment,” said Monroe. “Currently, three of four employees who have Direct Deposit available use it, and 97% of those that use it are very satisfied with it.”

The “**Direct Deposit Cost Calculator**” uses a company’s input and industry averages to determine a “typical” or “average” cost of implementing or increasing Direct Deposit at the company. Companies input the following numbers into the calculator:

- Total number of employees.
- Percentage of salaried employees.
- Current percentage of salaried on Direct Deposit.
- Target percentage of salaried on Direct Deposit.
- Current percentage of hourly on Direct Deposit.
- Target percentage of hourly on Direct Deposit.

Users can also download a spreadsheet version of the calculator that allows companies to replace the industry-averaged information with their own cost information to derive a calculation specific to their company. All data points on the calculator and spreadsheet are sourced on the site. The site also provides a glossary of the various cost elements.

“The Direct Deposit Cost Calculator allows companies to identify potential savings quickly and easily,” said Mark Tizzard of the Electronic Payments Network (EPN) and the vice chairperson of MMG. “The spreadsheet version of the calculator shows companies an in-depth analysis of savings based on their specific data. In an economy where every penny counts, this calculator is a valuable tool to show companies a simple, safe, smart and green way to pay their employees and realize cost savings at the same time.”

### **NACHA—The Electronic Payments Association**

NACHA—The Electronic Payments Association is a not-for-profit association that oversees the Automated Clearing House (ACH) Network, one of the largest electronic payment networks in the world. More than 18 billion ACH payments were exchanged in 2007. NACHA is responsible for the administration, development, and enforcement of the *NACHA Operating Rules* and sound risk management practices for the ACH Network. Through its industry councils and forums, NACHA brings together hundreds of diverse payments system stakeholder organizations to enable the development of new network services and applications. NACHA represents more than 11,000 financial institutions through direct membership and 19 regional payments associations. NACHA and its members provide education, tools, and resources to increase the adoption of ACH payments to benefit businesses, consumers, and governments. To learn more, visit [www.nacha.org](http://www.nacha.org), [www.payitgreen.org](http://www.payitgreen.org) and [www.electronicpayments.org](http://www.electronicpayments.org).

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