By Jen Sharp, jensharp.com

Pay Your Bill Online!

L ess than five years ago – or basically the last time you got the flu if you're the average adult – online bill pay was a luxury. However, now if your city or water district don't offer it, customers just grimace and shake their heads in pity – and those are the polite ones.

Since these unenlightened malcontents have only been the recipient of technology, rather than the purveyor, they can't relate to the overwhelming amount of choices and technical jargon that small cities and rural water districts without an IT department may have to face in the undertaking of adding the convenience of Online Bill Pay. Simplified here is an infographic featuring options and paths you might take, no matter if you have barely begun to discuss the process or if you are considering upgrading your current solution.

And next, some **Technical Jargon** you might want to know.

PCI Compliance

PCI security standards are technical and operational requirements set by the PCI Security Standards Council (PCI SSC) to protect cardholder data. The standards apply to all entities that store, process or transmit cardholder data – with guidance for software developers and manufacturers of applications and devices used in those transactions. The Council is responsible for managing the security standards, while compliance with the PCI set of standards is enforced by the founding members of the Council. Because of constant security updates and changes in the industry, securing data is a complex undertaking; most systems and cities do not want to take on the task of keeping on top of the technical requirements of securing their own data, and usually outsource processes that collect and store sensitive data.

Payment Gateway

A payment gateway is basically a software solution that acts as a mediator between the transactions that take place on your website and the payment processor. This is needed because it is prohibited by PCI compliance standards to transmit transaction information directly from your website to a payment processor. Costs usually range from no monthly fees to $100 per month, plus sometimes a per transaction fee of a few cents, and/or a percentage of the transaction total, usually less than 3.5 percent.

Payment Processor

Payment processors are the financial institutions that work in the background to provide all the payment processing services used by an online merchant. These companies
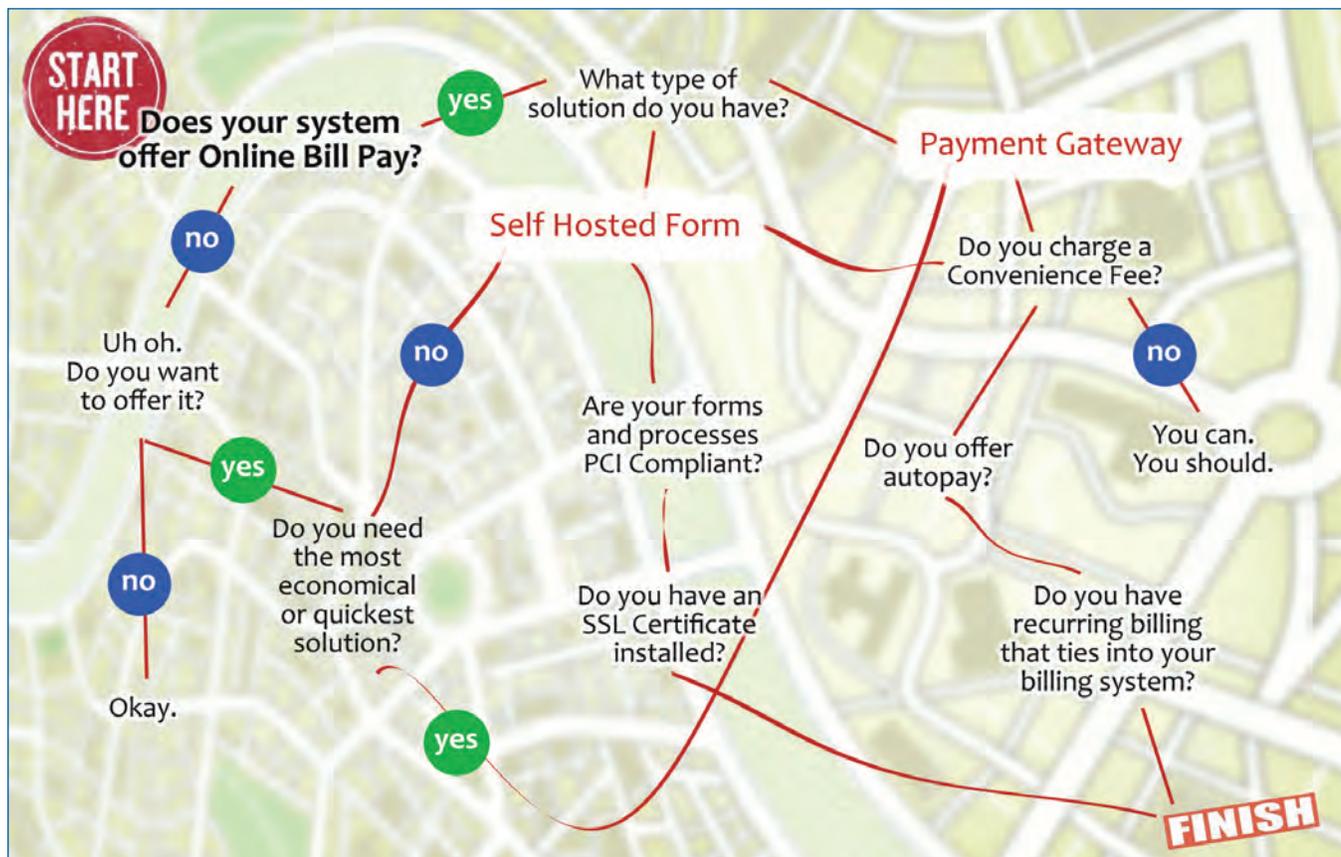
usually have partnerships with other companies that directly deal with consumers or merchants. Payment processors make reselling agreements with Payment gateways or Merchant account providers in order to provide their services directly to internet merchants. Some Payment Processors do provide direct merchant services, but most companies focus on processing payments only. You may not even know who your payment processor is or even deal with them directly, but it's important to know there is an extra entity in this online payment system. Costs are usually included with your merchant account or payment gateway contract.

Merchant Account

Merchant accounts are the type of bank accounts that authorize you to accept credit or debit cards payments online. These accounts are required if you want to use a payment gateway to process transactions from your website. Many companies including some payment processors and most payment gateways provide merchant accounts so they can be a "one-stop shop". Sometimes fees are monthly and separate, but often costs are included in packages.

> **These accounts are required if you want to use a payment gateway to process transactions from your website.**

Hosted Services

Hosted services are like subscriptions to file space and software on a web server that is located and maintained by a company providing that service. In the particular case of paying online, you should understand where sensitive information is gathered, on your website hosted service or on a third-party payment gateway hosted service.

SSL Certificate

SSL Certificates are small data files that digitally bind a cryptographic key to an organization's details. When installed on a web server, it activates https protocol and allows secure connections from a web server to a browser. This is required to be installed on your website if you collect any sensitive data from your users, such as credit card numbers. Certificates have to be renewed and reinstalled annually, and usually cost around $100 to $600 per year depending on the encryption and amount of warranty coverage.

Convenience Fee

This is a small fee, either a flat rate or a percentage, that you can charge your customers for using your Online Bill Pay feature. It is legal – and encouraged – for small cities and rural water districts to use this fee to offset the costs of providing the "convenience" of paying online.

Autopay

This nickname for Automatic Bill Payment is mostly self explanatory: payments that are processed automatically for a particular billing, without the need for the customer to initiate the transaction each time. However, it's important to note that some autopay systems are configured to occur with fixed amounts that do not vary from month to month. Online systems that use autopay require customers to have login information, which can add to the expense of setting up your Online Bill Pay system.

Recurring Billing

Again, mostly prima facie, this describes billing that occurs at regular intervals. Because of the nature of water system and utility billing, amounts are likely to differ from one billing cycle to the next. If you want to accept automatic payments for recurring billing with amounts that vary, your billing system needs to be able to communicate those amounts to your payment processor. This sort of data connection is likely to need customization to your particular billing program, and hence can be expensive to set up and maintain.

Now, the hard part

Hopefully the flow chart and definition list has made understanding Online Bill Pay much easier. But if you thought it was difficult, you have a greater task ahead of you: convincing the board or council to approve funds for your city or water district to accept payments online. Presenting a clear plan with a few options as viable alternatives goes a long way towards their approval, giving them a choice in the matter. In addition, comparing the costs of acquiring a solution and charging a convenience fee, to the costs of your present manual processes, is likely to show a significant financial benefit and time saver. But most of all, the public relations gain from providing customers with what they want, is immeasurably a plus!

Since 1997, Jen Sharp (JenSharp.com) has served business and government across Kansas and the US and even internationally, specializing in Web development, design & programming including e-Learning, ecommerce, content management systems, and other small business solutions.