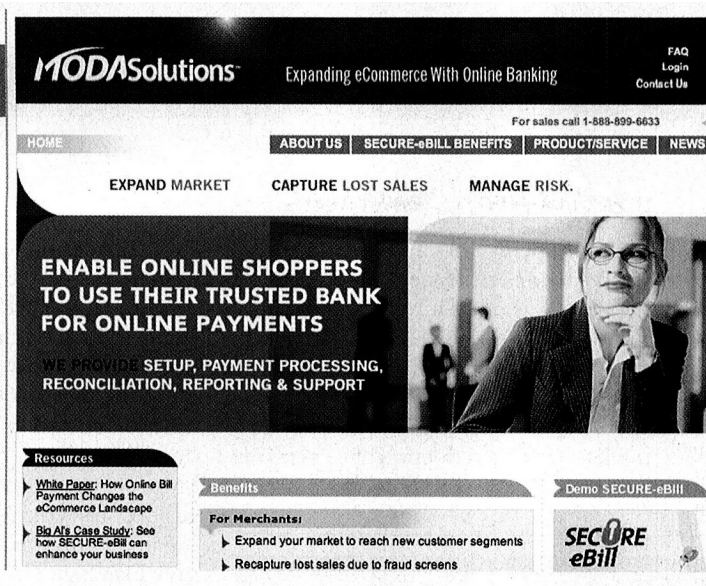## Webnotes

For those who want to close the sale, MODA's payment system might be the solution they're looking for

ONLINE SHOPPING WITHOUT CREDIT CARDS: Could it be a three-way win?

Millions of consumers bank online. Millions pay bills online—and plenty of them also shop there. But not all. 80 million consumers who browse don't buy. Tilt! Something must be amiss in the system, reasoned Marwan Forzley, president and CEO of MODASolutions, an Ottowa, Canada-based software company with a new twist on the old payments system. Forzley says he can convert a lot of the reluctant 80 million into satisfied online customers, make them happier with their banking site, and lower costs to merchants.

For the 80 million, MODA's system could be just what it takes to overcome their reluctance to give out credit card numbers or personal information. Others have a "thing" against credit cards and would rather pay by debit if they think it's secure. Forzley points to Forrester Research that says about 30% of consumers who browse online don't purchase online—many simply abandon their shopping cart at the payments screen.

The MODA solution leverages the existing infrastructure to make it work better for all players, Forzley says. MODA provides a front-end software gateway from a merchant's online shopping system to MasterCard's Remote Payment and Presentation System, which can connect any merchant's bank to any consumer's bank. At the back end, the MODA system links transactions to the merchant's business accounting system. When an online shopper brings her shopping cart to the checkout screen, she clicks on SECURE-eBill and MODA immediately e-mails an invoice to her. The merchant can choose to ship the order at once or wait until the customer initiates payment. To pay for the order, the consumer logs onto her online banking website and makes the payment in the usual way.

The consumer can set up a new payee using information on the invoice. After that, the merchant's name appears automatically on the online billpay system. Because the payment is an account-to-account transfer between banks, the consumer doesn't ever expose private information online. Good funds are assured for every transaction. That eliminates chargebacks, Forzley says. The MODA solution can authenticate the players through Cardinal Commerce, which also provides that service worldwide for Verified by VISA and MasterCard SecureCode.

Forzley stresses that the MODA solution isn't just a security blanket for online shoppers who don't want to give out credit card numbers. Offering more payment options can convert more online browsers into buyers, according to a 2004 study of 147 leading online retailers, commissioned by CyberSource.

A merchant-centered system

The MODA solution is centered on the merchant. When a consumer clicks SECURE-eBill at the merchant's website, transaction information goes to a MODA website, which links the event to RPPS, Cardinal Commerce, the consumer's e-mail address, and her bank for processing when the consumer initiates payment from the e-mailed invoice.

The merchant can tailor the layout of the invoice and add promotional messages to it. MODA software also generates management information for the merchant's business accounting system, including receipts, errors, exceptions, refunds, and recurring payments. A reconciliation application transfers payment information to the merchant's order entry, accounting, and inventory systems. A refund manager enables merchants to electronically issue refunds without having access to consumer's bank accounts.

In addition to customer satisfaction, the MODA solution offers merchants potentially big savings in order processing. Tool King, a Colorado retailer that does about 85% of its business online, pays fees of only 1% of transaction values with MODA, compared with more than 2% with credit cards and about 2% for PayPal. Tool King also lets its customers pay with its own gift card, Western Union, or Bill Me Later.

"Each one of these payment methods adds new customers. With MODA, new sales jumped 4% in the first month," says Don Cohen, managing partner.

MODASolutions handles all the interfaces and fees for RPPS, Cardinal Commerce, or other providers, so a merchant makes only one payment for the full service. SECURE-eBill is presently offered as a hosted service at MODA's website. *BJ*

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