

FROM	Name & Title	Henry J. Raymond, Chief <i>HJR</i> Bureau of Revenue Collections
	Agency Name & Address	Collection Division, Customer Service Section 200 N. Holliday Street, Baltimore Md. 21202
	Subject	City Council Bill No. 08-0032R Neighborhood Self-Service Transaction Kiosks

City of
Baltimore
MEMO



Date: June 12, 2008

TO

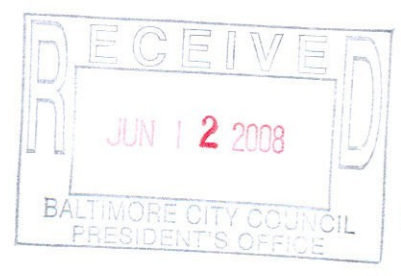
The Honorable President and
Members of the City Council
Room 400, City Hall
Attention: Ms. Karen Randle

City Council Bill 08-0032R proposes to have an informational hearing for the purpose of investigating the financial and operational efficacy of installing neighborhood self-service transaction kiosks to provide electronic financial processing and consumer bill payment service; and requesting the Director of Finance to direct the Bureau of Purchases to determine the projected costs of installing the kiosks and to instruct the Bureau of Collections to examine the possible effects of self-service payment processing on reducing costs, increasing efficiencies, and generating new revenue streams.

Background

The Finance Department has strived to make it more convenient for customers to make their payments to the City. The present methods of making payments include: 1) Home-banking; 2) Web pay; 3) credit card payment; 4) in-person payment through Global Express at 233 neighborhood payment locations; 5) mail-in payments; and 6) walk-in payments at the Municipal Building.

Home-banking is a web-based service for customers that prefer to make payments electronically from their checking accounts, with their bank forwarding a check on their behalf to the City of Baltimore. Web pay is available for people who choose to go directly to the City's website to pay via debit from their checking account. Additionally, citizens can pay City bills by credit card via the internet or the telephone. The Bureau of Revenue Collections is currently in the process of transitioning to a new credit card vendor. The new credit card arrangement will continue to provide the same services to citizens but with lower fees for credit card usage. Global Express is a vendor that has established payment sites throughout the City and the region. The mail-in payment option is used by customers who prefer a more traditional process. Finally, the walk-in payment method is utilized by customers who are cash consumers who prefer to pay by cash or customers who have checking accounts but prefer to have face to face interaction with a City representative and receive a receipt immediately.



Comment

Table 1 below depicts the estimated Fiscal 2008 number of transactions by method of payment.

Table 1
Fiscal 2008
Estimated Number of Transactions by Payment Type

Method of Payment	Number of Transactions
Home-banking	130,982
Web pay	125,078
Neighborhood Payment Locations (Global Express)	41,340
Mail-in Payments	1,855,983
Walk-in Payments	340,089
Credit Card	459,720

Advantages

Two primary goals of the Department of Finance and the Bureau of Revenue Collections are to improve the efficiency of our operations and to enhance the customer service we provide. The concept of self-service kiosks for paying City bills is worth exploring in terms of the impacts it would have on both of these goals. The primary advantages of self-service transaction kiosks are: 1) additional convenience for customers to pay certain types of bills; 2) reduced foot traffic at the main office; and 3) the City has secure sites, i.e., police stations, libraries, recreation centers, neighborhood service centers, etc. that would provide the customer with a safe and more convenient alternative than commuting downtown).

More Study

The Finance Department needs to perform additional research to estimate the number of customers likely to use the kiosks and to determine the impact of issues related to using the City's legacy mainframe systems and the real-time processing capability of the self-service transaction kiosks. Also, there may be potential legal liability issues associated with the security of the locations. Finally, certain customer segments that currently use the walk-in services at the Municipal Building (such as senior citizens) may not want to use the new technology.

Fiscal Impact

The fiscal impact of operating self-service transaction kiosks in City neighborhoods is difficult to estimate at this time until further research is done. In order to complete our analysis, the Bureau of Revenue Collections will look into: 1) the cost of the kiosks; 2) initial programming and application inter-face costs; 3) annual maintenance/connectivity costs; 4) yearly armored car service expenses; and 5) other items such as multi-lingual compliance costs.

Next Steps

The Bureau of Revenue Collections will work with the Bureau of Purchases to obtain more information regarding the costs associated with self-service transaction kiosks and will research the other issues discussed throughout this response. The Finance Department will report back to the committee the results of the analysis to determine the cost benefits of various kiosk arrangements.

C: Angela Gibson
Andrew Kleine