



5
Key

Payment, Finance & Technology Trends

coming to a sorority & fraternity near you



- 
- Agenda**
- Consolidation
 - Changing Payment Preferences
 - Security
 - Compliance
 - Cost of Membership
 - Working with Vendors



Addison Schopp

Director of Partner Success

Sigma Tau Gamma



Fred Maglione

Chief Executive Officer

Alpha Tau Omega

About OmegaFi

3,850

chapters

297,301

students

626

campuses

42

national partnerships

\$3.7 billion

collected

\$500 million

chapter bills paid

\$1,064,059

collected daily

155

employees

26

years of service

1

industry served... yours!

Trend #

1

Consolidation



Software consolidation is happening everywhere

- *It accelerates innovation*
- *It removes risky players*

35

FAILURES

Damaging fraternal organizations including:
BigFish, Celect,
ChapterBoard, Groot and
SororityLive



FACEBOOK ACQUISITIONS

67 since 2006 including:
Face.com
Oculus
Wit.ai



OTHER PLAYERS

Blackbaud
BlueStar Sports
MinistryBrands
CommunityBrands



FRATERNAL ACQUISITIONS

OmegaFi:
Bidlily
GIN
Greek Resource Services
Interactive Collegiate
Services
File990
LegFi
Select-a-Sis

Billhighway
Greekbill

Bigfish

celect

COMMUNITY
COMMERCE
COMMUNICATION

groopt

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Financial Solutions and Support

#1: Consolidation



30 years ago



Today



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Trend #

2

Changing Payment Preferences



How we pay and bank is changing dramatically

- Paper checks being replaced with expensive credit cards and P2P*
- Mobile banking desired; mobile spending TBD*



Paper checks are dying



P2P is trendy and risky



Expensive credit cards are very popular



Mobile banking desired



Digital wallet options growing, but not used too much yet



IoT: Everything will have a payments component

Paper checks are dying

- Check usage declining



4.4%

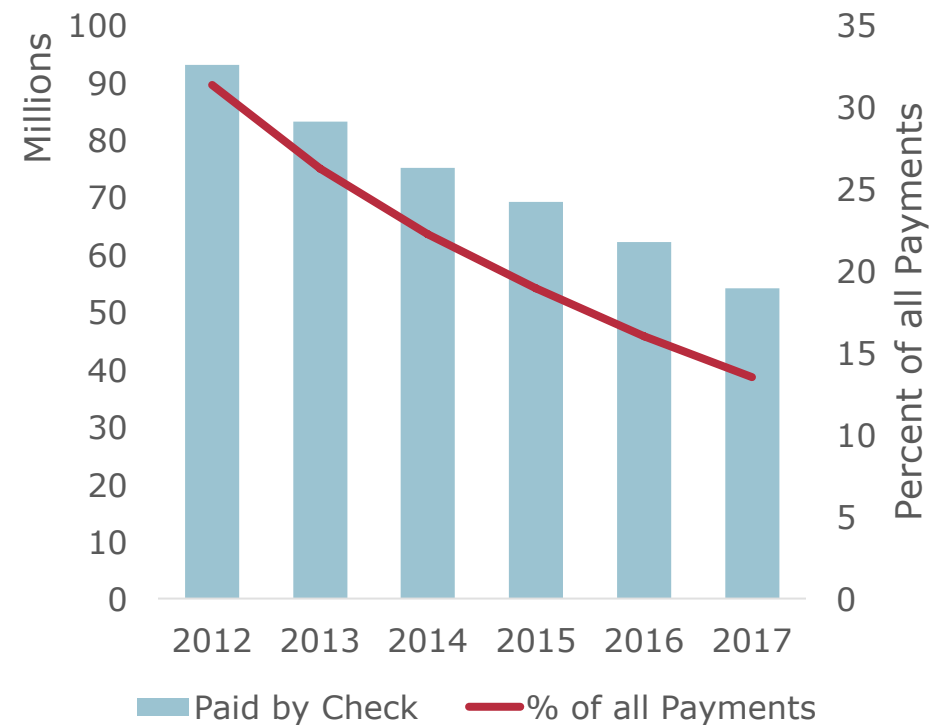
U.S. annual decline in
check payments,
2012 - 15

0.6%

U.S. annual decline in
check value, 2012 - 15

10%

OmegaFi annual decline
in check value, 2012 -
17



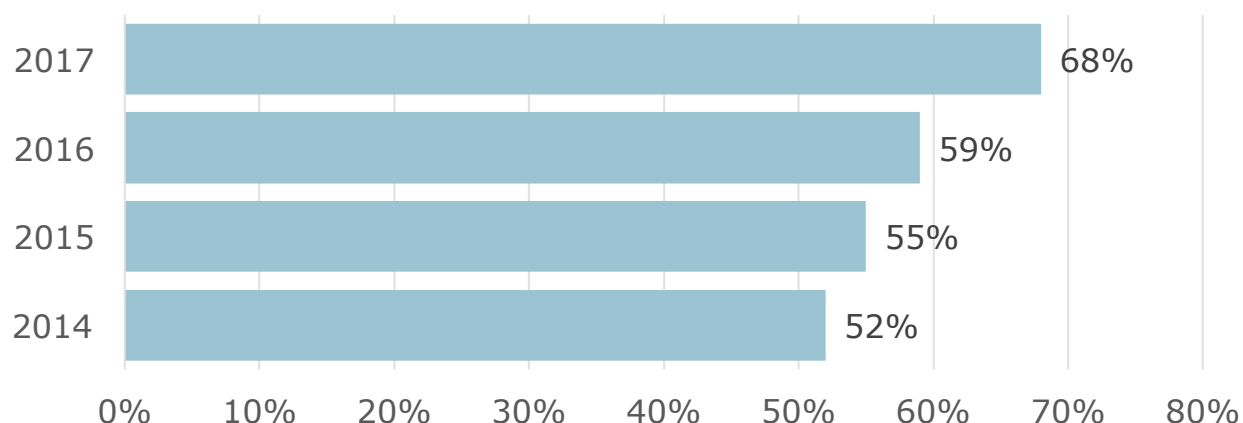
Source: OmegaFi Data
The Federal Reserve Payments Study 2016

Expensive credit cards are very popular

- Rewards are the rage, especially for the affluent



Rewards is Top Credit Card Feature



68%

U.S. consumers rate rewards as a top credit card feature

Income	Less than \$25,000	\$25k - \$50k	\$50k - \$75k	\$75k - \$100k	\$100k - \$150k	\$150k+
Rewards	55%	62%	71%	80%	80%	78%

Source: 2017 TSYS U.S. Consumer Payment Study

Consumers are increasingly paying with expensive credit cards

- Most debit card prices are capped
- Increasing use of credit cards to pay bills

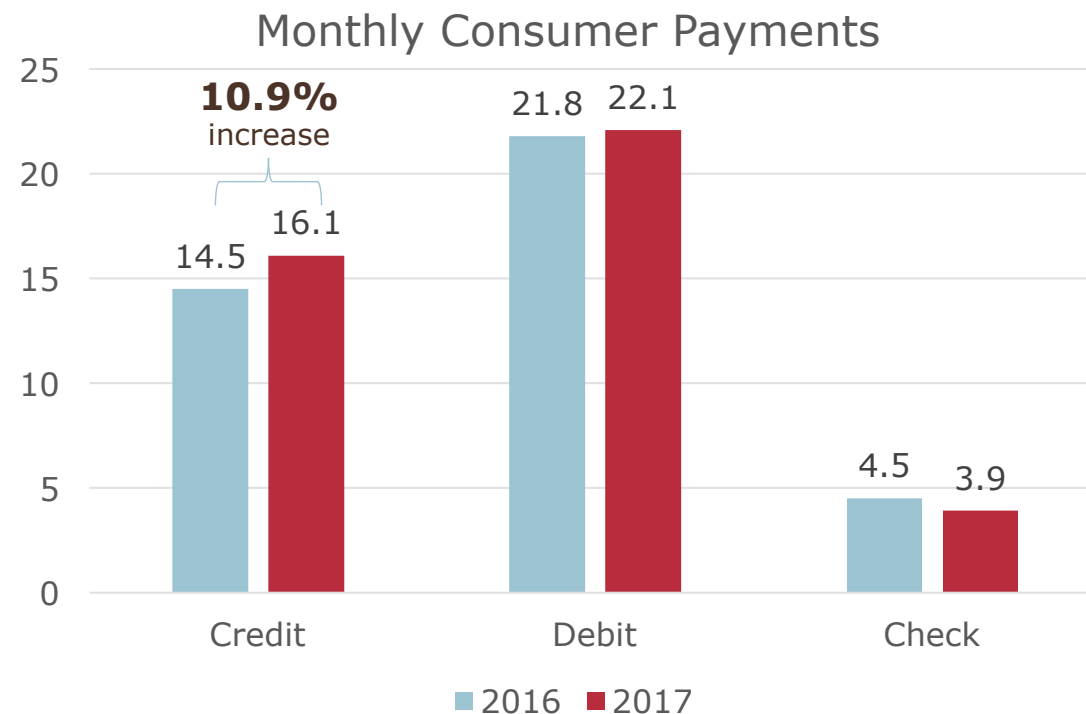


8.4%

U.S. annual growth
rate in credit card
payments,
2012 - 15

7.3%

U.S. annual growth
rate in credit card
payment value,
2012 - 15



Source:

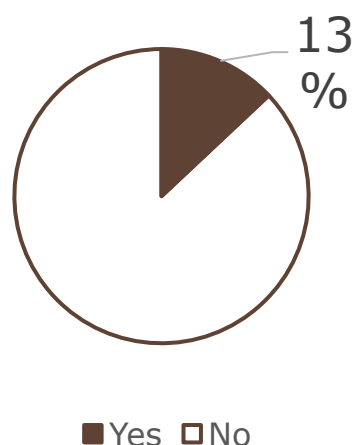
- The Federal Reserve Payments Study 2016
- The 2016 and 2017 Survey of Consumer Payment Choice by the Federal Reserve Bank of Boston

Digital wallets

- Many options, small usage



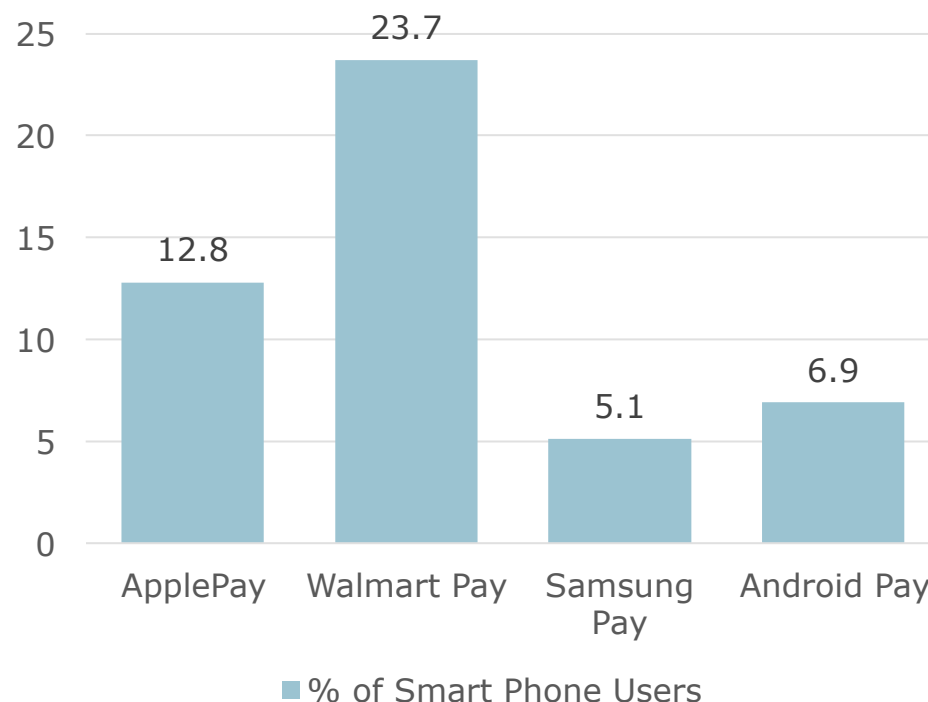
Digital Wallet on Phone



VISA Checkout

<1%

Usage at OmegaFi



Source:

- Innovations for a Cashless World: Consumer Desire and the Future of Payments, 2017 Edition, by Visa
- OmegaFi
- Pymnts.com

P2P is trendy and risky

- *Usage increasing 16% → 20% globally*
- *44.9% of consumers have a non-bank account*
- *Great for individuals*
- *Problematic for fraternities and sororities*



venmo

PayPal

zelle®

Concerns for Fraternal Industry

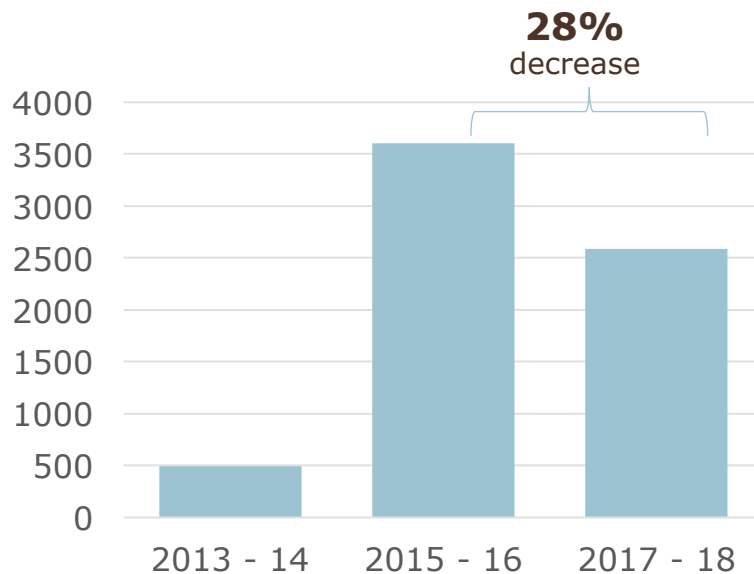
- *Easier to sue*
- *Easier to steal*
- *Creates tax liabilities*
- *Easier to circumvent the rules*
- *No consumer protections or support*

Source:

- *Innovations for a Cashless World: Consumer Desire and the Future of Payments, 2017 Edition, by Visa*
- *The 2016 and 2017 Survey of Consumer Payment Choice by the Federal Reserve Bank of Boston*
- <http://www.digitaltransactions.net/already-ahead-of-venmo-in-dollars-zelle-is-poised-to-jump-ahead-in-users-a-forecaster-says/>

Mobile usage

- *Mobile responsive may be as good as a mobile app*
- *Payments via app decreased 28% over two years at OmegaFi*
- *Consumers trending toward preferring fewer apps that do more things*



Source:
• OmegaFi data

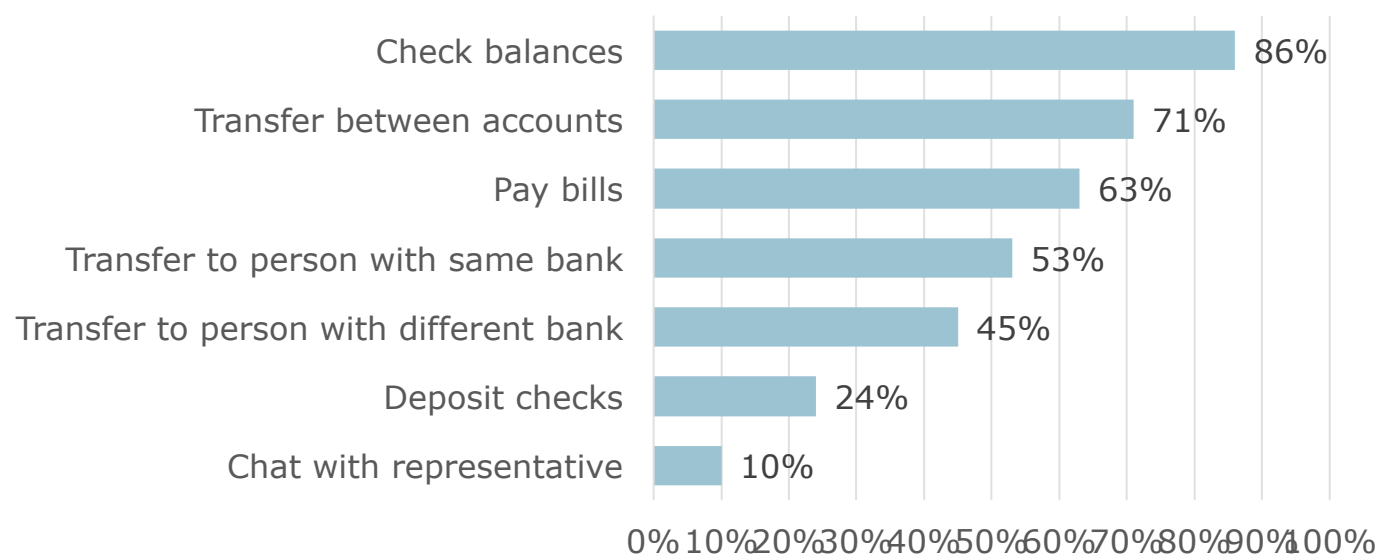
Mobile banking

- Usage increasing 14% over last three years
- Most desired features: checking balances, transferring funds, paying bills



51%

U.S. consumers utilize
mobile banking
technology



Source:

- Innovations for a Cashless World: Consumer Desire and the Future of Payments, 2017 Edition, by Visa



1 out of 5

Use contactless technology –
smartphones, rings, wristbands

Trend #

3

Security



Lots of security incidents, less concern

- Consumers are taking security for granted; it is no longer very important to them*

Stated Importance Associated with a Payment Method		
	<u>2015</u>	<u>2017</u>
Protects my identity / personal data	#1	#13
Keeps purchase information private	#2	#10
Limits liability for data breaches	#4	#16

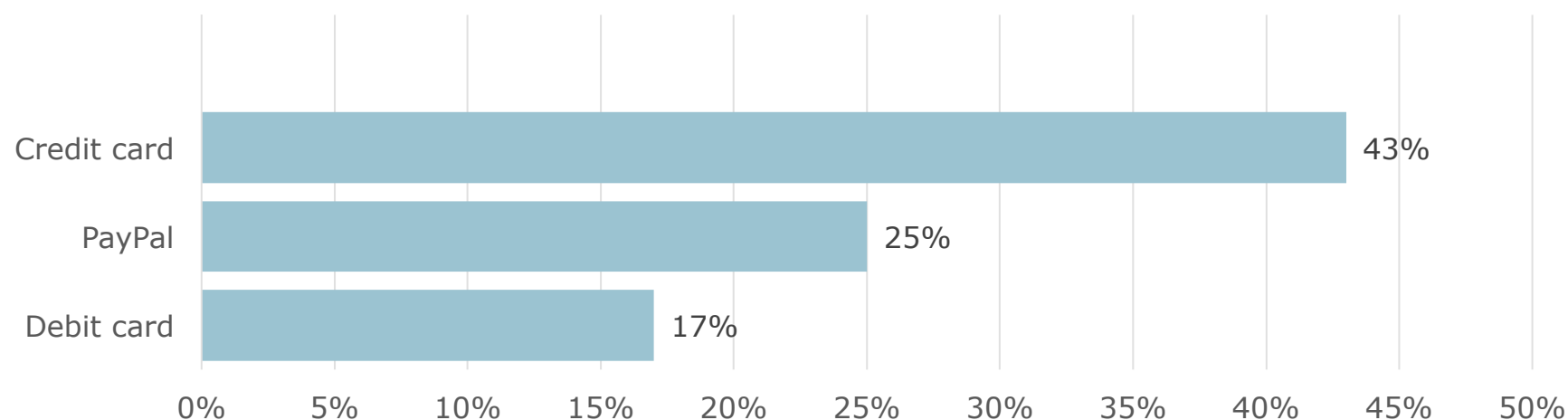
Source:

- Innovations for a Cashless World: Consumer Desire and the Future of Payments, 2017 Edition, by Visa

Lots of security incidents, less concern

- Consumers believe paying with a credit card online is safer than using a debit card*

Payment Type Perceived as Most Safe



Source:

- 2017 TSYS U.S. Consumer Payment Study

Trend #

4

Compliance



Compliance requirements require sophistication

- The stakes are high and getting higher*
- Sales tax and GDPR are two of the latest to review*



990 status – still a problem



State sales tax – get ready to start collecting it

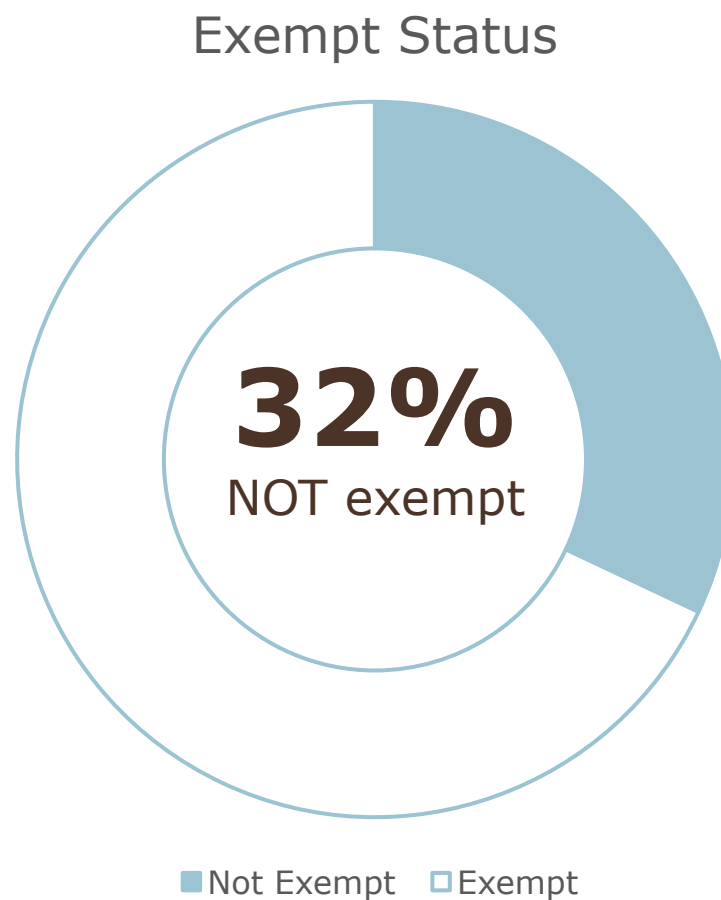


If you touch a credit card, you have PCI obligations



GDPR – new responsibility in the EU and Britain

Fraternities continue to lose their exempt status



Source:
• OmegaFi data
• File990.org data

If you handle a credit card, you have PCI compliance obligations



- *Vendors should demonstrate their PCI compliance*
- *You need policies about credit card handling*

www.pcicomplianceguide.org/faq/

State sales tax laws are about to change

- *Work with legal counsel to determine if and where (and when) you may owe state sales tax*



Supreme Court rules states can force online retailers to collect sales tax

by Seth Fiegerman and Lydia DePillis @CNNTech

⌚ June 21, 2018: 2:10 PM ET



THE WALL STREET JOURNAL.

U.S. Edition | July 5, 2018 | Today's Paper | Video

Home World U.S. **Politics** Economy Business Tech Markets Opinion Life & Arts Real Estate WSJ. Magazine

U.S. NEWS
Abortion Foes to Take
New Aim at Roe v. Wade

POLITICS
Trump Winnows Down
Supreme Court Picks,
Focusing on Three

POLITICS
End of Supreme Court
Term Finds
Conservatives in ...

BUSINESS
Walmart Takes a Stand
on Guns, Gay Rights to
Get People to Like It ...

Introducing a new self-directed
online investing experience.

**MERRILL
EDGE**
Get started
Merrill Lynch, Pierce, Fenner
& Smith Incorporated

Supreme Court Rules States Can Collect Sales Tax on Web Purchases
High court decision erases a price advantage internet merchants have had in wooing consumers from real-world stores

New privacy law in EU likely impacts fraternities and sororities

- *If you maintain data for members or donors living in the EU or Britain, you likely are a data collector under the law and have responsibilities.*



Key Requirements (not all):

- *New contractual provisions with vendors*
- *Obtaining affirmative consent (opt-in)*
- *Identifying the data you collect*
- *Purging and anonymizing data upon request*

Trend #

5

Cost of
Membership



It costs a lot to join a fraternity or sorority

- Budgets have increased (67%) with membership (41%)*
- Cost per member has kept pace with inflation*

		Billed	Members	Cost per Member	Average Chapter Budget	Average Chapter Size
10 years ago	2007-2008	\$75 M	26,657	\$2,831	\$156k	55
5 years ago	2012-2013	\$99 M	25,590	\$3,887	\$217k	56
Last year	2017-2018	\$125 M	37,833	\$3,305	\$254k	77
	<i>Increase</i>	<i>67%</i>	<i>41%</i>	<i>17%</i>	<i>63%</i>	<i>40%</i>

Source:

- OmegaFi data
- 497 chapters billing for 10 years

What if these trends continue

- If membership does not grow at the same rate, costs will need to be more carefully managed*

	Year	Budget	Members	Cost per Member	Chapter Size
10 years later	2027-2028	\$204,812,350.47	52,966	\$3,866.85	108
or					
Flat membership, Trend billing (67%)	2027-2028	\$204,812,350.47	37,833	\$5,413.59	77
Flat membership, Inflation billing (16%)	2027-2028	\$146,294,536.05	37,833	\$3,866.85	77

Source:

- OmegaFi data
- 497 chapters billing for 10 years

Working with Vendors



During your annual review with your software and payment vendors, ask:

1. How have you strengthened data or financial security this year?
2. What innovations can I expect next year?
3. What vision for fraternities and sororities does your company have for the next year?
4. Please provide me with a copy of your PCI compliance certificate



During vendor selection for a software and payment vendor, ask:

1. How do your systems protect my data?
How do your people protect my data?
2. What other technology companies do you work well with?
3. What emerging trend makes you the most nervous?
4. What percentage of your revenue is provided by your three largest customers?



*OmegaFi is offering to conduct a presentation
of our findings with your board or committee.*

Request Presentation

5
Key

Payment,
Finance &
Technology Trends

coming to a sorority & fraternity near you

