

Member Question and Answers

Payments

Electronic Payments

Question

1. At the conference, I heard a bit about providing scholarship funds **electronically to institutions**. Are most organizations doing this with simple bank transfers? If so, how are you obtaining the **bank routing numbers for all the institutions**? We make about 700 awards each year to various institutions, some only receive one award while others receive multiple. We are trying to figure out the **easiest way to handle disbursement**.

Answers

Answers may be provided in the verbiage of the original NSPA member response to ensure the most accurate account of personal experience and knowledge from the perspective of professionals in the scholarship provider's field.

Electronic Payments

Providers indicate the following options:

- [Do NOT transfer funds electronically](#)
- [Do transfer funds electronically](#)

Do NOT transfer funds electronically

The challenges of electronic fund distribution are extensive. In order to ensure the payment is received, the provider must first establish and facilitate this transfer. For a small company of providers, this may not be worth the struggle.

- The Beverly Beall & R. Kemp Riechmann Foundation **does not disperse funds electronically at this time**. There has been no talk about doing so either. We are a small foundation and send checks to students directly (usually) that are made out to the student and the school they are attending
- We (ACT) send about 18,000 scholarship award payments per year on behalf the scholarship providers for whom we provide support. Although electronic payment sounds enticing from a practical perspective, in our experience, it is often not a silver bullet. As you have determined, it takes **quite a bit of effort to set up for those institutions who are willing** to receive payment in this fashion. The financial aid office often doesn't like it because it takes them **longer to receive the payment information from their receivables office** and the "for the benefit of" student info is often missing in the communication. Like the paper check process, electronic awards present some equal challenges. We are **able to facilitate both**.

Do transfer funds electronically

After the initial establishment of the college/university's bank account information, many providers prefer an electronic funds transfer, as the process becomes much simpler. As many providers are transitioning to this form of payment, it may be something to consider.

- We send **most of our funds electronically**. We send our financial aid contact the ACH form and once received, we set them up in our bank system. Unless the college changes their bank account, we don't ever have to update this information.

- Whenever we order scholarship funds, **we put the total amount transferred to the college and then we send an email to our contacts at the school** letting them know that a transfer has taken place and to go to our scholarship website to see the students and the amount transferred for each of them. Before we had the website, we would **fax them a roster showing the individual students and the amount to post to their accounts.**

- For the multiple scholarship and fellowship programs that ASEE administers we are **almost exclusively paying by electronic funds transfer (EFT)**. We simply email the school's third party billing contact our form which contains fields for them to fill out that regarding their banking information. We do almost all payments by EFT with occasional payments via wire transfer (this is more expensive for us).