



Cheques are Only Good for Paper Cuts – Stop the Bleeding!

By Wally Vogel



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How many of us still refer to an encyclopedia or a phone book or get directions from a paper map? For that matter, how many of us still use personal cheques to pay bills? Chances are that you look up information in Google, get directions from your nav system or your phone, and pay your bills online.

The paper tools that we once used for so many purposes have, by and large, given way to digital alternatives that we now use every day and take for granted. Yet many condominium corporations, and the property management companies that serve them, are still using paper bills and cheques to pay their suppliers.

Cheques cause work, inconvenience and problems for condominium managers. The property manager often ends up being the courier delivering

cheques for signing. Perhaps you've found yourself chasing down a board member to sign a cheque. Maybe you've had to make a special trip to deliver cheques when you had other things to attend to. And almost certainly, you've had to respond to calls or inquiries from vendors looking for a payment for a bill which you've approved, but you have no idea if the cheque has been signed, or mailed, or is sitting on someone's desk or kitchen table.

Let's look at the three reasons that paper cheques have been so stubbornly persistent in condo property management, how technology addresses these three issues and the additional reasons why every property management company should be offering a digital alternative.

There have been, at least in the past, three primary purposes for paper cheques – control, review and audit. Let's look at each and see how digital

technology now fulfills these purposes – better than paper ever could.

1) Control

Condo board members have a responsibility for the financial well-being of their corporation. A big part of this responsibility is ensuring that only approved payments are disbursed. Requiring dual signatures on a cheque is the traditional way to ensure that money doesn't move improperly. It's not perfect, though, and cheque fraud has become increasingly common, with 60% of companies reporting it. One of the common cases is for cheques to be intercepted in the mail and "washed," changing the payee name and/or the amount. Many condo corporations have fallen victim to this type of fraud.

Digital payment solutions now offer far more security and control. Multiple approvals can be built into the workflow with most systems, and only fully approved payments can be released. Since

payments are delivered securely by Electronic Funds Transfer (EFT), there is no opportunity to intercept the payment. Note the importance of using EFT versus Interac e-transfer. Interac e-transfers are great for person-to-person payments of small amounts, but since they rely on email, which can be compromised, there is still the chance of a payment being intercepted. That is why there are strict dollar amount limits for Interac e-transfers. EFT is different in several regards. The funds are directed to a specified bank account and cannot be intercepted, and due to this increased security, there is no dollar limit for EFT. Digital payments which leverage EFT offer far more control and protection than cheques.

2) Review

With controls in place to ensure only approved payments are disbursed and only to the intended recipient, it is equally essential to ensure that the approver has the correct information to review. Traditionally, this meant attaching paper bills and backup documentation with a paper clip attached to the cheque.

With digital payments, backup docu-

mentation can be attached for review and include the bill and meeting minutes, engineer's notes, or even live photos of the work performed. Most systems will also allow approvers to "send back" bills with questions or concerns, and when they are addressed, the revised bill will come back for approval.

3) Audit

Paper bills and cheques needed to be stored for year-end audits and kept for seven years – often meaning boxes lining the hallway of the property management company or money spent on expensive offsite storage. Auditors needed access to the physical documents to do their job.

With digital payment records, auditors can be granted temporary read-only access so that they can research and review payables documents remotely, from their office or home. And the audit trail can include more information like when payment was created, who approved it, and when and how the supplier was paid.

There are additional advantages to digital payments – some solutions can accept emailed PDF bills directly from suppliers and use artificial intelligence (AI) to read

the bill – saving mail opening and data entry. The AI can also detect duplicates to save time. If a vendor is asking about a payment, you can look it up in seconds and know exactly where it is in the process. Also, since the digital process eliminated the delays in mail time, data entry, passing cheques around, and filing paperwork, payments can be processed more quickly so that vendors are paid on time. This is important to maintain good vendor relationships and is a legal requirement when the Prompt Payment Act applies.

Many condo managers report that digital approvals save them between half a day and one day a week. Eliminating unnecessary administrative tasks means more time spent on the management responsibilities that really matter to your clients.

The only thing that paper cheques still do is give you paper cuts – isn't it time to stop the bleeding? ■

Wally Vogel, CEO of SparcPay Inc., has deep experience in financial technology, focused on practical solutions enabling core business functions for payment and transaction processing. sparcpay.com

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