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(54) **SYSTEMS AND METHODS FOR RISK BASED DETERMINATION OF A FORM FOR CREDITING A PAYEE ON BEHALF OF A PAYER**

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(58) **Field of Classification Search** 705/30, 705/34, 40, 41, 45, 42, 35, 39; 235/375, 235/380, 379
See application file for complete search history.

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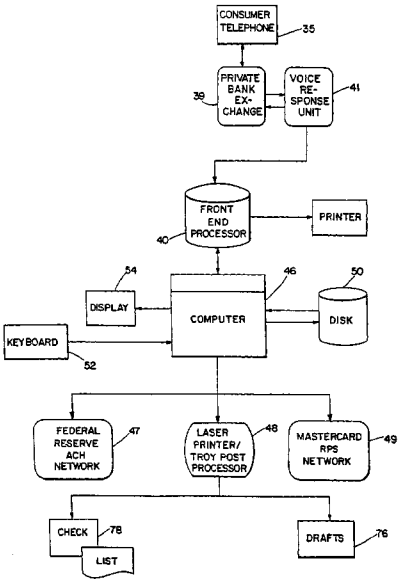
(57) **ABSTRACT**

Systems and methods for selecting a form for crediting a payee by a payment service provider include receiving a request to pay a payee on behalf of a payer. A form for crediting the payee is selected based on at least one of a comparison of a payer account number associated with the payer and the payee to a merchant account scheme associated with the payee or a comparison of a payment amount associated with the received request to a merchant credit limit associated with the payee. A payment is directed to the payee in accordance with the selected form for crediting.

21 Claims, 7 Drawing Sheets



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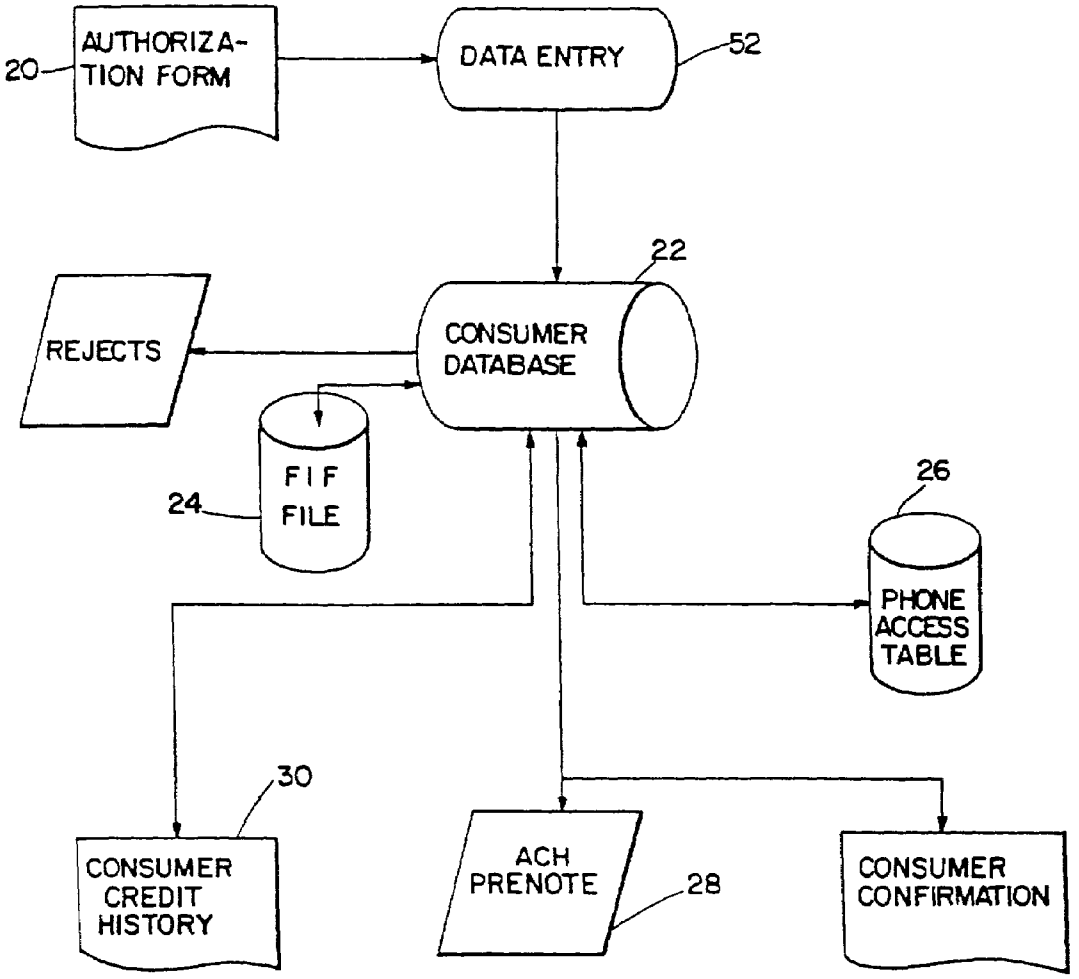

AUTHORIZA-
TION FORM
20
DATA ENTRY
52
22
REJECTS
CONSUMER
DATABASE
F I F
FILE
24
26
PHONE
ACCESS
TABLE
30
CONSUMER
CREDIT
HISTORY
ACH
PRENOTE
28
CONSUMER
CONFIRMATION

Fig. 1

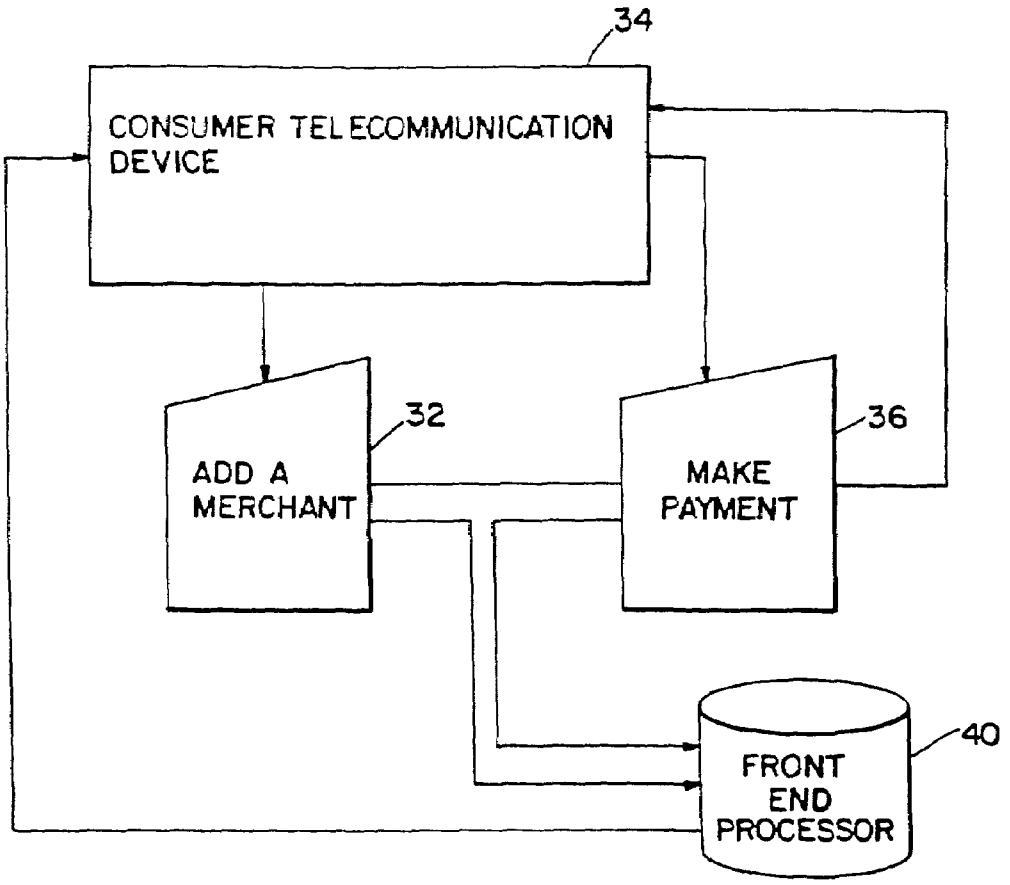

34
CONSUMER TELECOMMUNICATION DEVICE
32
ADD A MERCHANT
36
MAKE PAYMENT
40
FRONT END PROCESSOR

Fig. 2

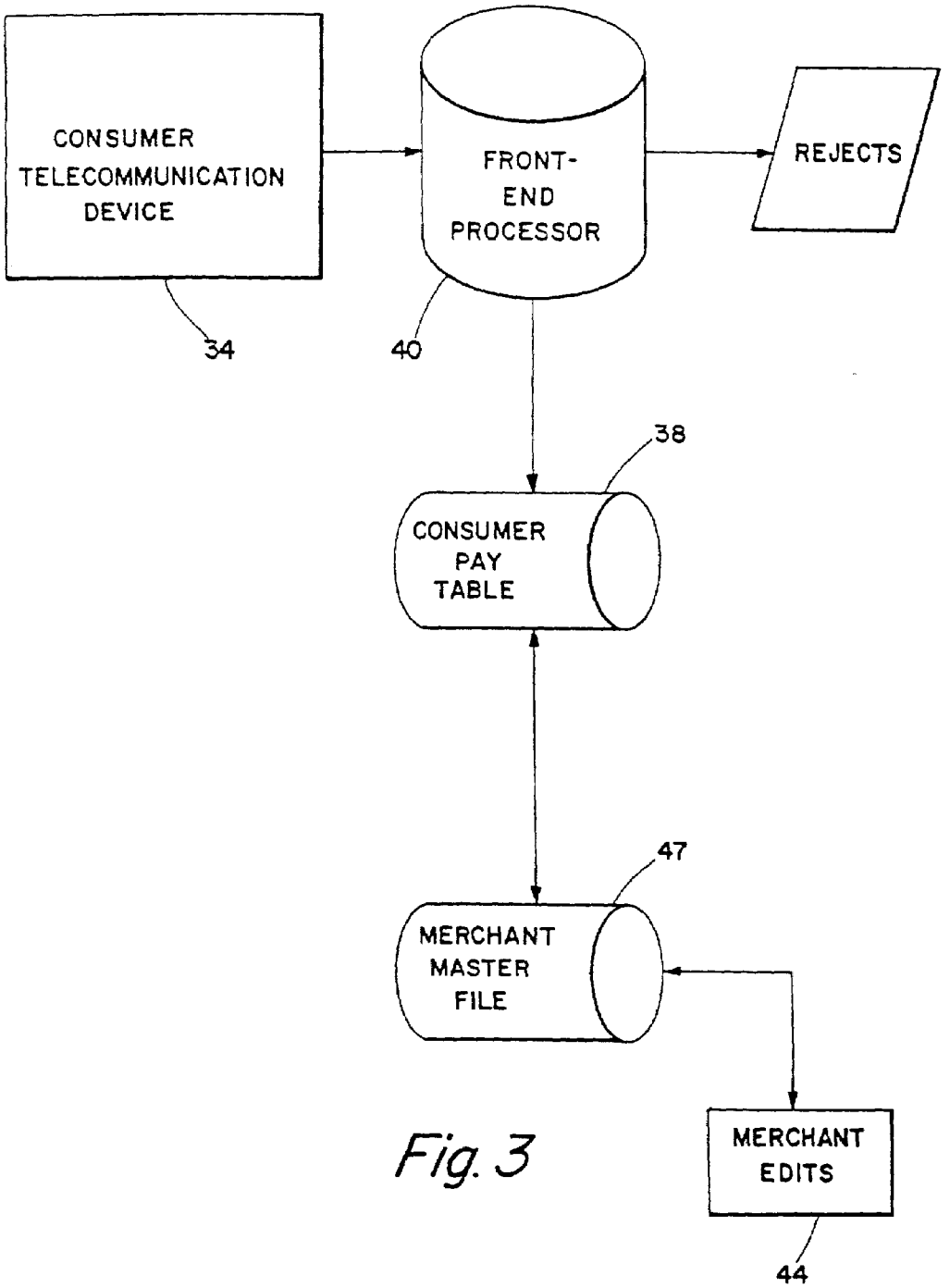

CONSUMER TELECOMMUNICATION DEVICE
34
FRONT-END PROCESSOR
40
REJECTS
38
CONSUMER PAY TABLE
47
MERCHANT MASTER FILE
MERCHANT EDITS
44

Fig. 3

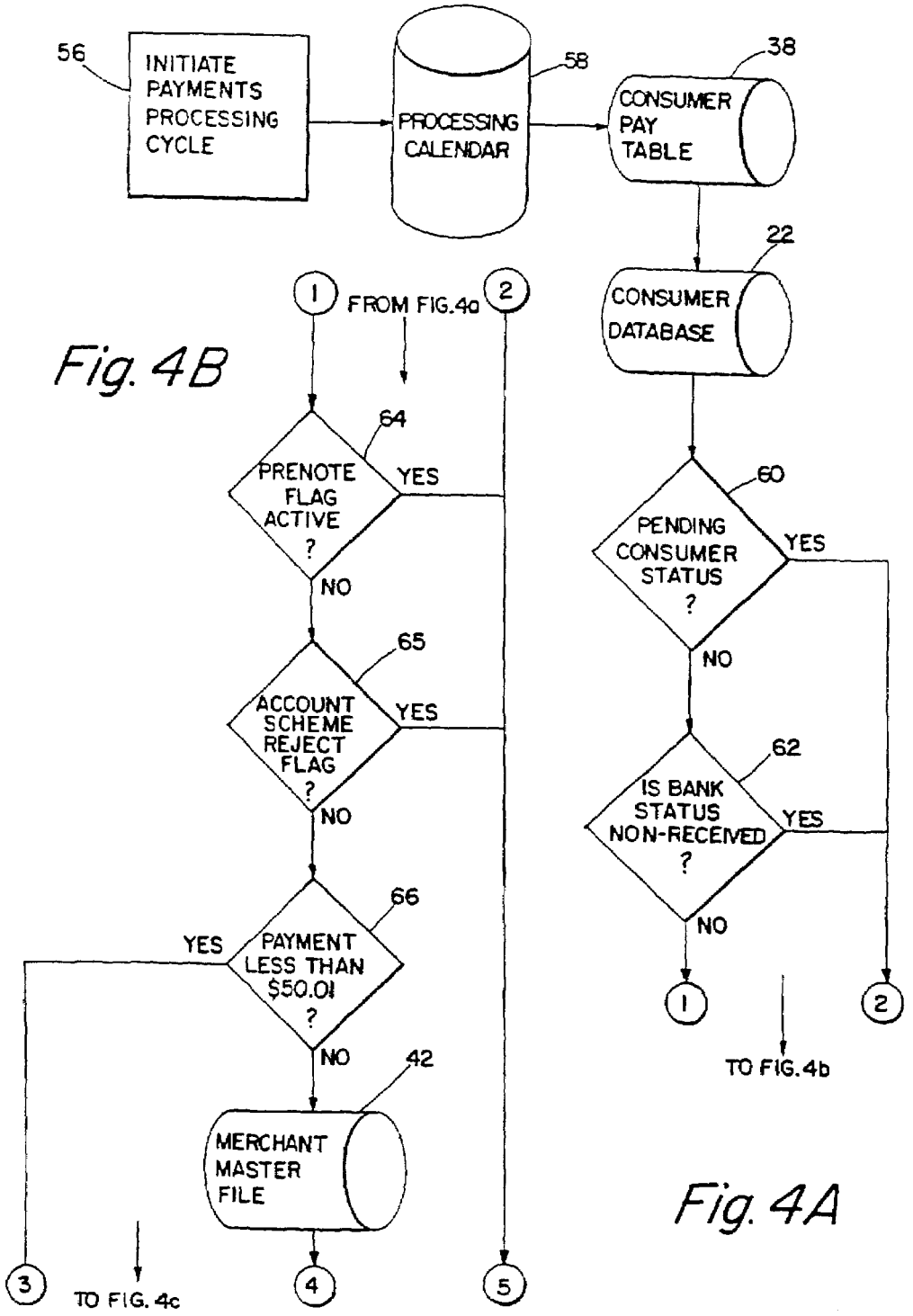
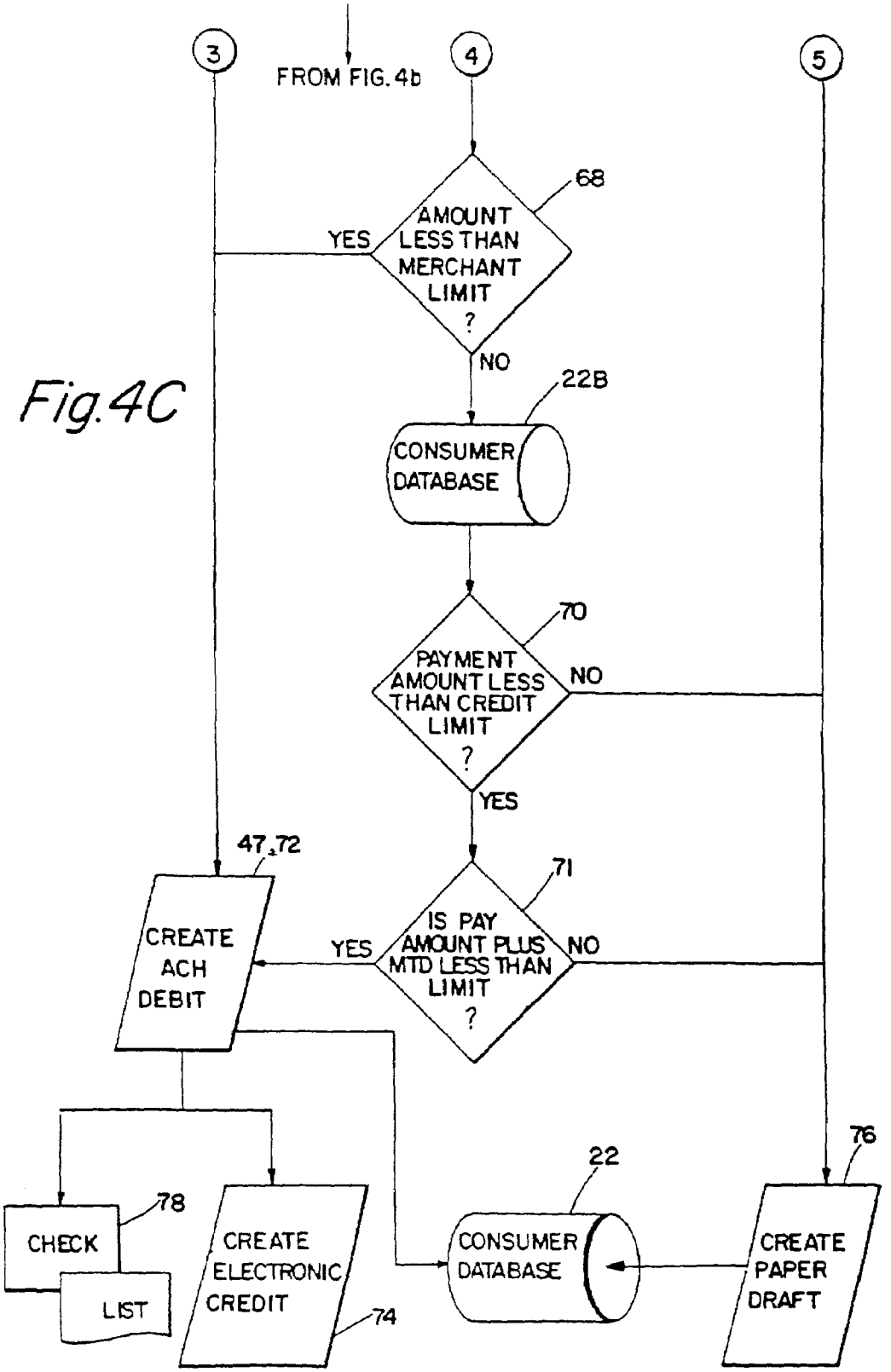

56
INITIATE PAYMENTS PROCESSING CYCLE
PROCESSING CALENDAR
58
38
CONSUMER PAY TABLE
22
CONSUMER DATABASE
1
FROM FIG.4a
2
64
PRENOTE FLAG ACTIVE ?
YES
NO
65
ACCOUNT SCHEME REJECT FLAG ?
YES
NO
66
PAYMENT LESS THAN $50.01 ?
YES
NO
42
MERCHANT MASTER FILE
3
TO FIG. 4c
4
5
60
PENDING CONSUMER STATUS ?
YES
NO
62
IS BANK STATUS NON-RECEIVED ?
YES
NO
1
2
TO FIG.4b

Fig. 4B

Fig. 4A

Fig.4C


3
FROM FIG. 4b
4
5
68
AMOUNT LESS THAN MERCHANT LIMIT ?
YES
NO
22B
CONSUMER DATABASE
70
PAYMENT AMOUNT LESS THAN CREDIT LIMIT ?
NO
YES
47,72
71
CREATE ACH DEBIT
IS PAY AMOUNT PLUS MTD LESS THAN LIMIT ?
YES
NO
76
22
78
CHECK
LIST
CREATE ELECTRONIC CREDIT
74
CONSUMER DATABASE
CREATE PAPER DRAFT

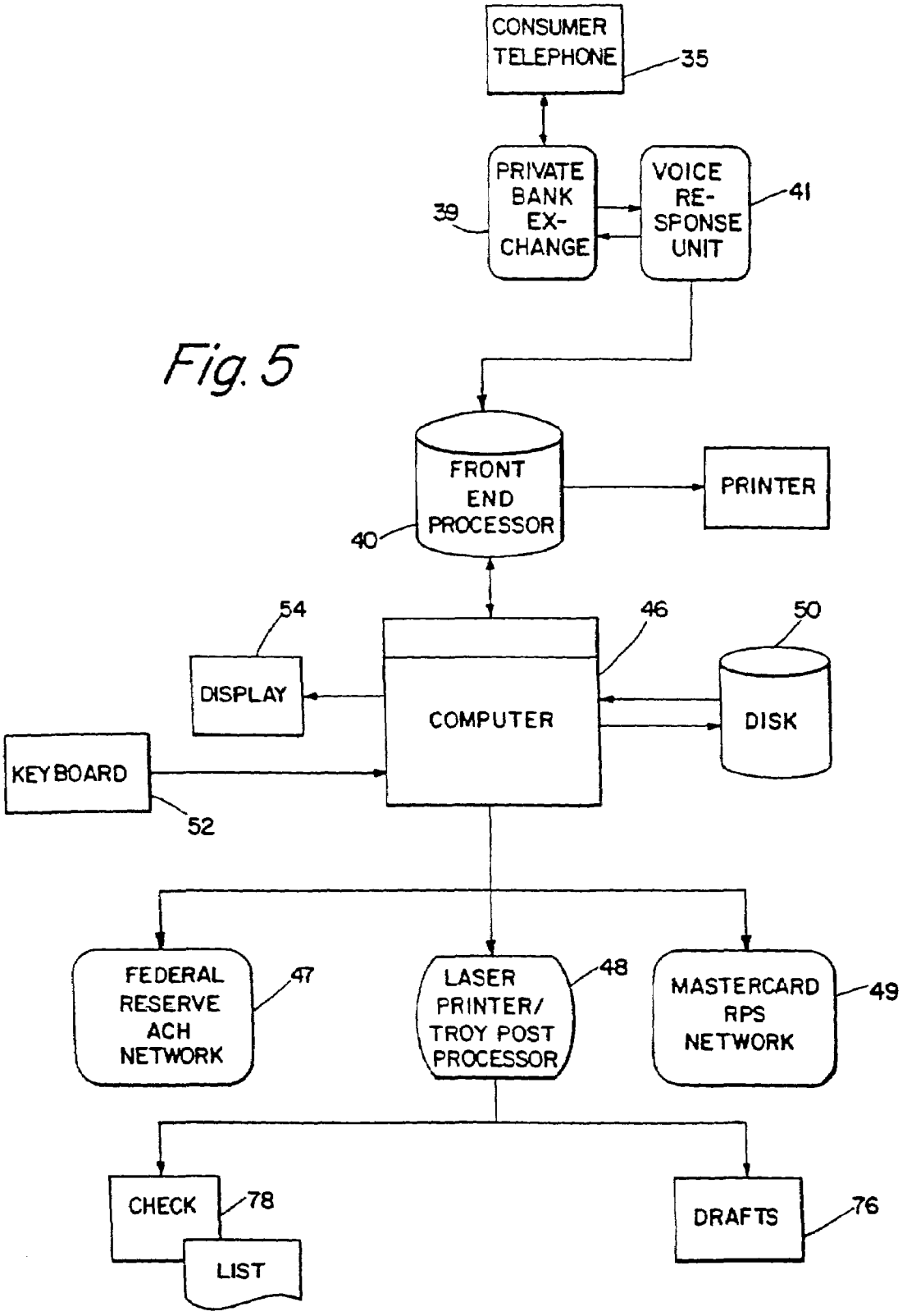

CONSUMER TELEPHONE
35
PRIVATE BANK EX-CHANGE
39
VOICE RE-SPONSE UNIT
41
FRONT END PROCESSOR
40
PRINTER
54
DISPLAY
46
COMPUTER
50
DISK
KEYBOARD
52
FEDERAL RESERVE ACH NETWORK
47
LASER PRINTER/ TROY POST PROCESSOR
48
MASTERCARD RPS NETWORK
49
CHECK
78
LIST
DRAFTS
76

Fig. 5

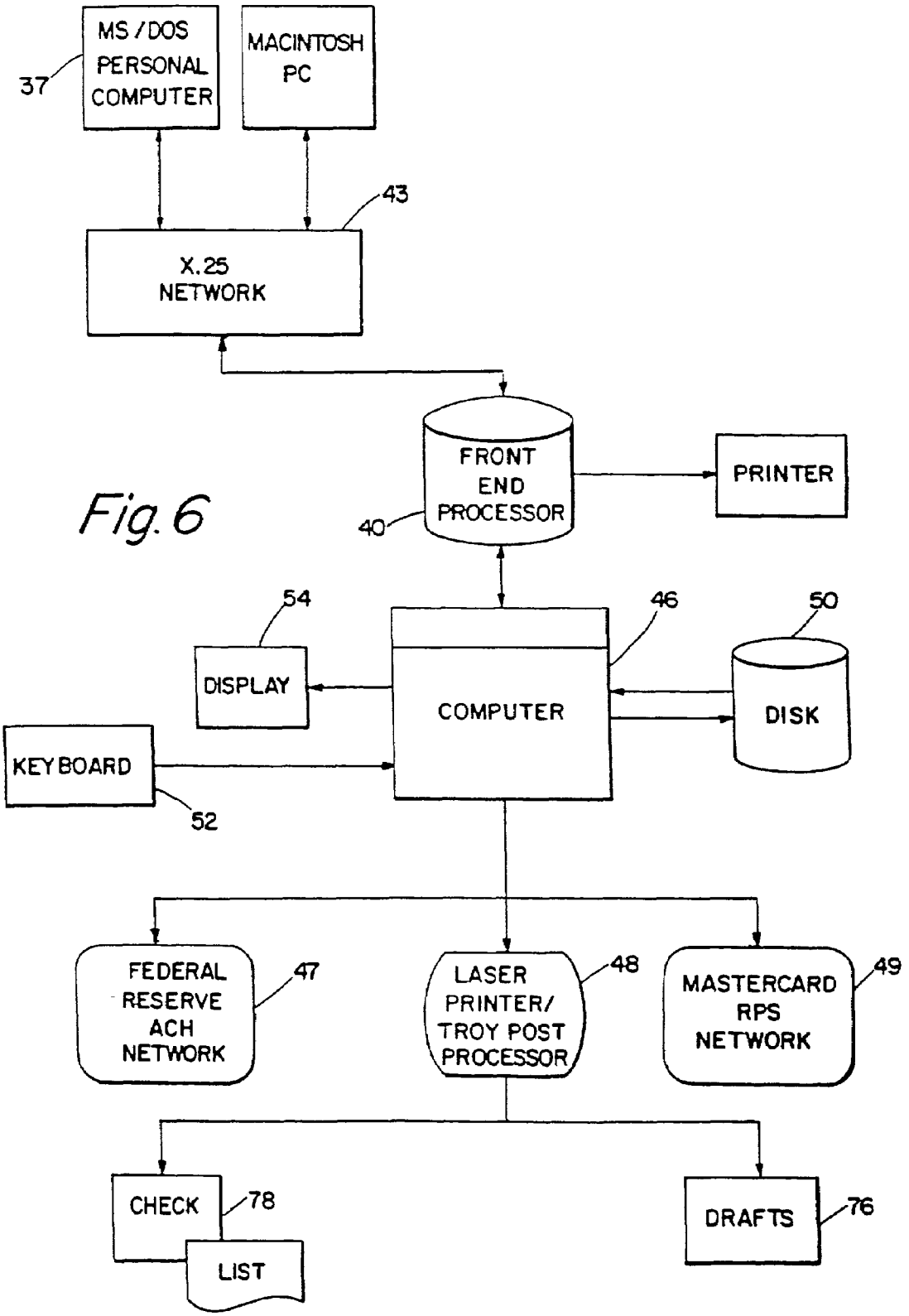

MS / DOS PERSONAL COMPUTER
37
MACINTOSH PC
43
X.25 NETWORK
FRONT END PROCESSOR
40
PRINTER
54
DISPLAY
46
COMPUTER
50
DISK
KEYBOARD
52
FEDERAL RESERVE ACH NETWORK
47
LASER PRINTER/ TROY POST PROCESSOR
48
MASTERCARD RPS NETWORK
49
CHECK
78
LIST
DRAFTS
76

Fig. 6

SYSTEMS AND METHODS FOR RISK BASED DETERMINATION OF A FORM FOR CREDITING A PAYEE ON BEHALF OF A PAYER

RELATED APPLICATIONS

This is a continuation of Application for U.S. patent Ser. No. 08/372,620, filed Jan. 13, 1995, which will issue as U.S. Pat. No. 5,873,072 on Feb. 16, 1999, which was a continuation of application for U.S. patent Ser. No. 07/736,071, filed on Jul. 25, 1991, which issued as U.S. Pat. No. 5,383,113 on Jan. 17, 1995, each having the common assignee of the present invention and each incorporated herein by reference for all purposes.

BACKGROUND AND SUMMARY OF THE INVENTION

The present invention relates generally to apparatus and methods for paying bills. More particularly, the present invention is a computerized system for paying bills whereby a consumer may contact a single source from a remote location via a telephone, a computer terminal with modem, or other electronic means, to direct the single source to pay the consumer's bills instead of the consumer writing checks for each bill. A microfiche appendix has been submitted with the parent case of this application Ser. No. 07/736,071, which issued as U.S. Pat. No. 5,383,113 on Jan. 17, 1995, which contains the program code of the present invention and which in its entirety is incorporated herein by reference. An additional hard copy of the appendix is attached as Exhibit A.

It has been common for many years for consumers to pay monthly bills by way of a personal check written by the consumer and sent by mail to the entity from which the bill or invoice was received. Consumers have used other ways to pay bills, including personally visiting the billing entity to make a cash payment. In today's economy, it is not unusual for a consumer to have several regular monthly invoices to pay. Writing individual checks to pay each invoice can be time-consuming and costly due to postage and other related expenses.

A need exists for a method whereby a consumer can contact a single source and inform the source to pay various bills of the consumer, to have the source adjust the consumer's account with the consumer's financial institution (i.e., bank, credit union, savings and loan association, etc.) to reflect a bill payment, and to actually pay the billing entity a specified amount by a particular time. The system should be efficient and not unreasonably expensive and relatively simple for a consumer to interact with. Some banks have attempted to provide a service for making payment to a few billing entities to which the banks have established relations. The banks that do provide that type of service are limited in that they provide the service only for their own customers since the banks have not developed a system for accurately acquiring and processing account numbers and balances of customers of all other banking institutions and coordinating that information with bill payment. Furthermore, banks have not developed a system for managing the risks involved in providing such a service and the inherent complexities of providing the service to consumers other than the bank's own customers. Therefore, a need exists for a single source bill payment system that would be available to any consumer, regardless of where the consumer banks and regardless of what bills are to be paid.

The present invention is designed to fulfill the above listed needs. The invention provides a universal bill payment system that works regardless of the consumer's financial institution and bill to be paid. The present invention provides a computerized system by which a consumer may pay bills utilizing the telephone, a computer terminal, or other electronic, data transmission means. Transactions are recorded against the consumer's account wherever he or she banks. The consumer may be an individual or a business, large or small. The present invention works regardless of where the consumer banks.

The method of the present invention includes: gathering consumer information and creating a master file with banking information and routing codes; inputting payment instructions by the consumer at a convenient location (e.g., at home), typically remote from the payment service provider, by using an input terminal such as a push-button telephone; applying the payment instructions to the consumer's file; using computer software of the present invention to examine various files to determine such things as what is the appropriate form of payment based on variables involving banking institutions and merchants; comparing each transaction against a dynamic credit file and routing based on set parameters; and, if the payment system determines that everything is ready for payment to be made, adjusting the consumer's account (usually by debiting) and making payment directly to the billing entity. The single source service provider for consumer bill payment could be any entity with the capability to practice the invention as described hereinafter. The foregoing and other objects and advantages will become more apparent when viewed in light of the accompanying drawings and following detailed description.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. **1** is a diagrammatical representation of the creation of a consumer database;

FIG. **2** is a diagrammatical representation of the establishment of a merchant's (billing entities) database and the making of payments;

FIG. **3** is a diagrammatical representation of the creation of a consumer pay table;

FIGS. **4***a* is a diagrammatical representation of a payment processing cycle;

FIG. **4***b* is a continuation of the diagram of FIG. **4***a;*

FIG. **4***c* is a continuation of the diagram of FIG. **4***b;*

FIG. **5** is a diagrammatical representation of a computer hardware system that may be used for accomplishing the present invention; and

FIG. **6** is a diagrammatical representation of another computer hardware system that may be used for accomplishing the present invention.

DESCRIPTION OF PREFERRED EMBODIMENT(S)

Referring now to the drawings, FIG. **1** illustrates the steps in the creation of a consumer database for use with the present invention. The first step in the process is to establish a consumer's data records on the system. This may be accomplished by the consumer completing an authorization form **20** which would contain the needed information to input into the system concerning the consumer. This information may include the consumer's name, address, telephone number and other applicable information. The consumer would also provide a voided check from the consumer's personal checking account. The consumer's information may then be manually input via a keyboard **52** into the consumer database record **22**. Default amounts may be set for an individual credit line

parameter and for a total month-to-date parameter. These amounts establish the maximum unqualified credit risk exposure the service provider is willing to accept for an individual transaction and for the collective month-to-date transactions of a consumer. As explained hereinafter, the service provider may be at risk when paying a consumer's bills by a check written on the service provider's account.

From the voided check, the consumer's bank routing transit and individual account numbers at an institution are input into the computer system. This information may be edited against an internal financial institutions file (FIF) database **24** of the present invention. FIF **24** is a database of financial institutions' identification codes and account information for the consumer. This file edits the accuracy of the routing transit number and the bank account number. If the numbers do not correspond with the correct routing and bank numbers, they are rejected and the data entry is done again. FIF **24** in conjunction with the software of the present invention also updates the consumer database **22** for both electronic and paper draft routing and account information. The needed information may be obtained from each banking institution and each consumer.

The consumer is notified by the service provider of his or her local phone number access and personal security code for informing the service provider that a bill is to be paid. This information may be stored in a phone access table **26**. The personal security code may be much like an ATM machine four digit code. In addition, to comply with federal law, an electronic pre-note **28** will be created to be sent to the consumer's bank to inform the bank that the service provider is authorized to debit the consumer's account. For further security to the service provider, a consumer credit record **30** may be obtained. The default credit limit amounts over which the service provider may be unwilling to assume financial risk may be modified based on the information obtained from the credit report **30**.

In FIG. **2** the steps are shown for establishing merchants to be paid and the making of a payment. The consumer must inform the service provider or processor of a merchant's name, address, phone number and the consumer's account number with the merchant **32**. The term "merchant" as used herein is intended to pertain to any person or entity that the consumer wishes to pay and is not to be limited to the usual merchants most consumers pay, such as the electric company, a home mortgage lender, etc. This information is put into a merchant master file database **42** (MMF). The consumer may also indicate whether the merchant is a variable or fixed merchant. A variable merchant is one in which the date and amount of payment will vary each month. A fixed merchant is one in which the date and amount remain the same each month. If the merchant is fixed, the frequency of payment may be other than monthly, such as weekly, quarterly, etc. The consumer should inform the service provider of the date on which the merchant is to be paid and the amount to be paid.

Through a telecommunications terminal **34** (e.g., a push-button telephone or computer terminal), a consumer may initiate payment of bills. Through the terminal, the consumer may access his merchant list and input the payment date and amount. The system may be provided with a payment date editor **36** to insure that the date is valid and logical (i.e., payment dates already in the past or possibly a year or more into the future would be questioned). As payments are initiated, a consumer "checkbook register" may be created and automatically updated to reflect this activity. The merchant list can be visible on the consumer's personal computer screen. On a personal computer a consumer may enter merchant payment amounts and payment dates on the computer screen and then transmit this information to the service provider.

By telephone, the list may be presented by programmed voice. The voice may be programmed to ask the consumer if a particular merchant (selected from the consumer's MMF, which may be updated from time to time) is to be paid and to tell the consumer to press 1 if yes, or press 2 if no. If yes, the voice may instruct the consumer to enter the amount to be paid by pressing the numbers on a touch tone phone. The asterisk button could be used as a decimal point. After the amount is entered, the voice may ask the consumer to enter the date on which payment is to be made to the merchant. This may be accomplished by assigning each month a number, such as January being month **01**. The consumer may then enter month, day and year for payment. The programmed voice may be accomplished with a VRU (voice response unit) available from AT&T or other vendors. It may communicate with a data processor to obtain consumer information. At the end of the consumer's session on the terminal a confirmation number may be sent to the consumer, providing a record of the transaction.

In FIG. **3** the steps are shown for the creation of the consumer pay table **38** and making updates to it. The consumer's files may be received at the service provider on a front end processor **40** that interfaces with the telecommunications network. The consumer's records may be edited **44** for validity by comparing to the merchants' account scheme. Any new merchant records are added to the consumer's pay table. New merchants are compared to the MMF **42** and appropriately cross-referenced to the pay table to check if a merchant record already exists. If no merchant record exists, a merchant record will be created on the MMF **42**.

Payment records may also be received on the service provider's processor. The payment may first go through a validation process against the pay table. The validation process checks for duplicate payments and if duplicates are found they are sent to a reject file. The validation process also verifies that merchants are set up and may check for multiple payments to be paid to a particular merchant. Orders for payment go to the consumer pay table to determine when the payment should be released and how it will be released for payment.

The service provider may pay merchants by a draft or check (paper) or by electronic funds transfer. To create a draft that will pass through the banking system, it must be specially inked. This may be accomplished by a printer which puts a micr code on drafts, like standard personal checks. For example, as shown in FIG. **5**, the front end processor **40** may be a DEC VAX which is connected to an IBM main frame **46** Model 4381. Consumers may call by telephone **35**, a number that passes through the private bank exchange (PBX) **39** and contacts a voice response unit **41** in association with the front end processor **40**. After the consumer's payment instructions are received an analysis is performed to determine the most cost effective and least risk mode of payment for the service provider to use. One preferred mode of payment is electronic funds transfer through the Federal Reserve Automated Clearing House (ACH) Network **47**. If the service provider is not a bank, a bank intermediary may be needed to be connected to the Federal Reserve Network. Another payment mode is a charge to the consumer's credit card through the RPS Network **49**. Additionally, an IBM Laser Printer attached to a micr post printer **48** may be used by the service provider to send drafts **76** or consolidated checks **78** to merchants. The main frame **46** has data storage means **50** and runs the FIF **24** and MMF **42** programs. It may also have a tape drive or

telecommunication interface for accomplishing electronic funds transfer. It should be recognized that various other hardware arrangements could be used to accomplish the present invention. FIG. **6** illustrates a similar arrangement for use when the consumer is using a personal computer **37** to instruct the service provider. The personal computer may access the front end processor **40** through the standard X.25 Network **43**.

Referring now to FIGS. **4***a*, **4***b* and **4***c*, the payment process is shown. The payment process may be cycled **56** each day or more or less frequently. The first step is to establish when payment items are to be processed. This may be accomplished through a processing calendar **58**. A processing calendar **58** may be built into the system. The calendar **58** enables the system to consider each date, including weekends and the Federal Reserve holidays. Payments are released from the consumer pay table **38** using the due date. Any bank date, payments, or payments within a period such as four business days may be released the same day. All future payment dates would be stored in the consumer pay table **38**. On-line inquiry may be made on the consumer pay table **3 8**. The service provider has on-line capability to make changes to the consumer payment upon request until the day the payment is released. A consumer's merchant change may also affect the consumer's payment on the pay table **38**.

The method of payment to the merchant may be either paper (draft or check) or electronic. There are several factors in the process used to determine if a payment will be released as a paper item, or an ACH electronic transaction (automated clearing house; service provider is a party to transaction). Each consumer may be assigned a status such as: active=good; inactive=bad; and, pending=uncertain, risky. If a consumer's status is pending **60**, when reviewing the payment file with the processing calendar **58**, the payment should go out as a draft paper to protect the service provider. When payment is made by draft, the service provider is not a contractual party to the transaction. The consumer's bank account codes are actually encoded onto the draft prepared by the service provider and act much like the consumer's personal check. The draft has been specially designed for this process. The draft is payable to either the service provider or the particular merchant. This allows the draft to be delivered to the merchant for payment and depositing, but allows the draft to be legally payable by the bank, with proper authorization. Additionally, posting information for the merchant is contained on the body of the draft. To the applicant's knowledge, it is the first time a draft has been used in such a manner and with this unique design to accomplish this. If the consumer's bank transit number does not indicate an electronic bank **62** (i.e., a banking institution that will accept electronic funds transfer), the program associated with FIF **24** sends the payment as a draft. A pre-note **28** is required any time **64** new banking information is entered on a consumer and the bank shows on FIF **24** as an electronic receiving bank. The pre-note period is ten (10) days under federal law. Any payments released during this period are sent as paper.

The third manner in which the service provider may pay bills is by a check written on the service provider's account. A consolidated check may be written if many customers have asked the service provider to pay the same merchant. Under this method of payment the service provider assumes some risk since the service provider writes the check on its own account. The service provider is later reimbursed by the (consumer's) banking institution.

As a means of minimizing risk to the service provider, any transaction may be compared to the MMF **42** credit limit. For example, if the check limit is greater than zero and the payment is $50.00 or less **66**, the item may be released as electronic **74** or by service provider check **78**. If the payment is greater than $50.00 but less than or equal to the merchant credit limit **68**, the payment may be released as electronic payment **74** or check **78**. Any payments within the merchant's credit limit **70** are added to the consumer's monthly ACH balance **72**. This provides a monthly total billing day to billing day summary of the consumer's electronic payment activity. Any transaction may be compared to the consumer's database credit limit parameters. If a payment amount is greater than the consumer's credit limit, the item is released as a draft **76** which is written on the consumer's account. If the payment amount plus the total of electronic payments in a particular month is greater than the consumer's credit limit, the item is released as a draft **76**. Items not released as paper are initiated as an ACH debit against the consumer's account.

The consumer database may be reviewed for proper electronic funds transfer (EFT) routing. Payment to the merchant may be accomplished one of three ways, depending on the merchant's settlement code. Various merchant's settlement codes may be established. For example, a merchant set up with a settlement code "01" results in a check and remittance list **78** being mailed to the merchant. Merchants with a settlement code, such as "10" produce an ACH customer initiated entry (CIE). Merchants with a settlement code, such as, "13" produce a remittance processing system (RPS) credit.

In the consumer pay table, for fixed payments, a payment date gets rolled to the next scheduled payment date on the pay table. The number of remaining payments counter is decreased by one for each fixed payment made. For variable payments once made, the payment date is deleted on the consumer pay table. The schedule date and amount on the consumer pay table roll to zero. A consumer payment history may also be provided which show items such as process date as well as collection date, settlement method, and check number in addition to merchant name and amount.

The software of the present invention is designed in part to make several decisions relating to particular transactions for consumers. The following example is provided to more fully describe the software. This example is not intended to limit the application to the details described in the example and is only provided to further enhance the description of the invention already stated above.

For this example, assume that a consumer has five transactions of varying amounts for which the consumer has asked the service provider to arrange payment. For simplicity, assume that the five payments are to be made on the same day. First, the consumer database **22** is edited to validate the status, banking institution, and pre-note flags associated with the consumer's requested payments. The account numbers provided by the consumer for the merchants to be paid, are also checked to determine if they are valid. Assuming the merchant account numbers are valid, the program begins with the first dollar analysis.

For purposes of this example, the five payments the consumer has requested are in the amounts of: $25.00; $75.00; $150.00; $250.00; and $1,000.00. The program will consider each dollar amount individually as it goes through the various edit modes. The first edit may be called a $50.01 edit. In this example, any transaction that is less than $50.01 is automatically sent as an ACH debit to the consumer's account. This means that the service provider uses ACH to electronically transfer funds from the consumer's account to the service provider's clearing account.

In this example, the initial payment of $25.00 will satisfy the $50.01 edit and therefore will be paid without any further edits being conducted for this particular payment. Continuing

with the example, the next edit may be a merchant dollar edit that is established for the specific merchant to which the transaction is being sent. For purposes of this example, this edit is set at $100.00 for all merchants. Different dollar edits can be incorporated for different merchants. In the example, the second payment request of the consumer, for $75.00, meets the $100.00 merchant edit parameter and is sent as an ACH debit to the consumer's account. Note that the $75.00 payment would not have satisfied the $50.01 edit and therefore would have passed on to the second edit which in this case, is the merchant dollar edit.

The remaining three payments in the example exceed both the $50.01 edit and the merchant $100.00 edit and therefore, go to the next edit. In the example, the next edit is for a consumer individual transaction limit set at $200.00. The $150.00 payment is less than the $200.00 consumer individual transaction limit and is, therefore, sent as an ACH debit to the consumer's account and paid. The other two remaining payments yet to be made exceed the $200.00 limit in this example and pass to the next edit.

In the next edit, which happens to be the last edit in the example, the consumer's month-to-date "unqualified" risk limit is checked. In the example, the month-to-date limit is set at $1,500. Assume that for this particular consumer $400.00 of month-to-date payments have already been made on the consumer's behalf. Added to the $400.00 would be the three payments made above for $25.00, $75.00 and $150.00. So an additional $250.00 is added to the $400.00 month-to-date for a total of $650.00 "unqualified" risk for the current month-to-date amount. The next payment to be made is for $250.00 and would fall within the $1,500 month-to-date limit when added to the current $650.00 risk amount. Therefore, the $250.00 payment is made and an ACH debit is sent to the consumer's account. This brings the total month-to-date "unqualified" risk amount to $900.00. The final $1,000 payment has not been paid and would send the "unqualified" risk amount over $1,500 when added to the $900.00. Since the final payment of $1,000 in the example fails the consumer month-to-date limit edit, the $1,000 payment would be sent as a paper draft directly drawn on the consumer's account, and for which the service provider has no liability. In the example, the final step would be updating the consumer month-to-date current total to $900.00.

The apparatus for and method of bill payment of the present invention and many of its attendant advantages will be understood from the foregoing description. It will be apparent that various changes may be made in the form and steps thereof without departing from the spirit and scope of the invention or sacrificing all of its advantages.

We claim:

1. A computer-implemented method for directing a payment, comprising:

receiving, at a payment service provider, a request to pay a payee on behalf of a payer;

selecting, by at least one payment service provider computer prior to a debiting of a financial account of the payer, a form for crediting the payee, wherein the selection is based on at least one of:

(i) comparing a payer account number associated with the payer and the payee to a merchant account scheme associated with the payee, or

(ii) comparing a payment amount associated with the received request to a merchant credit limit associated with the payee; and

directing, by the at least one payment service provider computer, a payment to the payee in accordance with the selected form for crediting.

2. The method of claim **1**, wherein the form for crediting comprises at least one of (i) a check payable to the payee and written on an account of the payment service provider, (ii) an electronic credit, or (iii) a paper draft payable to the payee and written on an account of the payer.

3. The method of claim **2**, wherein the selected form for crediting is a check written on an account of the payment service provider, and wherein the check is a consolidated check.

4. The method of claim **3**, wherein the request is a first request and the payer is a first payer, and further comprising:

receiving a second request to pay the payee on behalf of a second payer; and

selecting, by the at least one payment service provider computer, a check written on an account of the payment service provider as the form for crediting the payee on behalf of the second payer;

wherein the consolidated check combines payment of the first request and payment of the second request.

5. The method of claim **3**, further comprising:

transmitting, by the at least one payment service provider computer, a remittance list associated with the consolidated check to the payee.

6. The method of claim **2**, wherein the electronic credit comprises at least one of (i) an Automated Clearing House (ACH) credit or (ii) a remittance processing system credit.

7. The method of claim **2**, wherein the selected form for crediting is a paper draft, and the paper draft comprises posting information for the payee.

8. The method of claim **1**, wherein selecting the form for crediting the payee is further based at least in part on an examination of a settlement code associated with the payee.

9. The method of claim **1**, wherein selecting the form for crediting includes comparing the payment amount associated with the received request to a merchant credit limit associated with the payee, and further comprising:

selecting, by the at least one payment service provider computer, an electronic credit as the form for crediting the payee if the payment amount is less than or equal to the merchant credit limit.

10. The method of claim **1**, wherein selecting the form for crediting includes comparing the payer account number associated with the payee to a merchant account scheme associated with the payee, and further comprising:

selecting, by the at least one payment service provider computer, a paper draft as the form for crediting the payee if the payer account number with the payee fails to correspond to the merchant account scheme.

11. A system, comprising:

an interface to a network configured to receive a request to make a payment to a payee on behalf of a payer; and

a processor configured (i) to select, prior to a debiting of a financial account of the payer, a form for crediting the payee based on at least one of (1) a comparison of a payer account number associated with the payer and the payee to a merchant account scheme associated with the payee, or (2) a comparison of a payment amount associated with the received request to a merchant credit limit associated with the payee, and (ii) to direct issuance of a payment to the payee in accordance with the selected form for crediting.

12. The system of claim **11**, wherein the form for crediting comprises at least one of (i) a check payable to the payee written on an account of the payment service provider, (ii) an electronic credit, or (iii) a paper draft payable to the payee written on an account of the payer.

13. The system of claim 12, wherein the selected form for crediting is a check written on an account of the payment service provider, and wherein the check is a consolidated check.

14. The system of claim 13, wherein the request is a first request and the payer is a first payer, and wherein:

the interface is further configured to receive a second request to pay the payee on behalf of a second payer; and

the processor is further configured to select a check written on an account of the payment service provider as the form for crediting the payee on behalf of the second payer;

wherein the consolidated check combines payment of the first request and payment of the second request.

15. The system of claim 13, wherein:

the processor is further configured to direct the transmission of a remittance list associated with the consolidated check to the payee.

16. The system of claim 12, wherein the electronic credit comprises at least one of (i) an Automated Clearing House (ACH) credit or (ii) a remittance processing system credit.

17. The system of claim 12, wherein the selected form for crediting is a paper draft, and the paper draft contains posting information for the payee.

18. The system of claim 11, wherein the processor is further configured to select the form for crediting the payee based at least in part on an examination of a settlement code associated with the payee.

19. The system of claim 11, wherein the processor selects the form for crediting based at least in part on a comparison of the payment amount associated with the received request to a merchant credit limit associated with the payee, and

wherein the processor is further configured to select an electronic credit as the form for crediting if the payment amount is less than or equal to the merchant credit limit.

20. The system of claim 11, wherein the processor selects the form for crediting based at least in part on a comparison of the payer account number associated with the payee to a merchant account scheme associated with the payee,

wherein the processor is further configured to select a paper draft as the form for crediting if the payer account number with the payee fails to correspond to the merchant account scheme.

21. A system comprising:

means for receiving, at a payment service provider, a request to pay a payee on behalf of a payer;

means for selecting, prior to a debiting of a financial account of the payer, a form for crediting the payee, wherein the selection is based on at least one of:

(i) comparing a payer account number associated with the payer and the payee to a merchant account scheme associated with the payee, or

(ii) comparing a payment amount associated with the received request to a merchant credit limit associated with the payee; and

means for directing a payment to the payee in accordance with the selected form for crediting.

* * * * *

UNITED STATES PATENT AND TRADEMARK OFFICE

CERTIFICATE OF CORRECTION

PATENT NO. : 7,853,524 B2
APPLICATION NO. : 10/025897
DATED : December 14, 2010
INVENTOR(S) : Kight et al.

It is certified that error appears in the above-identified patent and that said Letters Patent is hereby corrected as shown below:

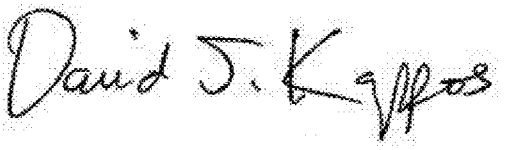
On the title page, after Related U.S. Application Data, item (63), please insert the following:

--Continuation of Application No. 09/250,711, filed on February 16, 1999, now abandoned, which is a continuation--.

At Column 1, line 8, after "This is", insert --a continuation of Application for U.S. Patent Ser. No. 09/250,711, filed February 16, 1999, now abandoned, which is--.

At Column 1, line 9, replace "will issue" with --issued--.

Signed and Sealed this
Twenty-eighth Day of June, 2011



David J. Kappos
Director of the United States Patent and Trademark Office