Why Schools Must Use Cashless Payment Systems

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Introduction

Education is the priority for any school district, but schools also provide services, such as collecting payments for fees and activities, and cashless schools are a new and powerful solution.

Cashless payment systems for schools offer many features and benefits that make them a good fit for school districts. Fast, convenient and secure payment services help students and parents stay on top of payments for all kinds of school fees and activities. School staff use automated posting, reconciliation, tracking and reporting features to clearly understand individual account status and overall revenue.

This comprehensive resource covers cashless payment systems — and how to become a cashless school — in detail. Keep reading to understand what, why and how these systems can help your school streamline the payment process for everyone.

What Is a Cashless Payment System for Schools?

One of the significant priorities for school districts is managing cashless payments. The simple truth is that non-cash payments are rising in the United States, with overall non-cash transactions increasing more than 50% in the past decade. Cashless payments have many benefits for students: They can reduce the stigma associated with free or reduced lunches, ensure that parents never forget lunch, field trip or activity payments, and make notifying parents about pending payments or low balances easy.

These broader changes help explain why cashless payments have become the default payment method for many schools. A cashless default payment method means all families and students are automatically enrolled. Because it's the default payment method, students are not given the "option" to enroll in cashless payments. Instead, they are given paperwork to fill out that will connect their school accounts with bank or credit card information. This makes cashless the default payment method.

Why Are So Many Schools Going Cashless?

There are many reasons why districts are implementing cashless schools. First and foremost, this trend in schools reflects recent and accelerating trends in the U.S., including the wide availability and innovation in technology and changing consumer preferences. But cashless payment solutions are increasingly popular because they make every dollar trackable, simplifying payment tracking and reducing the cash-handling burden. This is particularly helpful for schools, which face the challenge ofmanaging many revenue streams and ensuring every dollar is accounted for. Cashless schools streamline the process and offer transparency into financial data, making it easier to focus on educating students.

Cashless Systems Are Popular

The popularity of cashless payments is growing. According to McKinsey & Company research, the number of Americans using online payments with vendors (through browsers, apps, mobile phones and/or QR codes) and each other (through person-to-person payments) grew quickly in recent years:

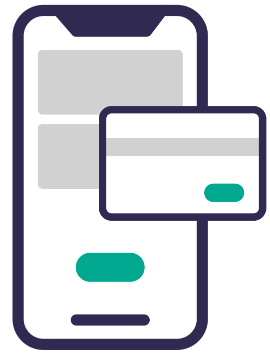
- In 2016, 72% of Americans used online payments
- In 2020, the figure was 78%
- In 2021, 82%

These types of transactions are growing steadily. Why?

There are many reasons. Consider just a few national and global events and trends in recent years:

- The COVID-19 pandemic accelerated the move to remote, cashless transactions.
- Digital natives have been entering the workforce for years now and have money to spend. They are comfortable with technology and want the ease and convenience of buying products and services online through many types of interfaces.
- New and improving technology makes all this possible, from voice assistants to apps to mobile wallets and more.

Cashless Systems Meet Schools' Needs



Schools are similar to many businesses and organizations that process payments. They want to provide their customers (parents and students) with faster and more convenient payment options. And school staff benefit from automated payment, reconciliation, tracking and reporting features that are built into these systems.

Safety is also an important issue. Any organization collecting payments must meet Payment Card Industry Data Security Standard (PCI DSS) and card network card-not-present (CNP) guidelines to protect credit card information.

When communicating with students and parents, schools must consider anti-spam email rules that allow them to identify and control email solicitations and advertising from vendors.

And finally, schools have some unique programs and requirements to consider. For example, privacy rules outlined in the federal Family Educational Rights and Privacy Act (FERPA) that protect students' and parents' personal information. And the National School Lunch Act (NSLA), which restricts access to records on students who are eligible for free and reduced-price meals.

A reputable and comprehensive online payment system can address these needs.

The Benefits of a Cashless Payment System for Schools

Cashless payment systems for schools are fast becoming the default payment method for schools, with easy enrollment and features that offer secure ways to fund school accounts. Aside from the obvious efficiency and popularity of cashless schools, these systems also offer several important benefits to students, parents and school staff and administrators. Specifically, these systems:

- **Reduce stigma for students:** A cashless payment system can help students who are on free or reduced-fee lunch programs. Before the availability of cashless payment options, students on these programs often had to submit forms or cards that specifically noted their status as being on free or reduced-cost lunch programs, highlighting their families' finances to their peers. A cashless default payment method enables these students to pay for their lunches just like any of their peers, and no one needs to know about their financial status.
- **Simplify administration:** Using online payments as the default payment method can be much easier to administer than cash. If you have the right system, revenue is automatically tracked and transferred to appropriate bank accounts. This reduces concerns about lost or stolen cash while it moves from a cash register to accounting. Payment cards are directly tagged to students, making life easy for them. Furthermore, analytics are easy: There is no need to manually enter numbers to see how much money a district processes daily, weekly or yearly.

- **Reduce costs:** A cashless system can also help to reduce costs for schools. They no longer need to purchase and maintain costly point-of-sale equipment, and there are no fees associated with processing payments.
- **Help students:** If students use cash as a payment method, they are more likely to lose or forget it, resulting in calls home and an increased burden on school administrators. The more that is done to discourage the use of cash, the easier the life of a school district staffer will be when it comes to managing school fees.
- **Reduce use of multiple payment methods:** By specifically shifting to a cashless default payment method, districts decrease the odds that students will use cash as a payment method. The reduced use of cash means staff can concentrate on serving their students and providing an enriching experience, not spending time on cash management. This shift can reduce the administrative burden and improve the efficiency of any district.
- **Help parents:** Parents can't easily transfer cash to students during the day. With a cashless system, if students are running low on funds, parents can use an app or website to transfer funds quickly from wherever they are. Parents may also be able to set up regular automatic transfers to student accounts, ensuring their children never miss a meal, school field trip or exam fee.
- **Enhance service:** A cashless system can also help to enhance customer service. With a traditional system, it can be difficult for parents to get in touch with someone at the school in case of problems with their children's accounts. With a cashless system, all payments are made electronically, so there's always a record of transactions. This makes it easier for parents to get in touch with the school if there are any problems.

How to Become a Cashless School

Transitioning to a cashless payment system for school might seem like a complicated process. But if you break the process into individual steps, it becomes more manageable. Understanding the concept, transitioning some or all fees gradually and focusing on safety are important steps. So is getting team and parent buy-in. Then it's all about promotion.

These seven steps explain how to become a cashless school in a planned and deliberate way.

Step 1: Understand the Basics of Online Payments

Before we dive into optimizing your online process, let's start with the basics. What are the benefits of online cashless payments? And how do you set yourself up to be a cashless school?

Tracking funds in school districts isn't easy, especially when it's not clear where fees are coming from and who is handling them. Some funds might need to be deposited into different accounts. Some payments might have been made in person at the front desk. It can be a real challenge to keep tabs on all this money, and you're just setting yourself up to lose cash or checks.

Online payment systems designed for K-12 school districts help streamline this process. They track who made a payment and where it should go. These solutions create cashless schools by allowing districts to set up multiple deposit accounts, pull reports and improve internal controls.

In addition to picking an online payment solution designed for your unique needs, here are some quick tips for tracking funds and setting your school up for success:

- Switch to a centralized online payment system to ensure all funds are coming through the same location across the district.
- Process as many payments online as possible — that should be your goal!
- Set up multiple deposit accounts to make sure money is automatically going to the correct bank account. This means fewer people have to manually sort funds and removes the possibility of sorting mistakes.

Step 2: Move Every Fee Online

We already hinted at this in our fund-tracking tips above. There's a trick to creating cashless schools in your district, and it's a simple one:

Move every fee online.

That's it. You'll want to start slow and ease parents into the process. And it will take a bit of work. But once you begin transitioning payments to an online system, you'll wonder how you ever got by without it. Cashless schools can easily collect and track payments, saving staff the hassle of hunting down unpaid fees from students and spending time entering payments by hand.

Here are a few of the many fees you should move online:

- Field trip fees
- Before- and after-school program fees
- School meal payments
- Transportation fees
- Spirit wear
- AP and SAT test fees
- Athletic fees
- Fall registration fees
- And almost any other fee you can think of

Step 3: Focus on Convenience

Way to go! You moved all these fees online (or have a plan in place to gradually move fee types throughout the year). Now, the most important thing to do is focus on convenience for parents. After all, what's the point of having a slick online payment process if it's difficult to use?

We explain this step with four easy tips:

- Accept a variety of payment options. More parents will participate if you accept multiple types of payments. High parent participation makes it much easier to become a cashless school.
- Keep the process simple. Nobody wants to spend 10 minutes doing something that should only take one.
- Be sure your system is secure. You're asking parents to enter sensitive financial information online. Partner with a credible online payment system that is PCI-compliant.
- Make it easy to pay! Parents are busy with unpredictable schedules. Make it super easy for them to find your cashless school's online store and pay fees.

Step 4: Get Buy-in from Your Teammates

Make parents happy? Check. The next step to becoming a cashless school is getting buy-in from your team. It's not enough to get your team on board when launching online payments, though. You need to make sure they're happy with improvements and adjustments to the process going forward. Here's a few ways you can win them over:

- Be clear. When you want to implement something new, be clear about what that will entail. Explain the change and how the implementation will occur.
- It's a conversation, not an order. While it might feel easy to implement something new just because you said so, this won't win you points with your team. Remind yourself that any change is a discussion about the needs of the team.
- Be open to criticism. With conversation comes criticism. Criticism is a good thing. If no one has any comments, good or bad, your team doesn't care. Listen to concerns and address them to build trust.
- Say it again and say it often. The more you repeat an idea, the more it sticks in people's minds. If you are serious about an update or a change, you need to make it clear that you are serious.

Step 5: Take Security Seriously

Online payments are often safer than taking cash or check payments in person, because there's no risk of a credit card payment falling into a backpack black hole. But cashless schools do handle sensitive data and protecting that information must be taken seriously. If parents are uneasy about your system's security, they're not going to use it. Here are some security tips to help you out.

- Work with a vendor that is PCI-compliant! This is the most important security tip there is. Use an online payment system that adheres to the highest level of PCI security compliance.
- Use passwords on every device. This means everything – your computer, tablet, phone — anything where you may be logged in to work accounts.
- Make sure passwords are secure. Don't use the same password for every account and device. If a password is compromised, this means all accounts are compromised. To keep track of passwords, use a password manager, not a spreadsheet.
- Do not email sensitive files. Email is not the most secure way to share information. To share files, save them in a shared drive.
- Keep systems updated. Aging software can make data more vulnerable to hacks.

Step 6: Promote Your Online Payment Options

You put all your payments online. You got buy-in from your team. You're sure you can keep payment information secure. You are heading down the path to become a cashless school. Now the question is, how do you make sure that people actually make payments online?

Over the last 20 years, we've found that convenience and speed matter the most to parents. They want a simple payment process they can complete from anywhere – at home on their computer or from their phone while sitting on the bleachers during basketball practice. But they can't do that if they don't know they have the option!

Here are a few ways you can promote your new online payment process:

- **Announce that online payments are now available.** This might sound like a no-brainer, but you would be surprised how easy it is to forget to let parents know about online payments. Do more than just adding the link to payments on your school's website. Try flyers, emails and newsletters to get the word out.
- **Use social media.** How much time do you spend on Facebook and Twitter? Exactly. Parents are online. Make posts on social media announcing the availability of payments. Go even further with follow-up posts about important fees, such as yearbook purchases, registration fees, graduation tickets and more.
- **Train staff on school's payment system.** Parents ask a lot of questions. (Like, a lot of questions.) The more you and your team know about the system, the better equipped you will be to answer those questions and encourage parents to pay online.
- **Make it obvious.** It should be simple to get to your online payment system. Put a payment button in a noticeable place on the website to make it impossible to miss.
- **Repeat!** It will take work to build awareness. Make frequent announcements, stay up-to-date with any software updates, and try to connect with families. With a little effort, you should have no problem increasing parent engagement.

Step 7: Start Slow, Then Grow

The final step is to be consistent. Sending one newsletter with a direct link to your online payment system won't get you to your cashless school goal. New students enter the district every year, which means you need to consistently tell parents about their online payment options. But don't be discouraged if you don't transition to a cashless school overnight. Keep at it! Starting slow and adding fee types as you go, along with consistent promotion, will help you successfully grow online payments.

18 Tips to Choose the Right Cashless School Payment System

Understanding what a cashless school is and the key features and benefits are important parts of assessing these systems. To make a cashless school a reality, you also need to understand the implementation process, and put your plans into action.

To do this, it will help to have some expert guidance on how to select a system. We've gathered 18 tips to help you choose a cashless payment system for school. Keep reading for guidance!

1. Consider District's Payment Goals First

Before you start shopping around for school payment software, identify your district's goals. Do you want to move all student payments online as soon as possible? Or would you prefer to roll out just a few required fees before adding more in the future?

Knowing this will help you create a list of questions to ask payment vendors you consider. Make sure you have a clear goal in mind when searching for your district's perfect payment partner.

2. Balance the Cost with Budget and Goals

This one might seem obvious, but cost is one of the biggest factors in finding the right school payment software for your district. Your district will need to compare your budget with the cost of your ideal system to make this decision.

And it's not just ongoing costs you need to consider. Keep in mind factors such as start-up costs or add-on fees. Use your payment goals to help find a solution that meets your needs and your budget.

3. Make a List of Every Fee You Want to Process Online

Think about the many types of fees your district collects during the school year beyond required registration and classroom payments. Once you get going, you might be surprised at how many there are, such as:

- Field trips
- Fundraisers
- Spirit wear
- Event tickets
- Athletic fees
- AP exam fees
- Food service fees

Unless your district only plans to move required fees online, you'll need a service that can handle all these fees and more. Make a list of every fee you collect, then make sure your school payment software can handle them all.

4. Plan to Centralize Online Payments

Don't leave the cashless school payment software decision to individual schools in your district. You'll end up with a chaotic blend of different systems. That means reconciling funds at a district level will be a nightmare.

Instead, pick one solution for the entire district. This will ensure funds collected by your schools are coming through the same place and end up where they need to be. Plus, parents won't need to use multiple systems for classroom payments, food balances and extracurricular fees. And staff members won't need to learn a variety of different ways to collect, track and reconcile payments.

5. Create a Launch Timeline and Check in with the Provider

The prospect of ditching cash and checks for good is exciting! Your staff likely can't wait to get started. But no matter how ready everybody is to rally behind a new school payment software, you need to have a realistic launch timeline to ensure its success.

First, establish how soon you want to implement the system. If you're right in the middle of a busy season – such as fall registration – you might not be able to realistically roll it out until that's calmed down.

Next, find out how long it will take to set up the new system. If the provider offers setup support, a quick launch might be possible. If not – and your district doesn't have a dedicated software expert on board – the rollout might not be quite so smooth.

6. Opt for a School Payment Software with Multiple Payment Options

The goal of moving student payments online is to reduce cash, checks, paperwork and the manual work it takes to process them. In other words, you don't want to create more work for staff or parents.

To do this successfully, you need to make it as convenient as possible for parents to use your school payment software. That means allowing them to pay the way they want. Make sure your online payment system accepts multiple payment types, including major credit cards and eChecks.

7. Find a Solution That Integrates with Your Other Software

Your district already has school software in place – your student information system, cafeteria management software or even enrollment software. Rather than adding a whole new system to the mix, choose a school payment software that seamlessly works together with your existing software.

Search for the school payment software that integrates with your school information system (SIS). And check to see if the provider offers any cafeteria management options. Pairing student payment processing with these management tools makes it easy to collect and reconcile payments in one place.

8. Make Security a Top Priority

As your district begins accepting online payments for more – if not all – student fees, you need to make sure security is a top priority. After all, you'll be handling sensitive card and bank account information, and your school payment software will be responsible for keeping that data safe.

Fortunately, the Payment Card Industry (PCI) has established standards that processors must meet to maintain a secure environment for cardholders. When searching for an online payment processor, we recommend looking for one with the highest level of Payment Card Industry Data Security Standard (PCI DSS). Learn more about Level 1 PCI processing standards.

9. Consider Your Staff Training Needs Across the District

Successfully rolling out new cashless school payment software requires staff to be on board. And one of the quickest ways to get staff to support the new process is by educating them about it. To do this, your payment processor will need to offer training.

The next question is, of course, whether that training is provided for free or at an additional cost. If there's a cost to train staff, you'll have to weigh whether it's worth the extra price.

10. Pay Attention to User Permission Options

Ideally, nearly everyone in your district will use your new school payment software. But to have that many users, you need to have different user levels. Check to see whether schools in your district can control user permissions in your payment software, or if they need to be set at the district level.

Make sure you can set the right controls to meet your needs. If there are only two types of user permissions – edit and view – that could be an issue for teachers interacting with the same areas as finance staff.

11. Think About Parents

If you're serious about reducing cash and checks (and we think you are!), you must offer parents a fast, straightforward online payment process. We all know that if it takes more than two minutes for parents to figure out how to make a single payment, they're going to get frustrated and abandon it.

To avoid that, here are a few questions to ask about the parent side of cashless school payment processing:

- What does the payment portal look like from the parent's perspective?
- What type of support is available for parents?
- Do you offer training resources for staff to pass along to parents?

Remember: Some parents require a bit more hand-holding than others, and staff time is limited. These answers will help you determine how easy it'll be for parents to use the school payment software and how much work it will be for staff to walk them through it.

12. Focus on Ease of Use and Mobile Responsiveness

Parents need a simple way to add money to school lunch accounts, pay for field trip fees and more, anytime and anywhere. That means paying from their smartphones, tablets or laptops at any time. Make sure your school software has a mobile-responsive design that accommodates on-the-go payments. The ideal school payment software will be user-friendly from any device and available 24/7.

13. Pick a Software Provider That Allows for Multiple Deposit Accounts

If you set up multiple deposit accounts, your district can rest assured funds are going to the correct location. Automating this process means fewer people need to handle the money, which leads to fewer errors and hours of time saved. Streamlining tracking and deposits also increases transparency between departments. It's a real win-win.

Find out if you can deposit into multiple bank accounts with the school payment software and how long it will take deposits to arrive in your bank accounts.

14. Pay Attention to Your District's Reporting Needs

If you don't already know what reports your staff needs, now is the time to find out. Talk with departments in your district to find out what type of reporting you'll need (or want) from your cashless school payment software. Then, ask the online payment processor these questions:

- What other types of reports does the software offer?
- Is there a report you can post to your district's general ledger?
- Can staff create custom reports?
- Can districts request special reports?

Comprehensive reporting tools could be enough to nudge your district toward a particular payment provider.

15. Meet Parents' Expectations with an Online Store

You know how important it is to keep parents happy. And the best way to do that is to make things easy for them – like letting them pay student fees online. You're already looking for a provider to do that, but you can take it a step further with an online store. Look for a school payment software that includes a customizable online store, and ask about these options:

- Is there a single checkout process?
- Can schools add, edit or remove fees?
- Can districts brand their online stores?
- Does the online store connect with student information systems? If yes, which ones?

16. Choose a Provider That Specializes in Schools

There are plenty of online payment processors out there – looking at you, PayPal or Square – that would work for some of your fees. But they're simply not built for K-12 districts. Don't settle for a processor that isn't designed to handle your district's unique funding needs.

Instead, choose a payment provider that specializes in schools and understands what districts like yours need. For example, time-saving features including fast reconciliation and easy refunds are important for schools. Find out how long the school payment software provider has served schools, and what features they offer to support schools' specific needs.

17. Read Reviews and Ask for Testimonials

You now have a list of questions to ask and topics to cover when vetting school payment software. But what's even better than hearing from the payment provider? Hearing from their customers!

Some companies have testimonials or reviews right on their website, while others have them available by request. Ask for them! Then, find out if any schools in your area are using their school payment software and ask:

- How long have they been using it?
- What type of fees do they collect with it?
- How did parents react when they introduced online payments?
- How much time did the school payment software save for staff?
- How much time did staff save by moving to their new solution?

18. Find Your Ideal Partner by Thinking Beyond Payments

Our tips so far have focused on connecting you with the right school payment software. After all, that's your goal: Eliminating cash and checks by accepting fees online. But this final recommendation is to think beyond payments when searching for the perfect partner. Do you want to:

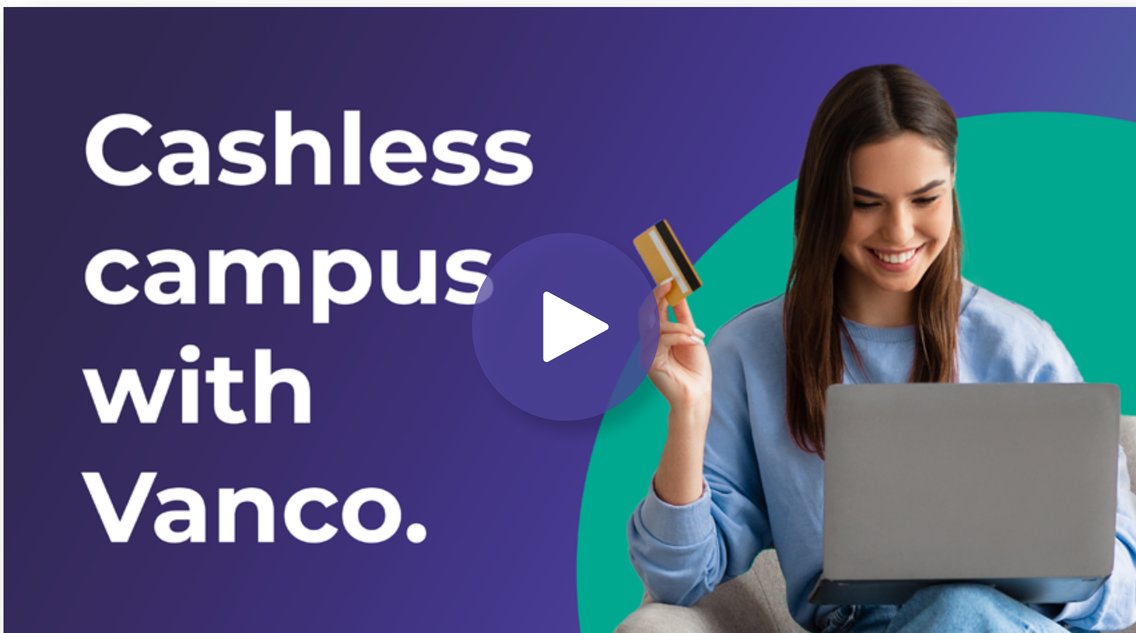
- Reduce registration paperwork and collect forms online?
- Automate parent communication?
- Customize your parent portal?
- Simplify school events with ticketing software that connects to your online payment system?
- Easily boost school fundraising with a cashless school payment system that makes it easy to sell tickets and merchandise and accept donations online?

You're making a huge decision for your district, so it's OK to be picky. When choosing the ideal school payment software, think about the features that could save your staff the most time and reduce friction for parents.

The right school payment software for your district is out there. At Vanco, we've helped more than 1,300 districts across the U.S. save time by processing every student fee online. Our custom Web Store simplifies fee payments and streamlines reconciliation.

Take Just 7 Minutes to See How 1,300 District Save Countless Hours on Payments.

Vanco brings all payments into one easy-to-manage shopping cart, simplifying life for staff and families, while enhancing fundraising potential for districts.



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