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Payment Management: Improve Your Financial Gains

05 . 04 . 2017

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Enhance Your Bottom Line with Payments

Discussion Topics



- 1. Financial Impact of Payments**
- 2. Best-in-Class Payment Management Practices**
- 3. Emerging Payment Technologies**

Financial Impacts



Net Working Capital (WC)



Cash Conversion Cycle (CCC)



Additional Impacts



Cost / Efficiency / Productivity



Payment Risk

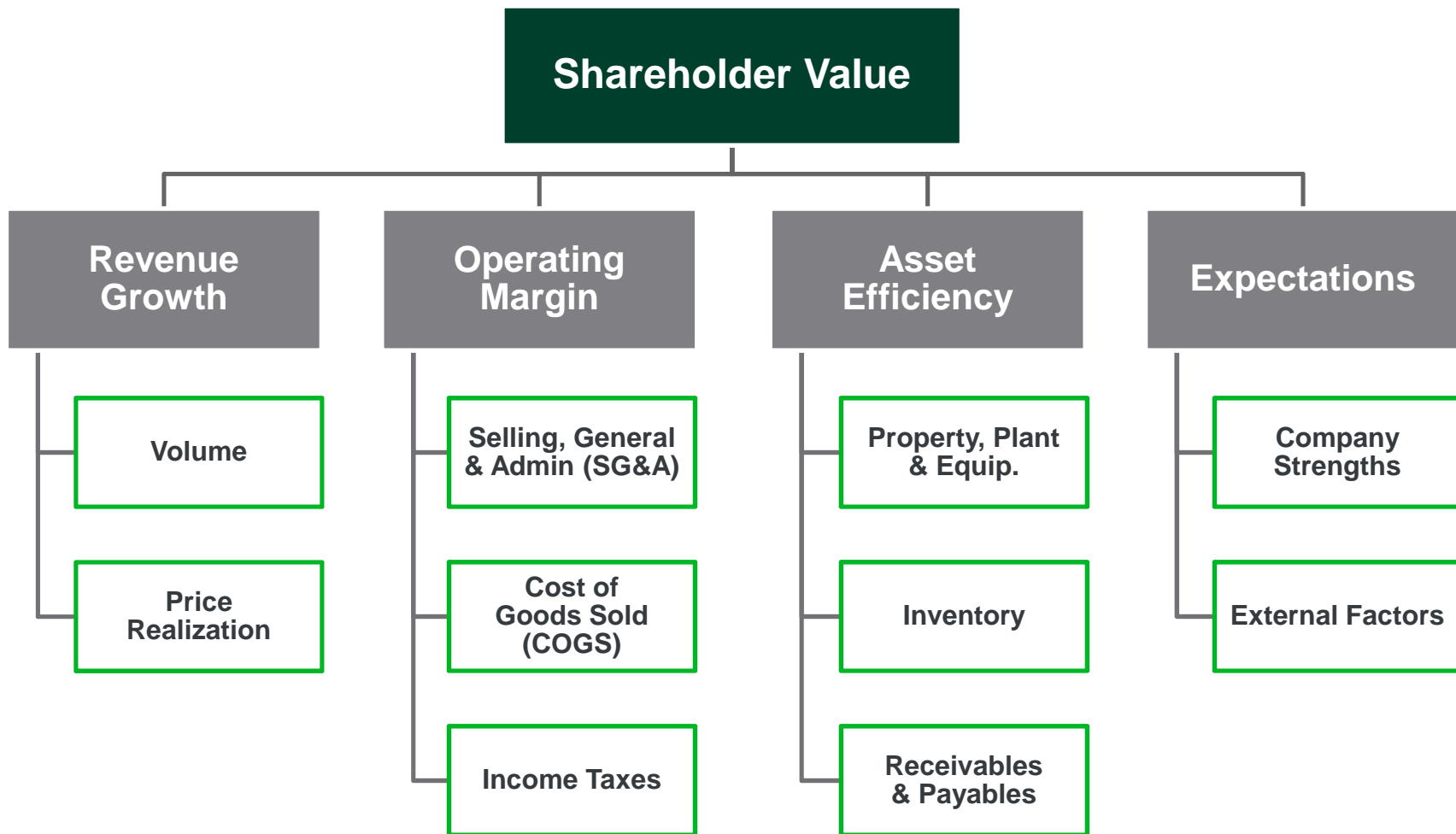


Supplier Relationships



Customer Loyalty

Adding Shareholder Value

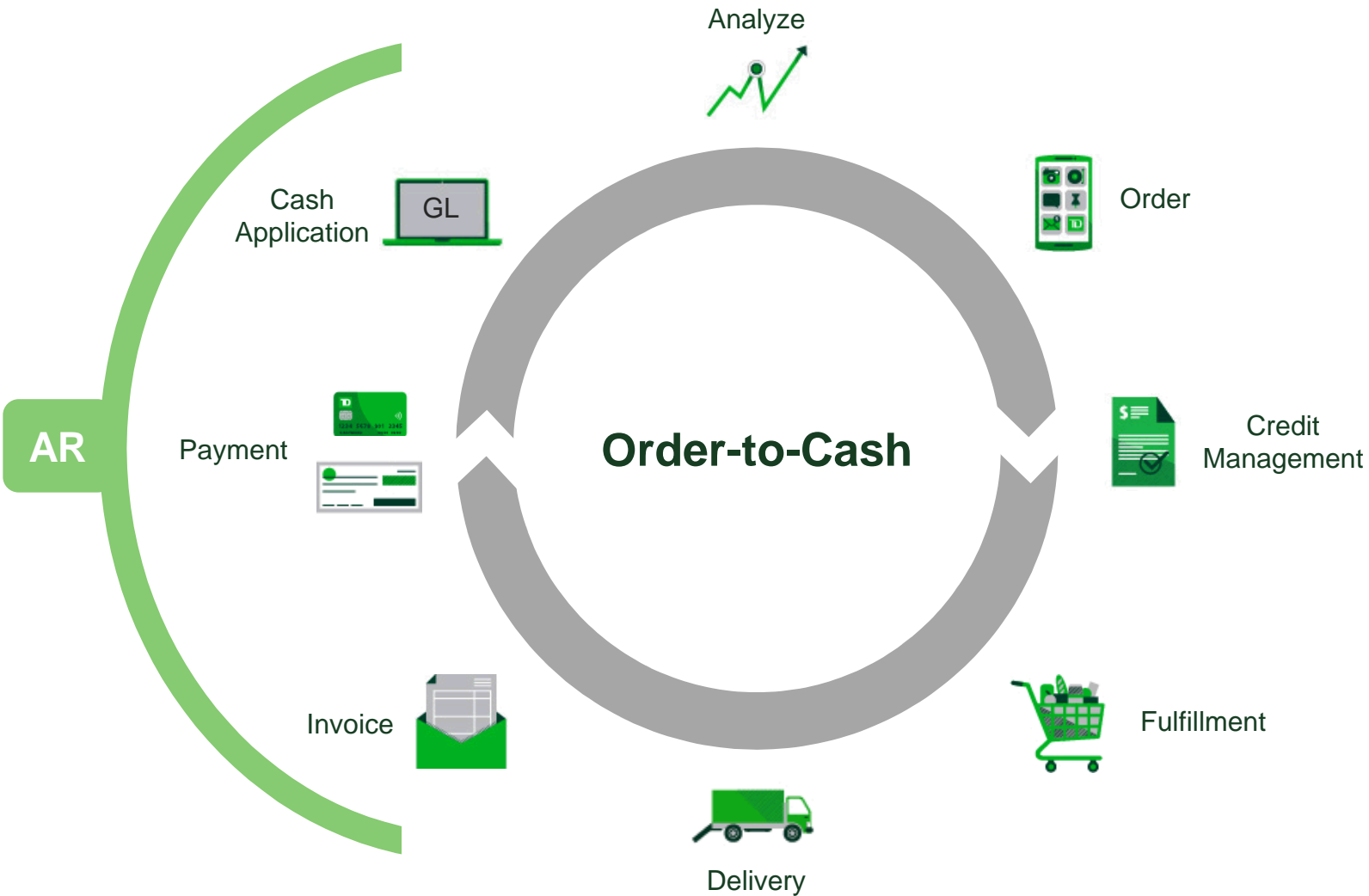


Discussion Topic 2



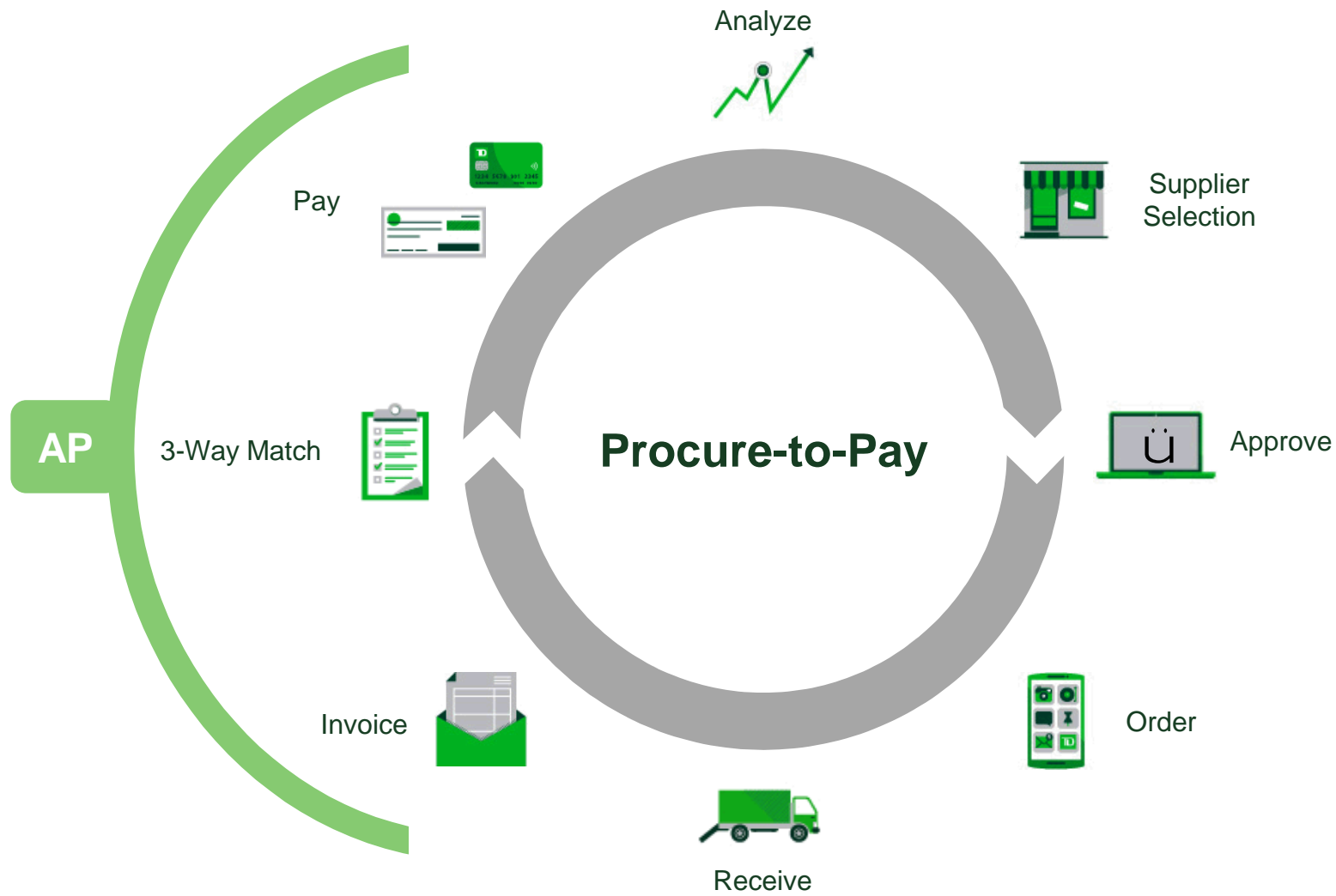
- 1. Impact of Payments & Opportunities to Create Value**
- 2. Best-in-Class Practices for Payment Management**
- 3. Emerging Payment Technologies**

Order-to-Cash (O2C) Strategy



Source: Modeled after a workflow diagram from the IOFM

Procure-to-Pay (P2P) Strategy



Source: Modeled after a workflow diagram from the IOFM

Payment Strategy Design



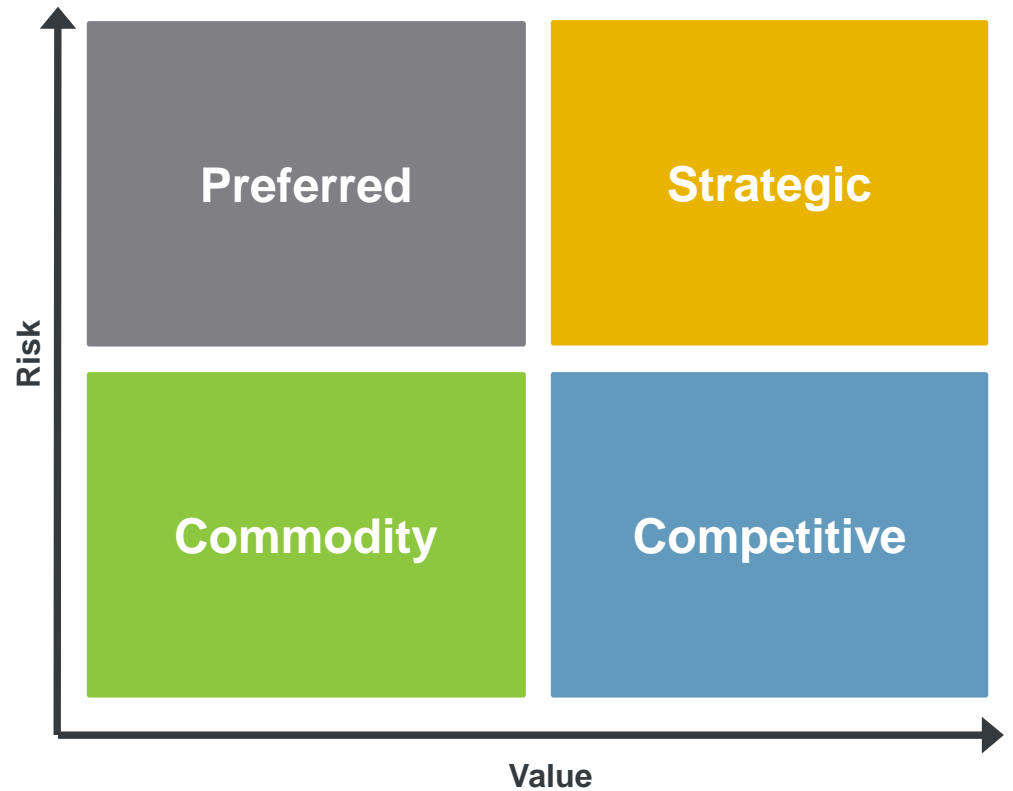
- 1 Roles and Responsibilities**
- 2 Supplier Segmentation**
- 3 Payment Formats and Utility**
- 4 Delivery Channels**
- 5 Fraud Protection and Liability**

Supplier Segmentation

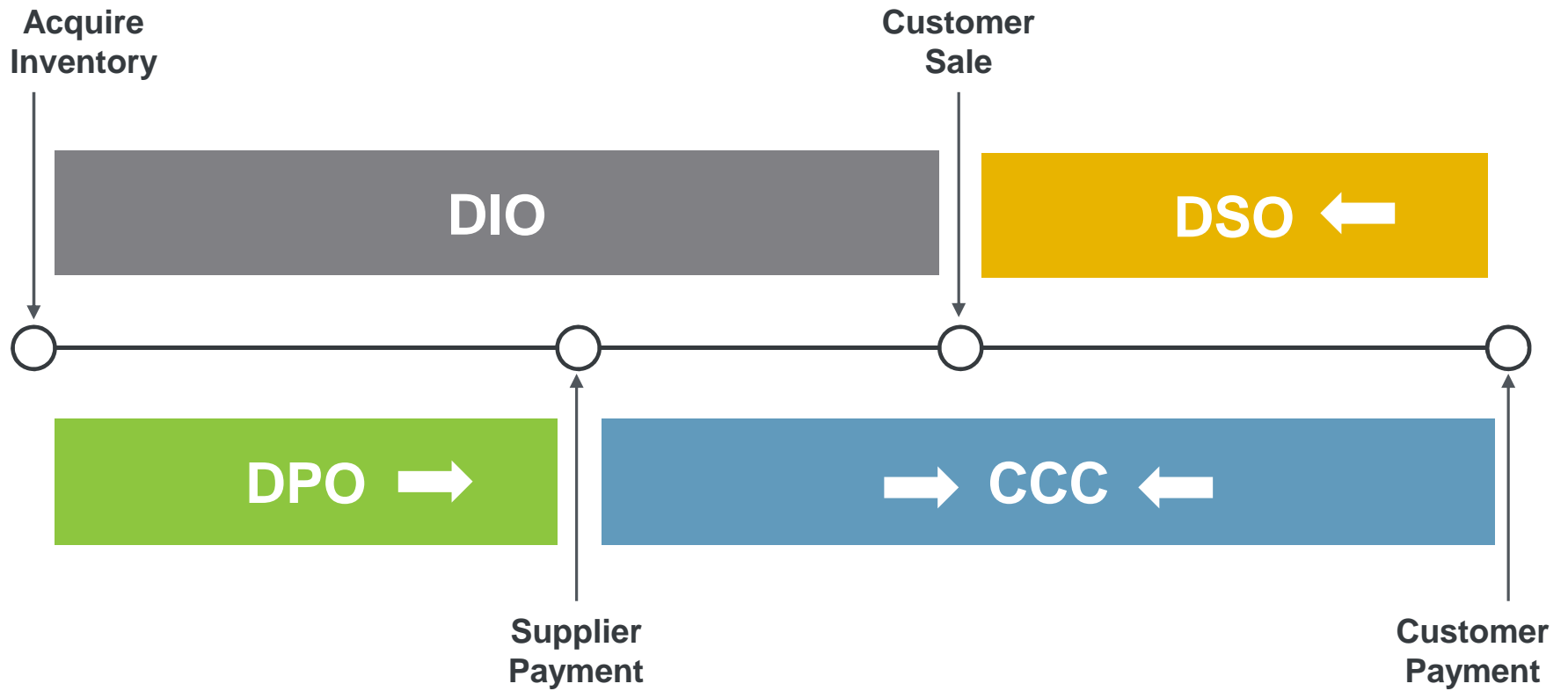


- n Supplier Type
- n Frequency
- n Spend
- n Supplier Contract
 - Price
 - SLAs
 - Payment Terms
 - Payment Type
- n Experience / Relationship

Supplier Type Matrix Example



Payment Conditions



For the Sophisticated

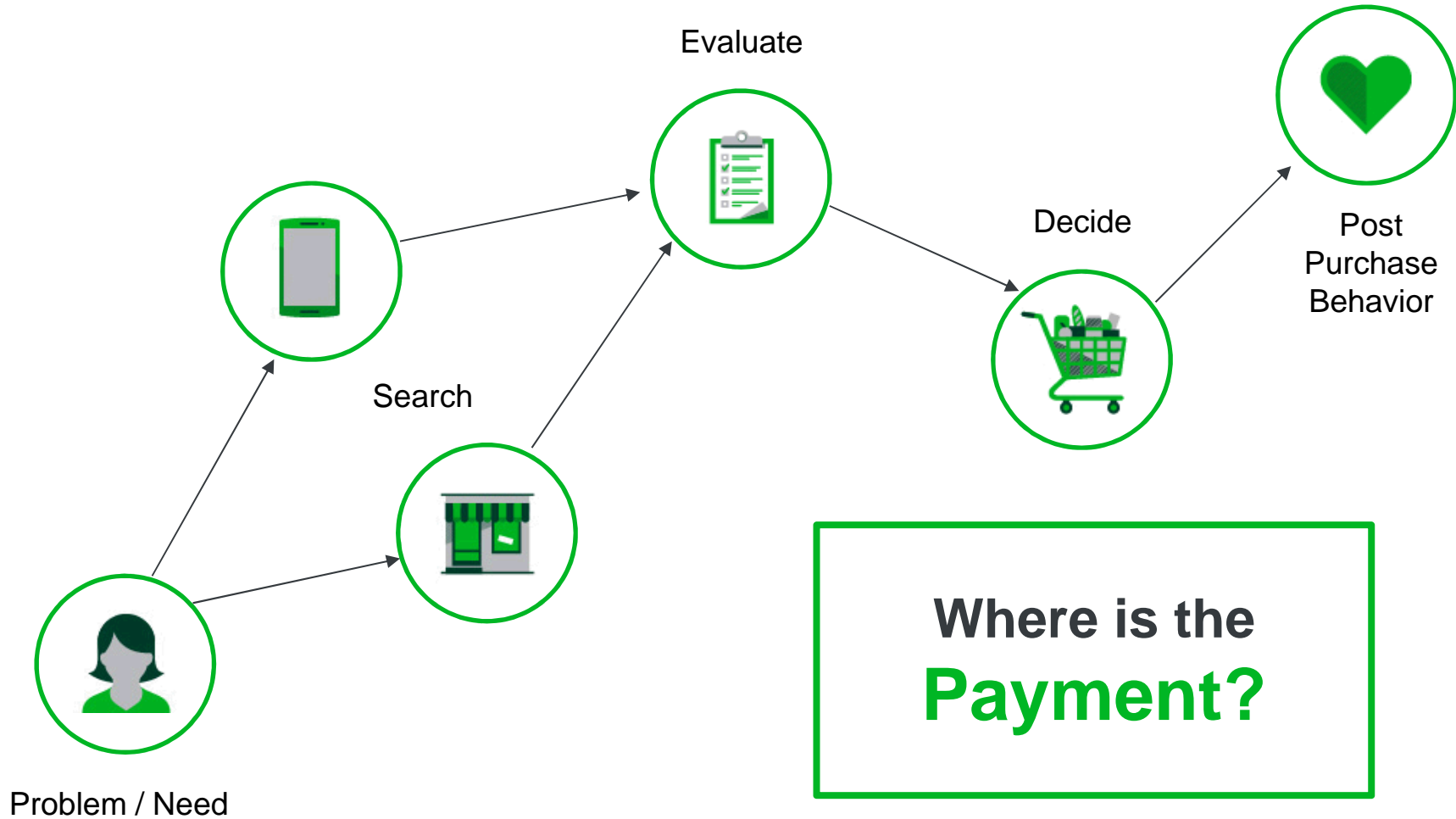


Supply Chain Finance

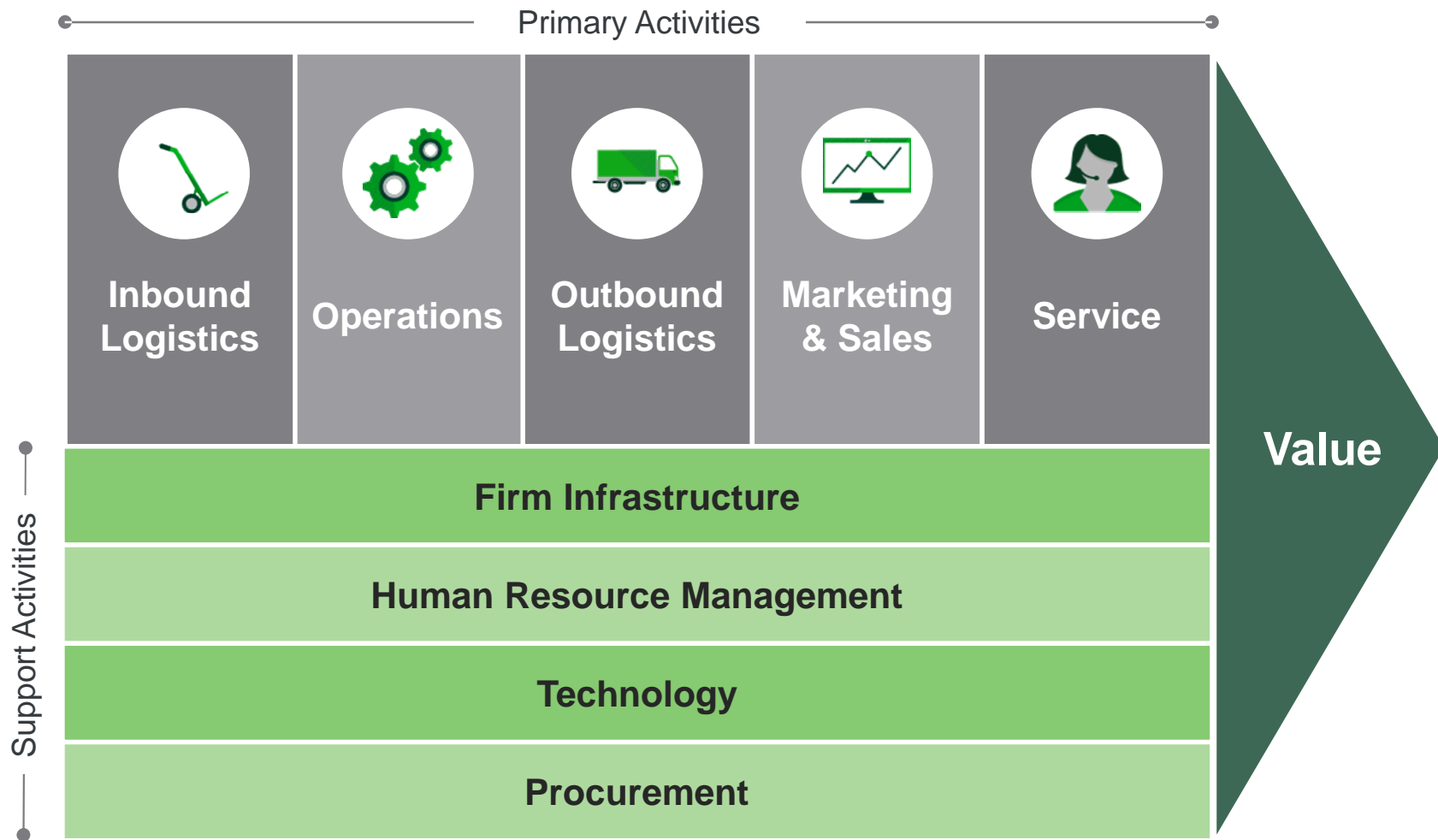
Dynamic Discounting



Consumer Buying Behavior



Take a Broader View

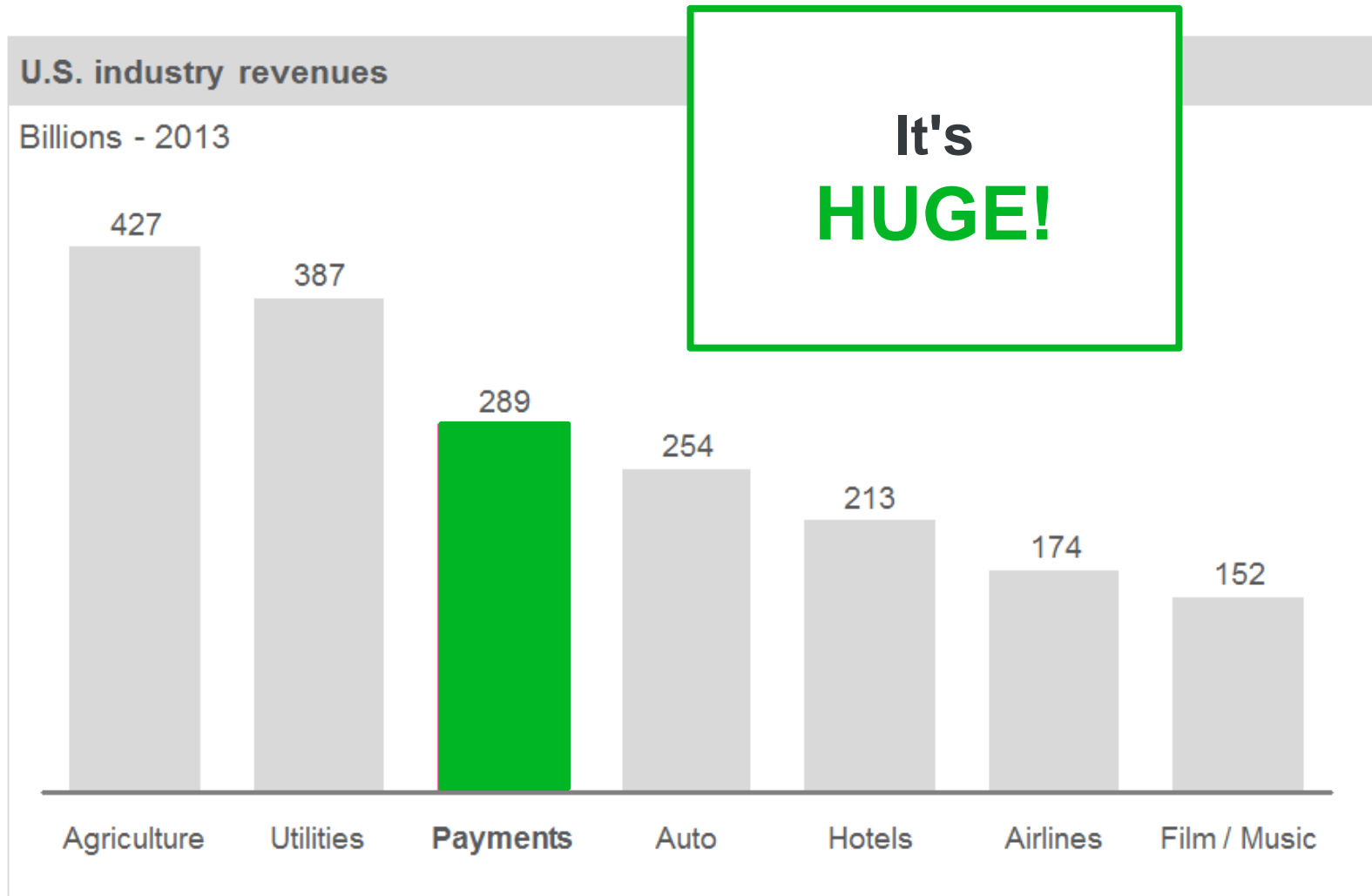


Discussion Topic 3



- 1. Impact of Payments & Opportunities to Create Value**
- 2. Best-in-Class Practices for Payment Management**
- 3. Emerging Payment Technologies**

Sizing the Payments Industry



Payments Innovation & Fintech

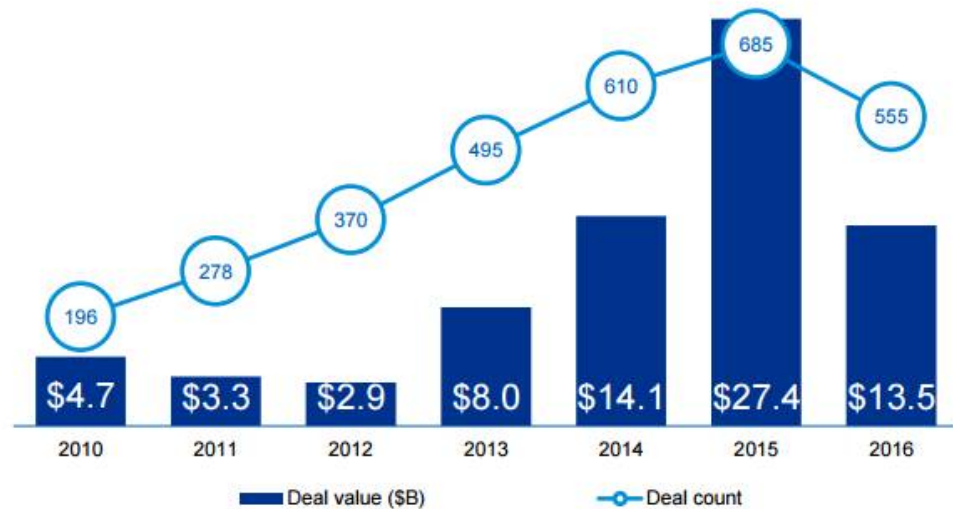


Over **\$100 Billion** Invested in 3 Years

Total global investment in fintech companies
2010 — 2016



Fintech investment in the Americas
2010 — 2016

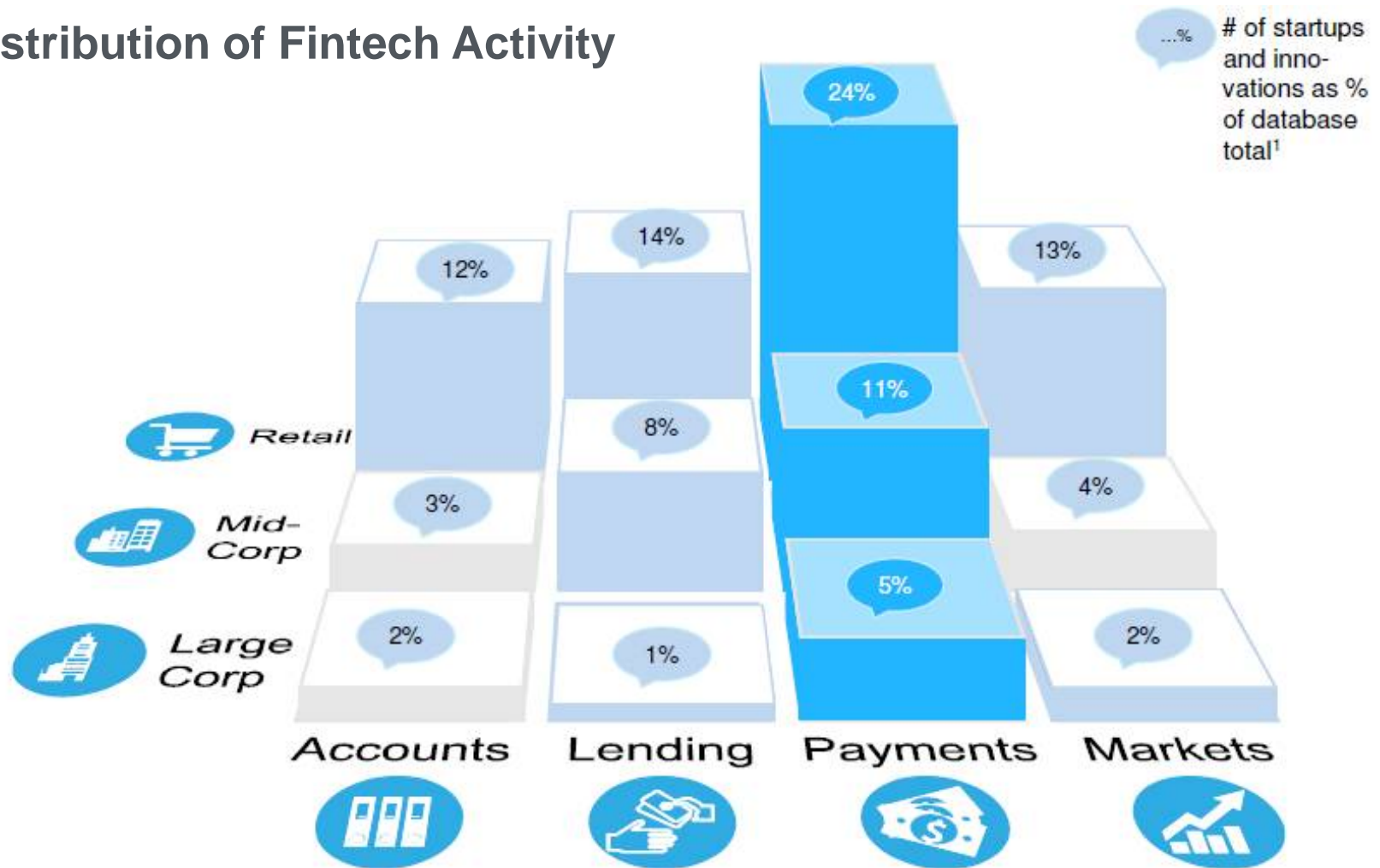


Will Investments
Continue to Decline?

Payments Innovation & Fintech



Distribution of Fintech Activity



The Federal Reserve

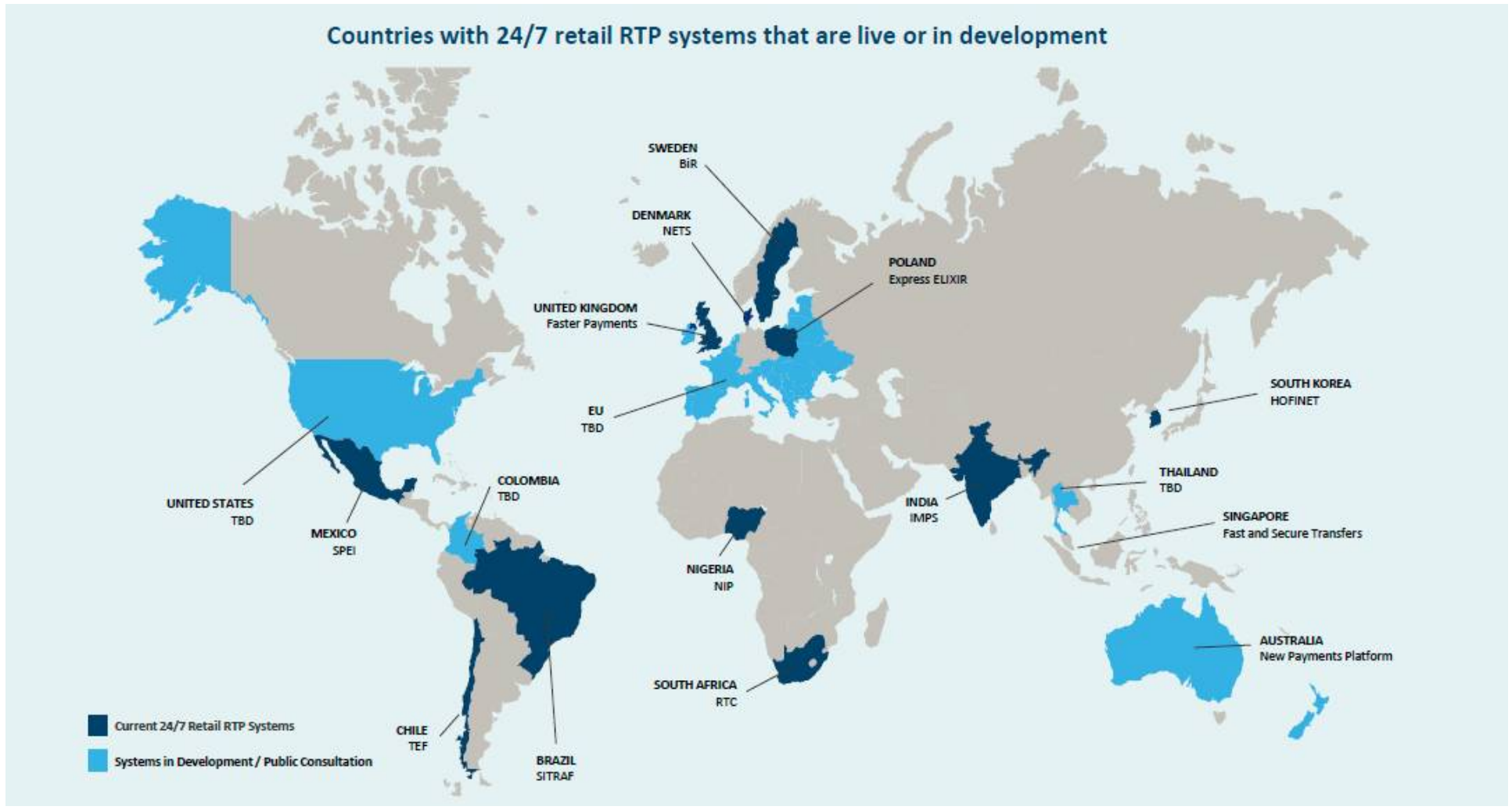


THE FEDERAL RESERVE FASTER PAYMENT TASK FORCE

The Federal Reserve will provide leadership in the form of stakeholder coordination, public policy perspective and analytical support to assess approaches to implementing faster payments capabilities that meet end-user needs for faster authorization, clearing, availability of funds and/or settlement.

**UBIQUITY
SPEED
SECURITY
EFFICIENCY
GOVERNANCE
LEGAL**

Real Time Payments Emerge
















Source: The Clearinghouse, U.S. Real-Time Payments Business Playbook, March 2016

RTP Characteristics & Use Cases



RTP Characteristics

- 1 24/7/365 Model
- 2 Immediate Availability
- 3 Payment Certainty
- 4 Ubiquity
- 5 Extensibility / Messaging
- 6 Account Data Privacy
- 7 Convenience
- 8 Cash Flow Control
- 9 Adaptability
- 10 Global Standards

Business to Business (B2B)	
 <p>A <i>small business</i> paying an urgent invoice in order to receive goods or services</p>	 <p>A <i>restaurateur</i> who pays for farm-fresh produce from the local farmer to serve that evening's dinner specials</p>
Business to Consumer (B2C)	
 <p>A <i>utility company</i> requesting payment for services from a business or consumer</p>	 <p>A <i>small businessman</i> who is paying temporary employee salaries or tips on an ad hoc basis</p>
 <p>A <i>retail bank</i> distributing personal loan proceeds to a dealership on behalf of a customer who is at the showroom buying a new car</p>	 <p>A <i>large corporation</i> paying employees for travel expenses in time for payment of corporate credit cards</p>
 <p>An <i>insurance company</i> adjustor reviewing a claim, determining a settlement amount, and immediately providing funds to the policy holder</p>	
Person to Person (P2P)	
 <p><i>College roommates</i> splitting monthly rent and utility payments</p>	 <p>A <i>head of household</i> sending emergency funds to a family member on vacation</p>
Consumer to Business (C2B)	
 <p>A <i>busy working individual</i> paying for general services around the house such as the gardener, cleaning services, or child care provider</p>	 <p>A <i>day trader</i> sending real-time money transfers to his or her investment account to take advantage of the most recent market swing</p>
Government to Consumer / Consumer to Government (G2C/C2G)	
 <p>A <i>government agency</i> paying out emergency disaster relief funds to citizens impacted by a natural disaster</p>	 <p>A <i>tax payer</i> making his or her tax payment in time for the April 15 deadline</p>

The Road Ahead



Same Day ACH Debits

Future of Fintech

Real-Time Payments

Distributed Ledger



- 1. Opportunity in Payment Management**
- 2. Payments are Part of the Experience**
- 3. Technology will Define the Future**



***You don't have to be great to start,
but you have to start to be great.***

- Zig Ziglar

Thank You



Questions?

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