

CONTEMPLATING IMPROVEMENTS IN PAYMENTS



CRAIG JEFFERY

Managing Partner, Strategic Treasurer

EDWIN BENSON

Director of Corporate Payments, Corpay



WHAT

Considering improvements to payables through improved visibility, security, ability to scale, and defect reduction to drive efficiency.



WHEN

Tuesday, August 23, 2022
11:00 AM – 12:00 PM EDT



WHERE

Live online presentation
Replays at StrategicTreasurer.com



This presentation is provided by Strategic Treasurer and Corpay.

ABOUT THE SPEAKERS

GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



EDWIN BENSON

Edwin Benson is the Director of Corpay's Corporate Payments divisions where he provides 19 years of experience to his passion of building strong relationships and bringing value to customers.

As part of the Corporate Payments team at Corpay, his role is to help companies take advantage of the revenue, cost savings and insights that are created by replacing paper checks with electronic payments including strategizing ways to improve business finance efficiency.



CRAIG JEFFERY

Craig Jeffery formed Strategic Treasurer in 2004 to provide corporate, educational and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.

TOPICS OF DISCUSSION

KEY AREAS OF FOCUS &
ANALYSIS



PAYMENTS

PROGRESS THROUGH THE
YEARS



PAYMENT SECURITY

DEFENDING AGAINST FRAUD



SCALE & DEFECTS

IMPROVEMENTS IN PAYMENTS



HISTORIC GROWTH

VOLUME & VALUE



METHODS & DISTINCTIONS

TWO PAYMENT EXAMPLES

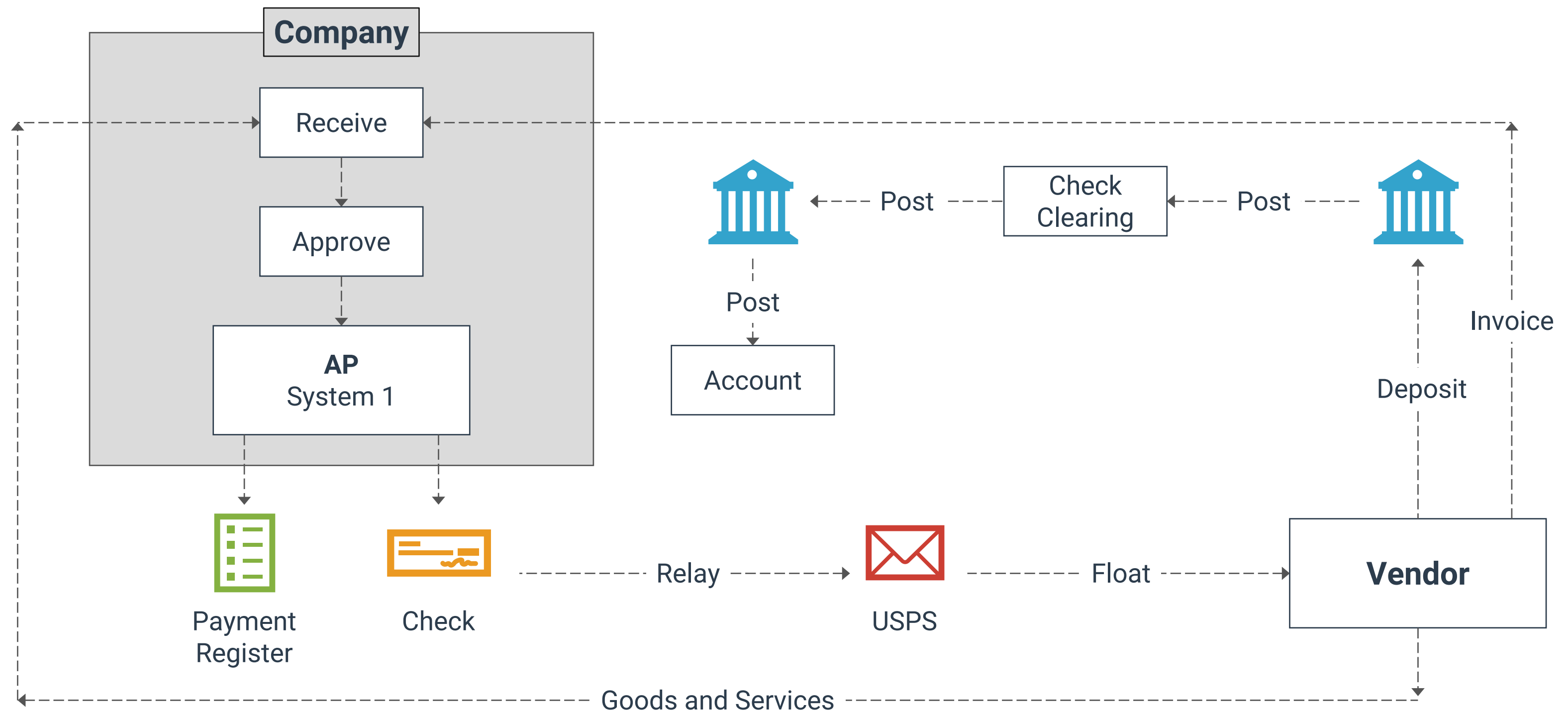


KEY TAKEAWAYS

AND FINAL THOUGHTS

HISTORIC PAYMENTS

AND THEIR CHALLENGES

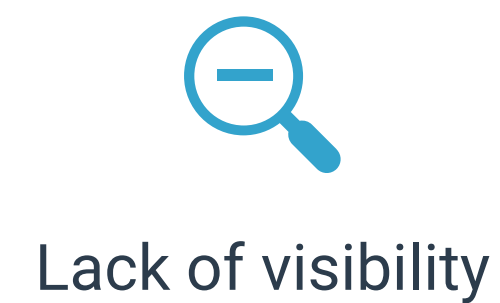
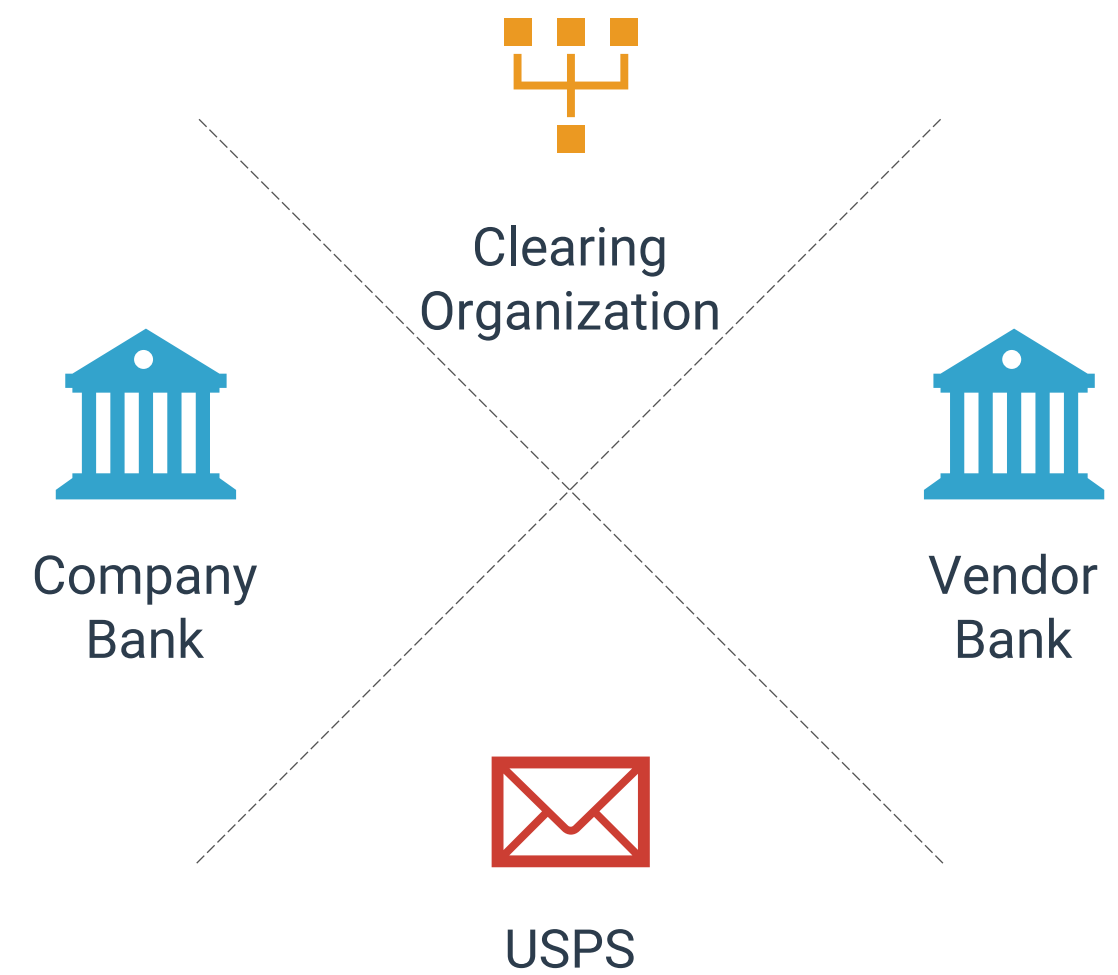
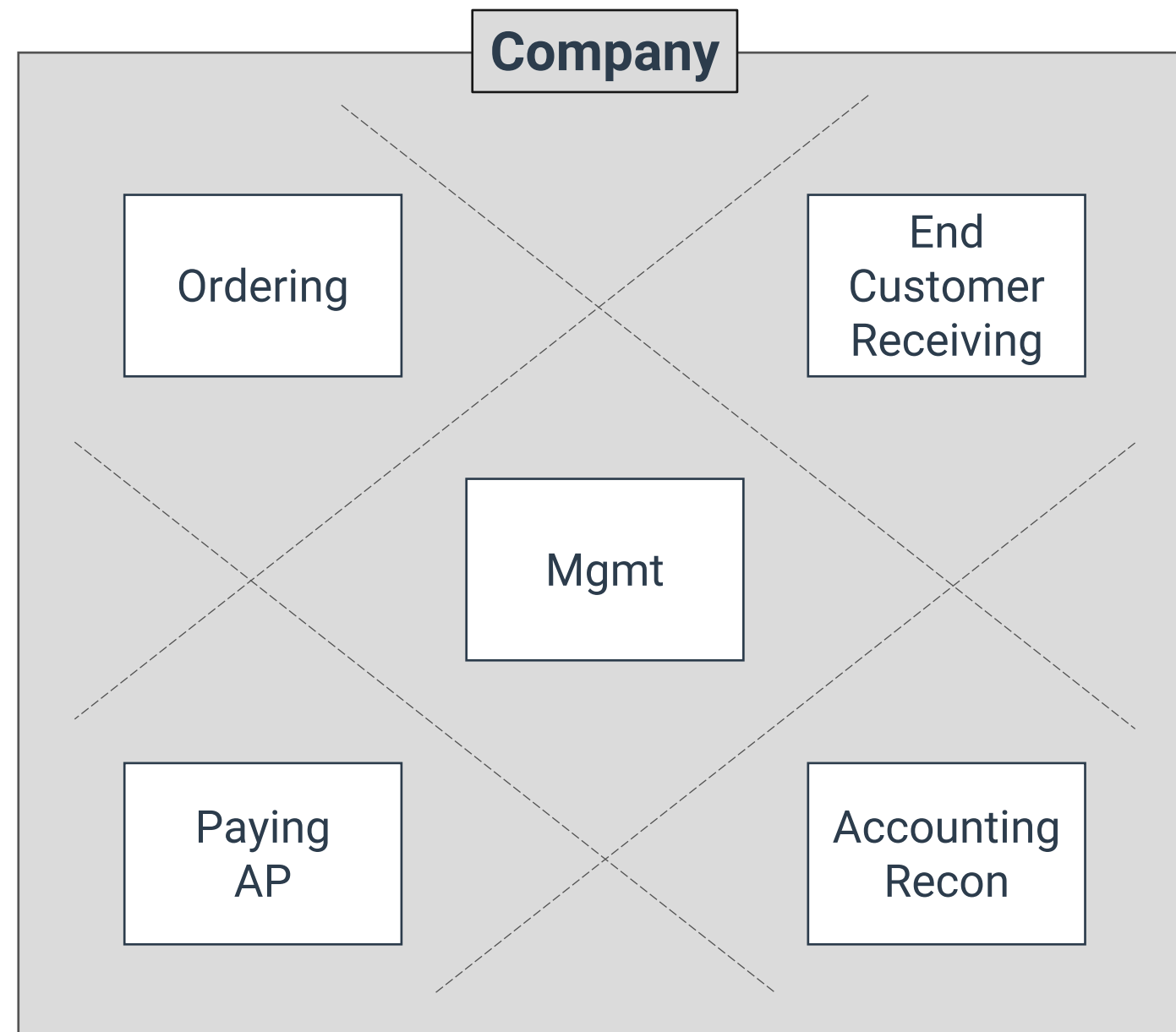


CHALLENGES

- Missed discounts
- Delays in receiving
- Errors
- Follow up with vendor for corrections
- Receive phone calls
- Poor visibility
- Fraud
- Inefficiencies and latency issues
 - Float
 - Clearing
- Physical paper

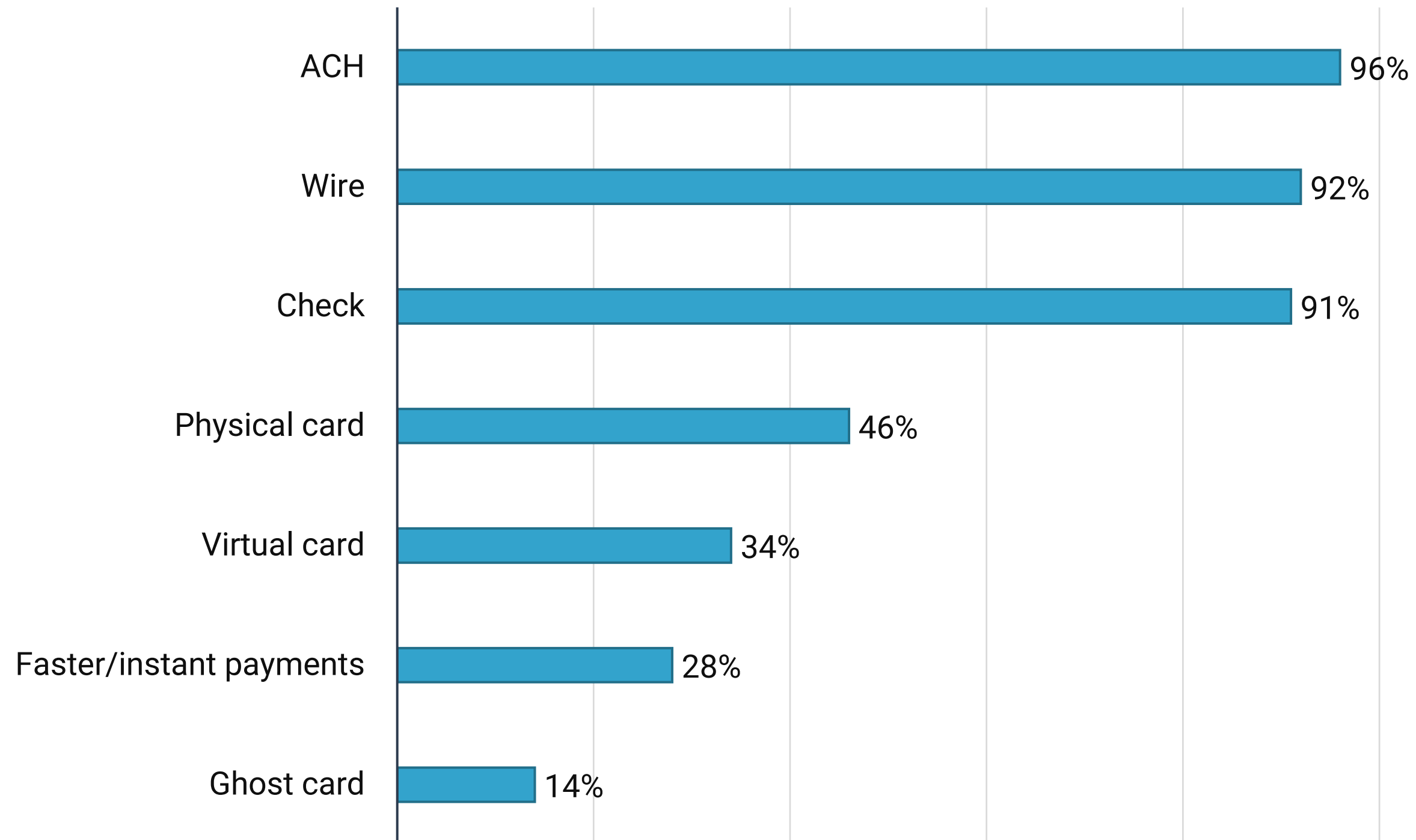
PHYSICAL SEPARATION

IMPLICATIONS OF DISTANCE



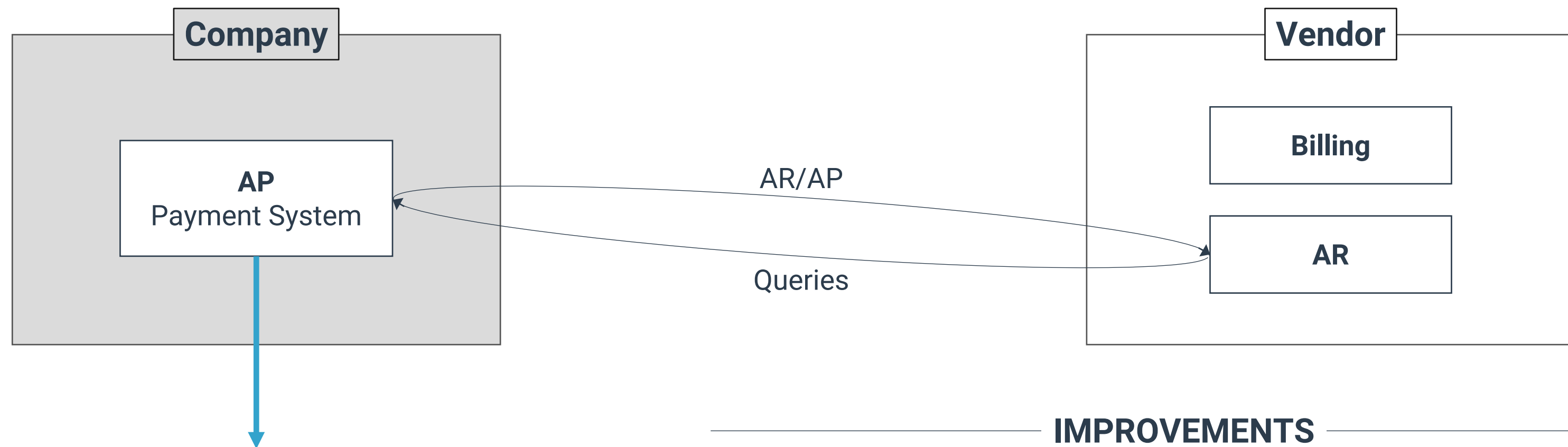
POLL QUESTION

What forms of payment do you accept?



ADVANCEMENTS

IN PAYMENTS



IMPROVEMENTS



ACH/EFT

Virtual Card (various types)

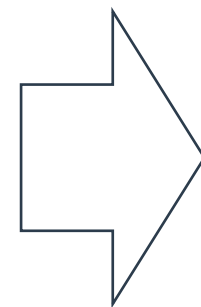
Ghost Card

Physical Card

Checks

Wires/RTGS

Faster/Instant Payments



- Digital workflow
 - Taken discounts
 - Collapses space and time
- Fewer errors
 - Digital
 - End-to-end
- Follow up
 - Digital view
 - Enriched info
- Visibility
 - No need to call when you know
 - Both sides
 - Forecast
- Fraud control
 - Removing or encrypting things that can be stolen
- "There is no paper"

ADVANTAGES & DISADVANTAGES

ACROSS PAYMENTS



Pros



Cons

ACH

- Low direct costs
- Good information available to send
- Near universal acceptance

- Not always readable by recipient
- Significant and growing fraud rates

Virtual Cards

- Low direct cost
- Secure

- Hard to manage
- Lowest level of acceptance

Checks

- Historical
- Reliable
- Good information
- Universal acceptance

- Inefficient

Wires

- Fast and final
- Common acceptance

- High costs on both ends
- Inefficient

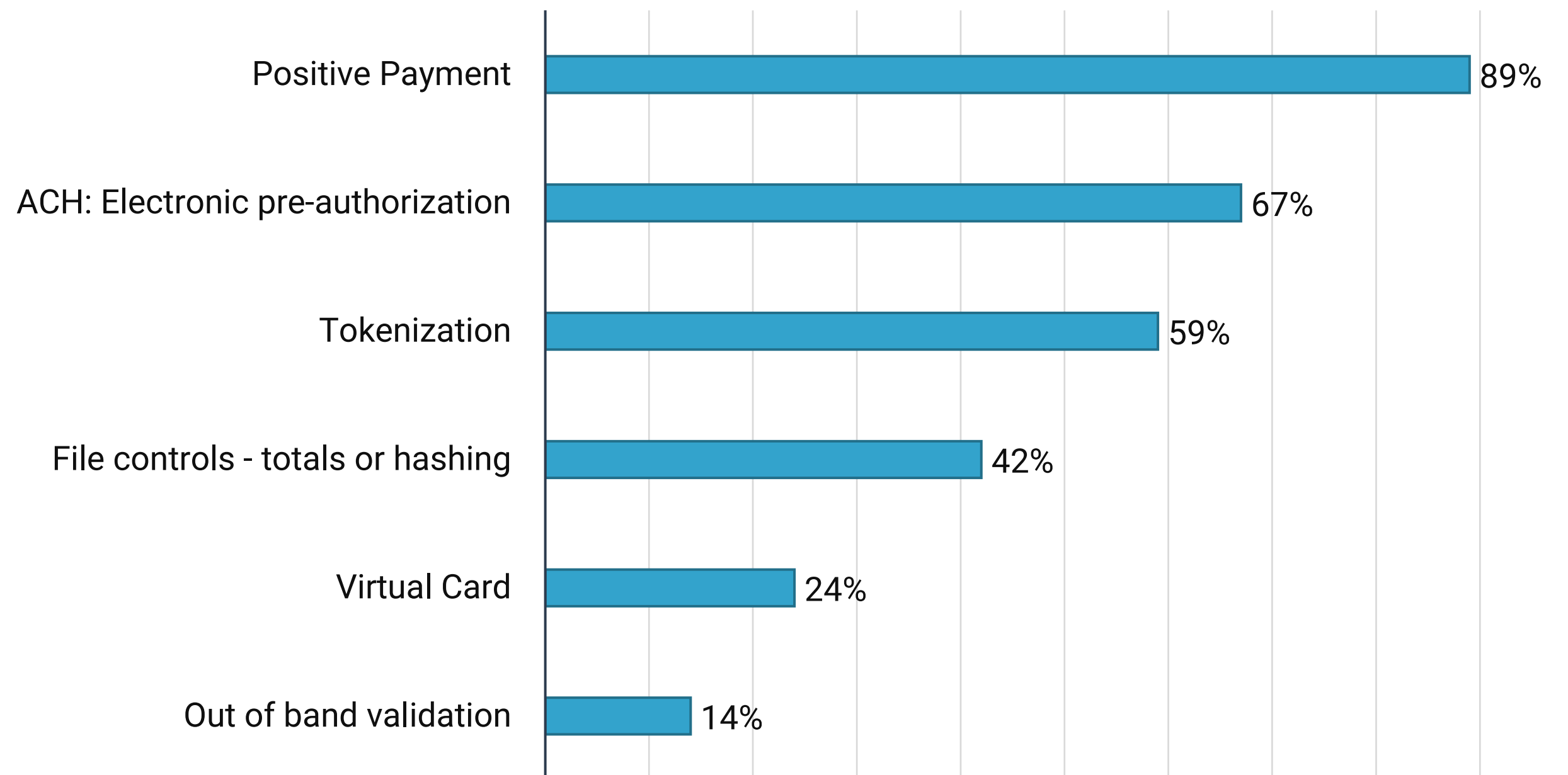
Faster Payments

- Low to moderate costs
- Best information

- New
- Adoption rates still growing

POLL QUESTION

What payment controls does your organization employ to defend against fraud?



DEFEND AGAINST FRAUD

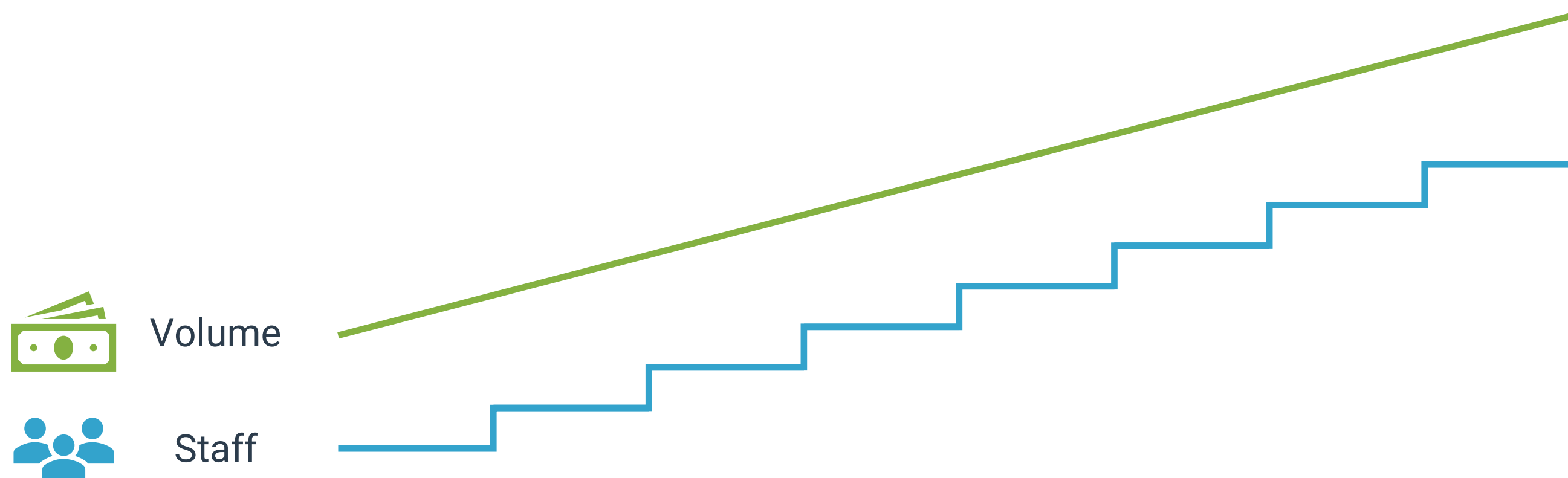
PROTECTING PAYMENTS

| | Payment Security Features and Banking Services | Transport and the Reduction of Surface Areas to Attack |
|------------------------|---|--|
| ACH | <ul style="list-style-type: none"> • Electronic pre-authorization • File confirmation processes | <ul style="list-style-type: none"> • Exposure within the company • File transmission |
| vCard | <ul style="list-style-type: none"> • One-time use • Transaction limits | <ul style="list-style-type: none"> • Tiny surface area |
| Checks | <ul style="list-style-type: none"> • Positive Pay • Payee Match Positive Pay • Voids • Stop payment • Affidavit of forgery/washing | <ul style="list-style-type: none"> • Instrument is broadly accessible • Instrument contains all needed information to attack |
| Wires | <ul style="list-style-type: none"> • Transaction limits • Transaction confirmation processes | <ul style="list-style-type: none"> • Typically most watched platform • Must compromise: ID/PW/MFA |
| Faster Payments | <ul style="list-style-type: none"> • Electronic pre-authorization • Transaction limits | <ul style="list-style-type: none"> • Exposure within the company • File transmission |

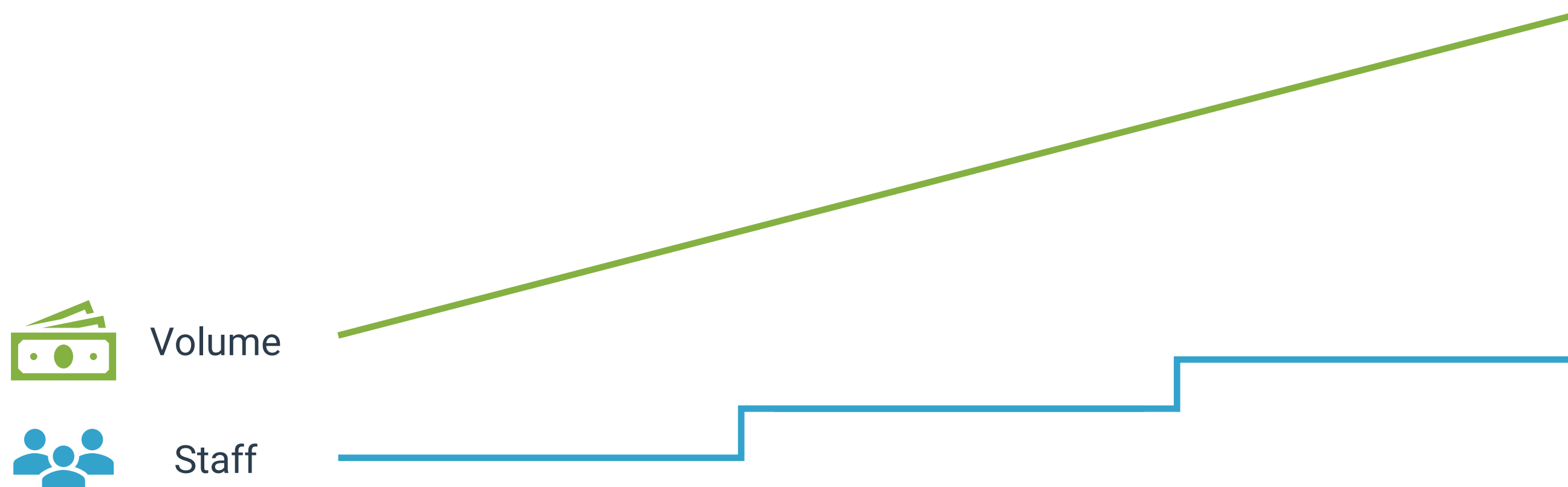
SCALE

VOLUME-TO-STAFF RATIO

Paper/Manual

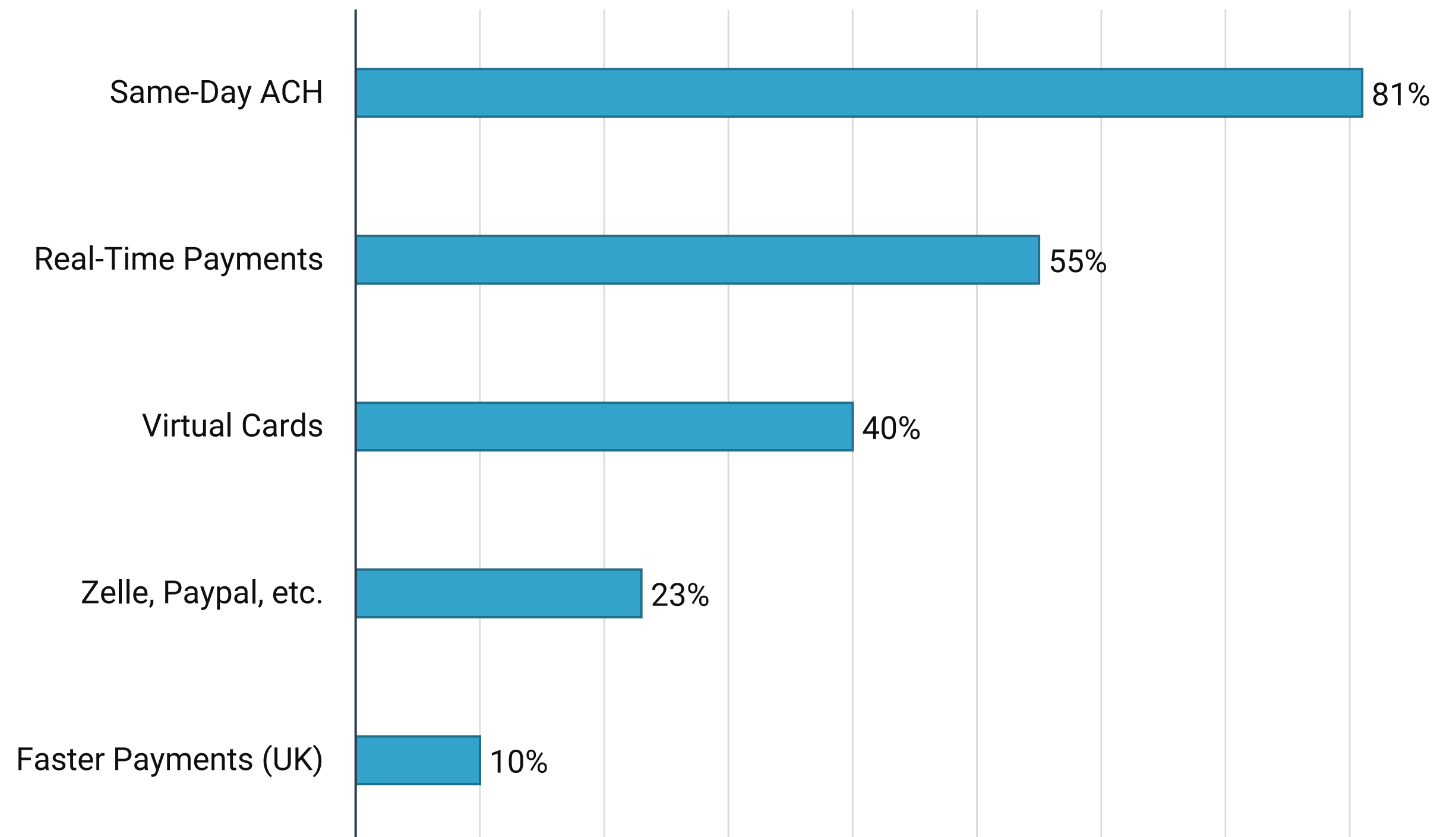


Digital




POLL QUESTION

We use the following payment types:

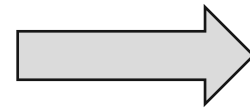


DEFECTS

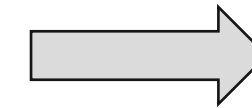
CAUSE AND EFFECT


Manual processes


Processes designed
in isolation



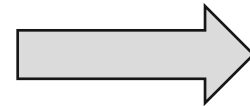

Defects



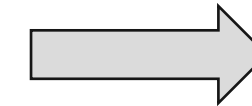

Inefficiencies



Automated


End-to-end view




Low defects




Highly efficient

TECH CHANGE

BENEFITS ACROSS VARYING AREAS



Networks

- Speed
- Visibility



Open Payments • Access



Technology

- Workflow
- Security



Service

- Security
- Efficiency

DISTINCTIVE QUALITIES

ACROSS VARIOUS MODES OF PAYMENTS

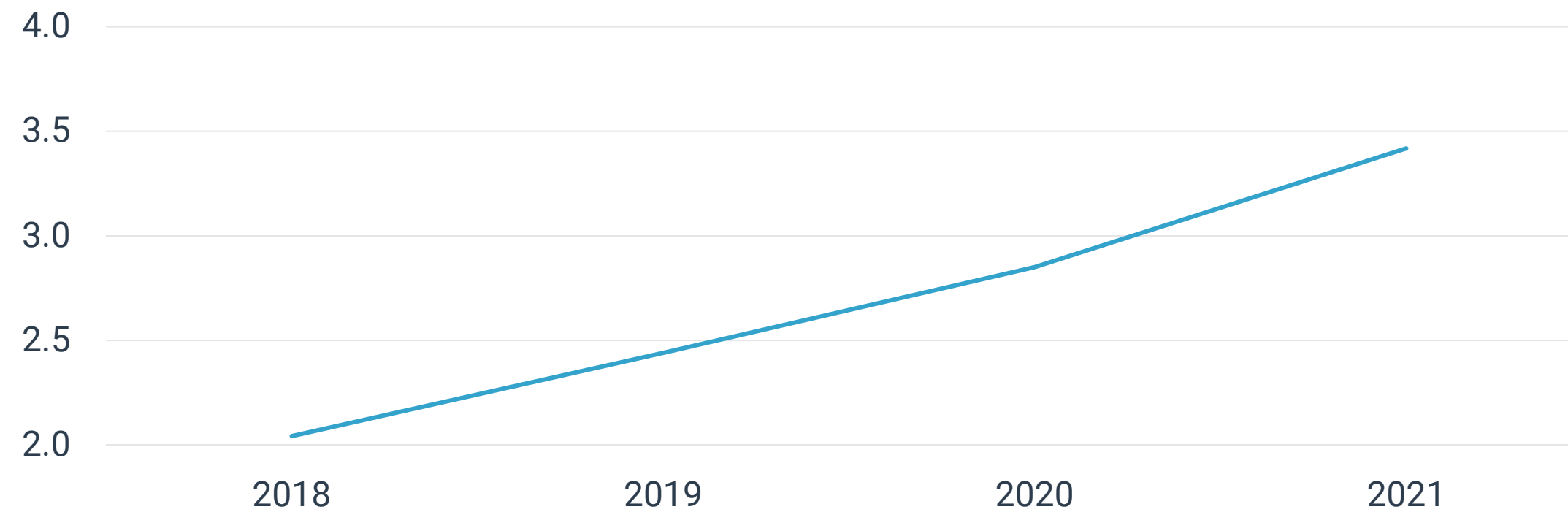
| | Amount | Controls | Speed | Detail | Finality of Settlement |
|------------------------|------------------------------------|---|--------------------|--|--------------------------------------|
| ACH | \$99,999,999.99 | <ul style="list-style-type: none"> Electronic pre-authorization File confirmation processes | 1 day | Detailed rules CCD+1, CTX | Minimum 2 business days* |
| vCard | Set by user | <ul style="list-style-type: none"> One-time use Transaction limits | Seconds | Level 3 data | Rules |
| Checks | No limit | <ul style="list-style-type: none"> Positive Pay Payee Match Positive Pay Voids Stop payment Affidavit of forgery/washing | 5-10 days | List | Extended timeframe (see regulations) |
| Wires | Varies by financial institution | <ul style="list-style-type: none"> Transaction limits Transaction confirmation processes | 10-30 minutes | Customer fields (RFB) with limited space | Yes |
| Faster Payments | Was: \$250,000 Now: \$1,000,000 | <ul style="list-style-type: none"> Transaction limits Net Sender Cap (NSC) Public Key Infrastructure (PKI) | Seconds to minutes | Details | Timing varies |

* General guidance

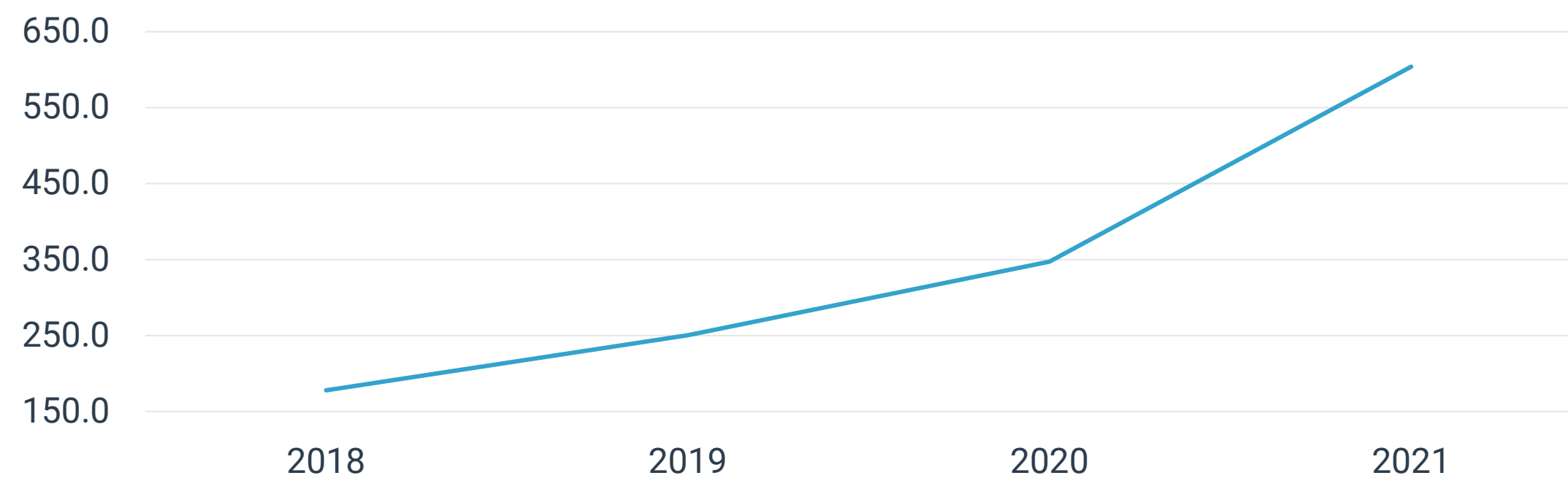
PAYMENTS GROWTH

VOLUME

Volume of Faster Payments (UK) in Billions



Volume of Same-Day ACH (US) in Millions

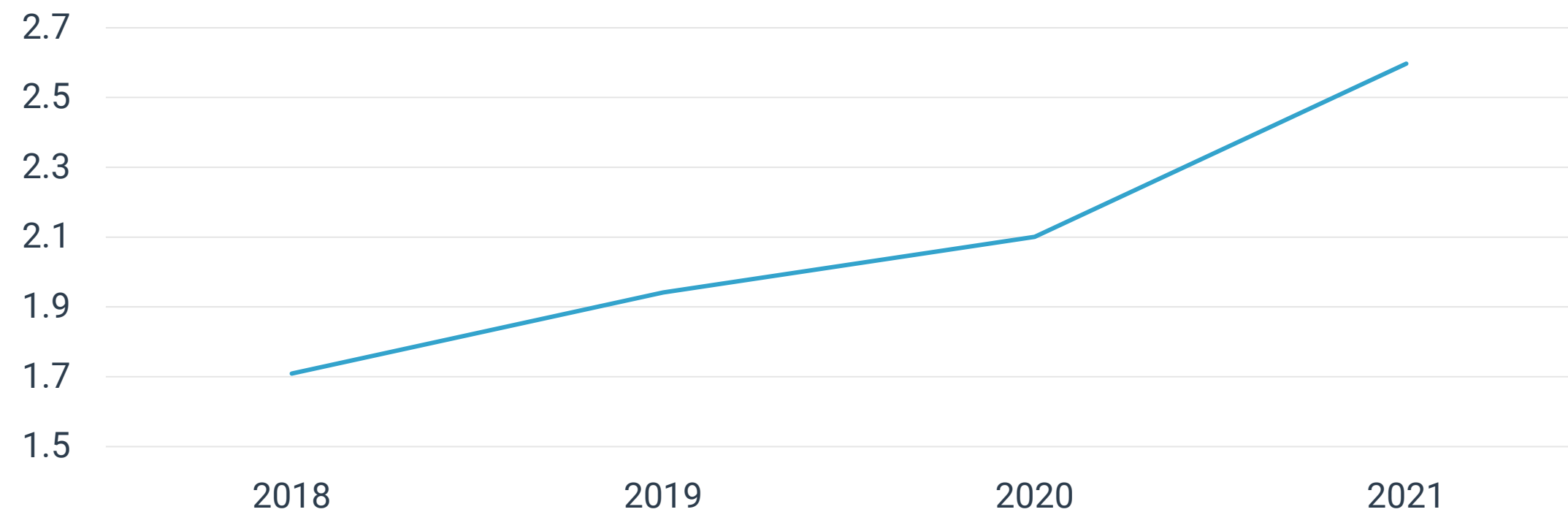


Sources: Faster Payments UK: <https://newseventsinsights.wearepay.uk/data-and-insights/payment-statistics-overview/>;
Same Day ACH US: <https://www.nacha.org/content/ach-network-volume-and-value-statistics>

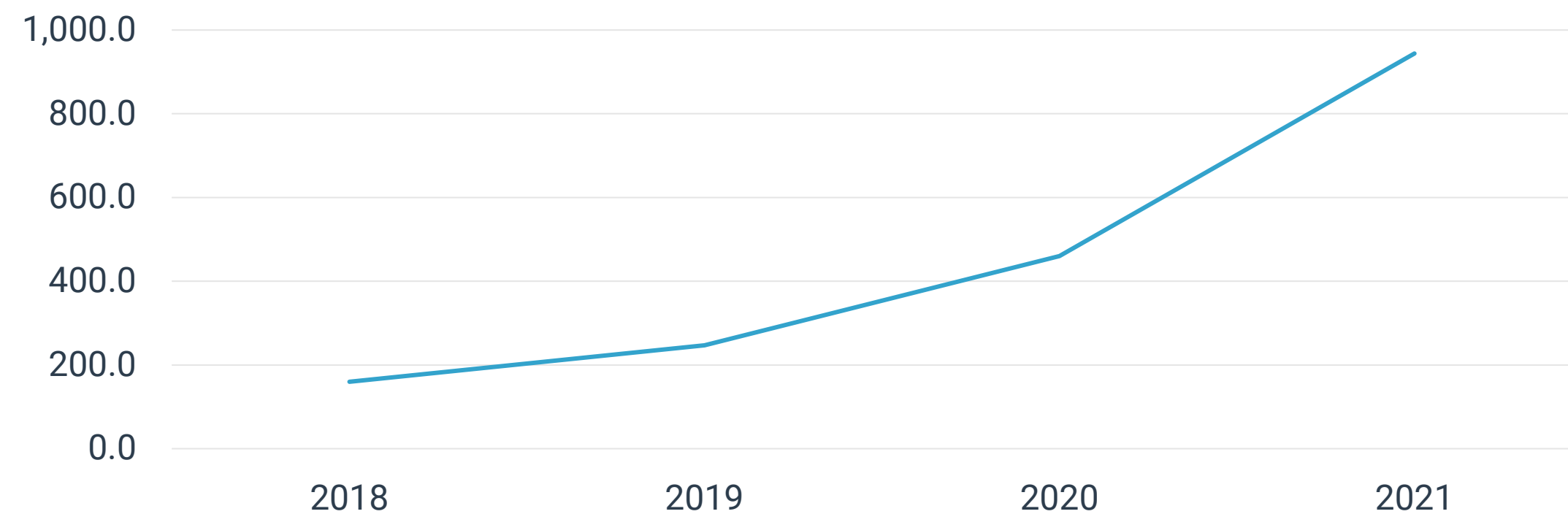
PAYMENTS GROWTH

VALUE

Value (£) of Faster Payments (UK) in Trillions



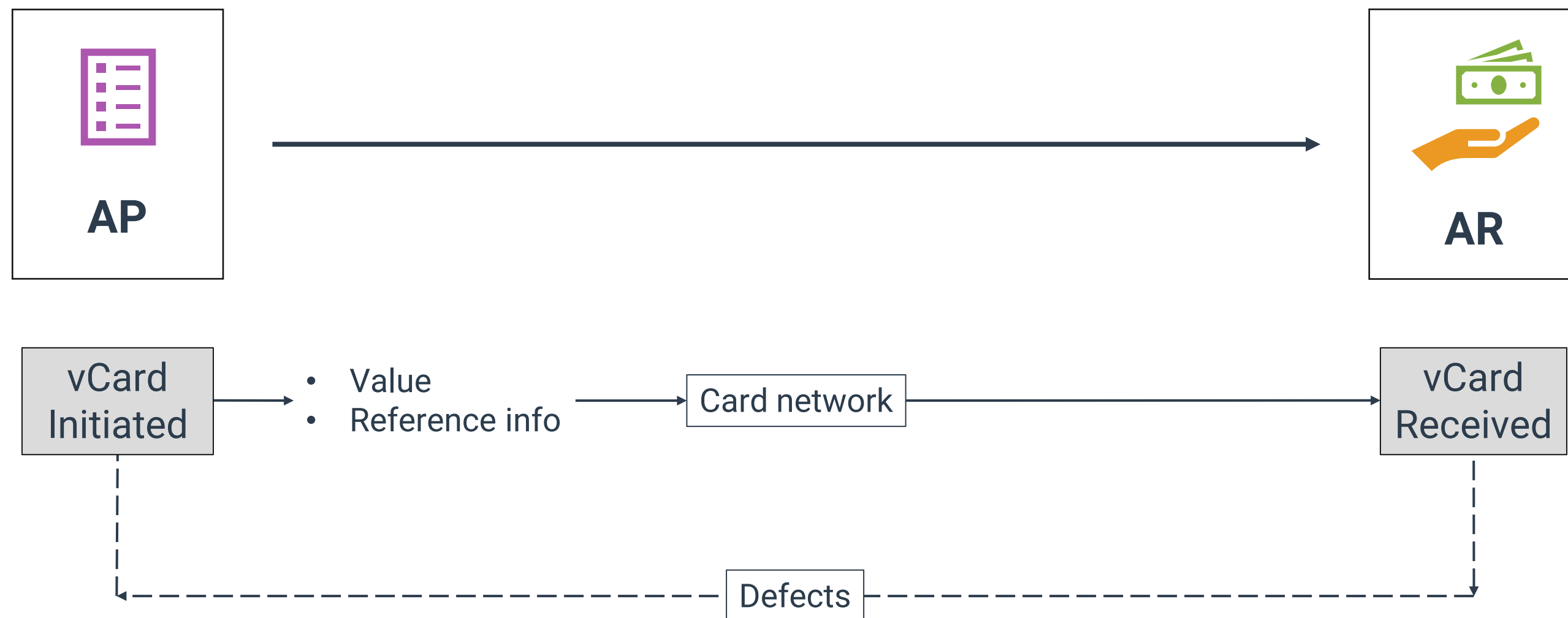
Value (\$) of Same-Day ACH (US) in Billions



Sources: Faster Payments UK: <https://newseventsinsights.wearepay.uk/data-and-insights/payment-statistics-overview/>;
Same Day ACH US: <https://www.nacha.org/content/ach-network-volume-and-value-statistics>

VIRTUAL CARD

METHOD AND DISTINCTIONS



Value & Info

- Travel together
- Contemporaneous

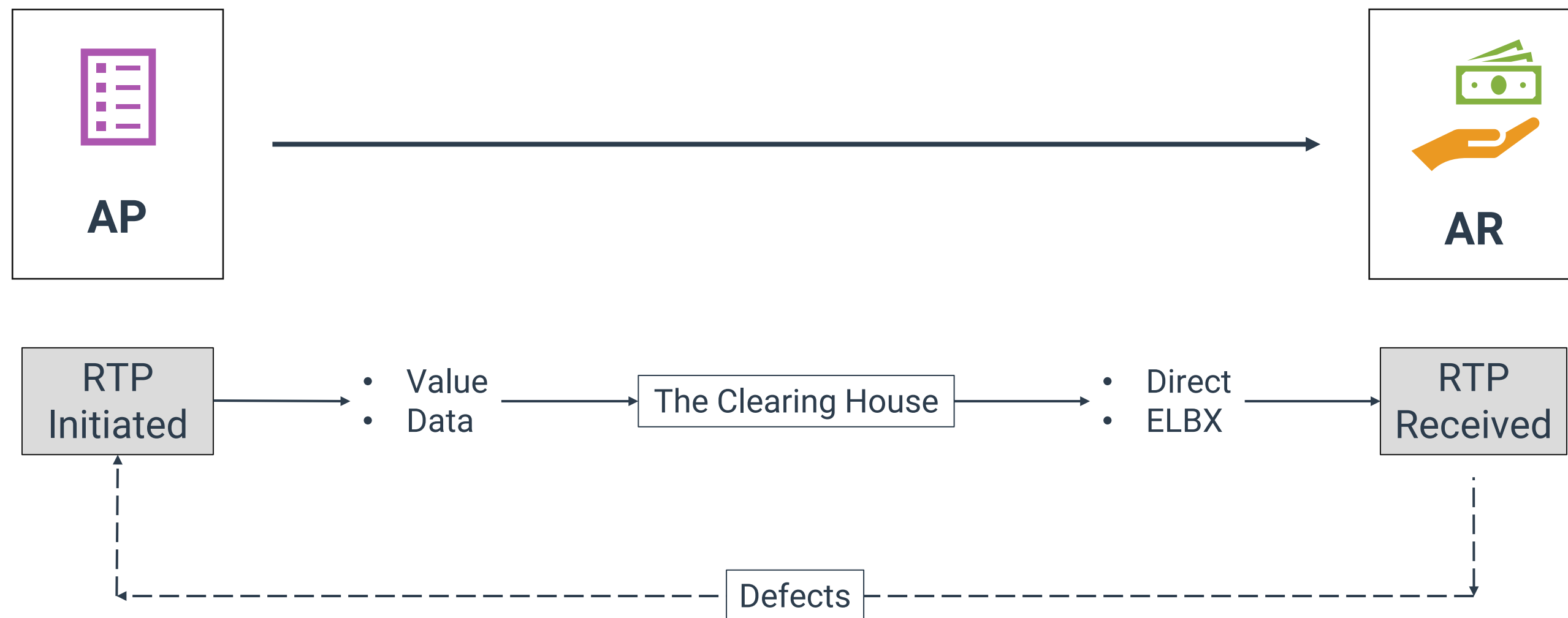
Timing: ASAP pending good funds

Visibility: At point of initiation

Controls: One-time use,
can't steal what's no
longer there

REAL-TIME PAYMENT (RTP)

METHOD AND DISTINCTIONS



Value & Info

- Travel together

Timing: Faster

Visibility: Document exchange
(XML, PDF)

Controls: DDA tokenization
(instead of real account
numbers)

FINAL THOUGHTS

HOW TO PROCEED



LEVERAGE CARD PAYMENTS

- As part of AP strategy
 - Cost savings
 - Efficiency
 - Rebate revenue



CONSIDER OUTSOURCING AP PAYMENTS

- All AP disbursements
 - Check
 - ACH
 - Wire
 - FX
 - Card



RECOGNIZE

- Payment volume is growing rapidly
- You are being targeted for fraud
- Efficiency and security are two key components of payments



SECURE

- Reduce the surface areas of attack
- Add file controls

LET'S CONNECT

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



STRATEGIC TREASURER

Craig A. Jeffery,
Managing Partner

✉ craig@strategictreasurer.com

☎ +1 678.466.2222



CORPAY

Edwin Benson
Director of Corporate Payments

💻 corpay.com



WATCH OR LISTEN:
youtube.com/watch?v=Lzla6iXqVOA