



June 28, 2023

Making the business case for digitizing payments

NAREC 2023



Change is
constant in
payments

81%

of companies are investing or planning to invest in systems to improve business processes and stay a step ahead.



Source: PYMNTS-Digital-Payments-Technology-February-2023.pdf

Interactive Session



Meet your speaker



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Our agenda

- Payment trends and evolving expectations
- Defining a digital bridge and why consider building one?
- How behavior drives expectations
- The path forward with digital payments



Digitization is key
in staying a step
ahead

77%

of CFOs said their digitization investments led to improvements in their management of working capital and credit.

Obstacles to automation



Too much paper and too many manual processes



Inefficient routing and approval processes



Time consuming validation tasks and exception handling



Unnecessary cost, human error and higher fraud risks



Inability to initiate B2B and B2C payments from a single process



Lack of visibility into invoice and payment data



Knowing
what's next
and how to get
there

What is a digital bridge?

An optimized route toward business goals.

Why consider building a digital bridge for your business?

Visibility

Speed

Control

Efficiency

Cost

Security



The bridge to digitization

What are the primary bridge spans and where can they take your business?

**Spanning
cost to
contribution**

Make the
shift away
from paper

**Connecting
progress with
optimization**

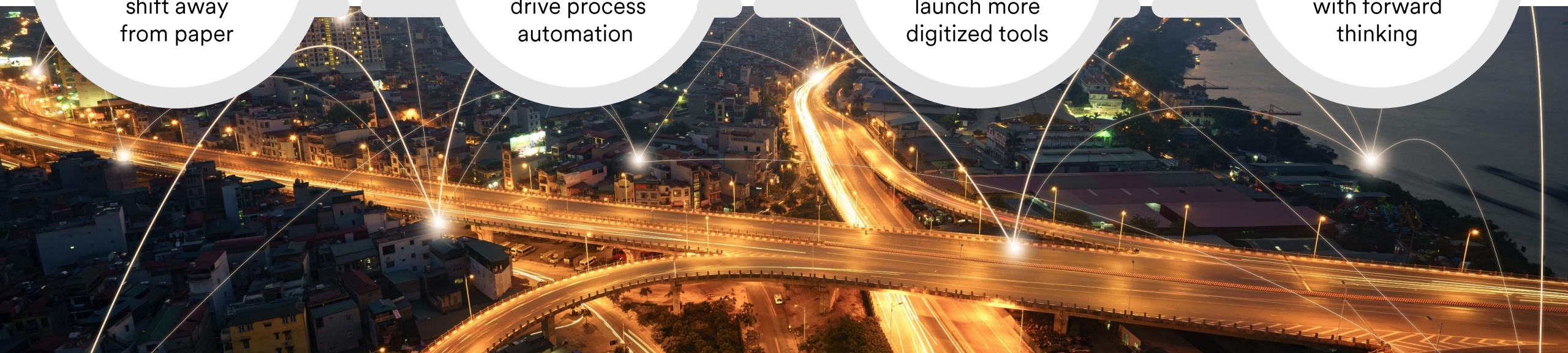
Focus on and
drive process
automation

**The route
from reactive to
proactive**

Adopt and
launch more
digitized tools

**Become
boundaryless
in your approach**

Lead the way
with forward
thinking



Changing environment

Financial operations are evolving – are you ready?

Market conditions	Competitive pressure	Evolution of technology	Crisis Response
Disruption, rising rate environment, and increased technology options are changing behaviors	With increasing needs and a shrinking pool of skilled labor, automation has become a critical facet of back-office function	Machine learning, Deep learning AI, and serverless IoT has expanded technology capabilities to new horizons	Automated fraud prevention coupled with automated BCPs take the guesswork out of incident response and business recovery

See end disclosures.



Payment's are evolving

Expectations are changing

- Real-time clearing and settlement
- Transparency
- Immediate payment acknowledgement

Tech is progressing

- ISO20022 usage
- Identity verification to protect you against fraud risk
- Expanded data access methods

Communication

- Configurable alerts
- Direct communication between company and customer
- Flexibility for customer to schedule future-dated payments

See end disclosures.



Technology focal points

Data information management

- Easier connectivity
- Tools to gain visibility and control
- Leveraging new solutions/ways to explore

Payables

- Reduction of paper processes
- Security and authentication in payments
- New payment channels and enhanced choice

Intelligent routing

- Enables digital payee/payor experiences
- Offers an embedded API experience
- Creates a competitive advantage

Manual
Processes

File Upload

Secure
Transmission

How are you connecting with your FI partners today?





Home Grown
Infrastructure

TM
Software/ERP
Connectors

APIs



The evolution of connectivity

	 Digital	 Transmission	 API	 ERP and TM Software
Benefits	<ul style="list-style-type: none"> • Online • Low digital complexity • No additional build required 	<ul style="list-style-type: none"> • Automatic per defined batch schedule 	<ul style="list-style-type: none"> • Very flexible • Real-time or scheduled • Integration available for most systems • Innovate for new products/ improve existing ones • Optimize your IT infrastructure 	<ul style="list-style-type: none"> • Integration between bank and ERP system • Relatively small development effort required from you
Drawbacks	<ul style="list-style-type: none"> • Manual upload or initiation • Increased cost • No integration • One dimensional 	<ul style="list-style-type: none"> • Set schedule • Testing (ISO 20022) • Creates a file every time • No integration • Implementation • One dimensional 	<ul style="list-style-type: none"> • API integration skills required • Implementation for current services 	<ul style="list-style-type: none"> • Capability is limited to ERP • Typically, best for cloud-based ERP systems

Data and information management

Key considerations when integrating new technology



Invoice automation and data capture solutions



Consolidation of day-to-day tools and reporting



API impact on organization with real-time processes



ERP usability and interaction



Data and information

Go from tactical to more strategic with APIs.

Challenge

Staff members spend hours each day gathering balance information from bank platforms.

Solution

APIs automatically pull data into your application, saving time and cost, while allowing staff to focus on more strategic tasks.

Payables



Key considerations when integrating new technology



Less paper,
more digital



New payment rails and
capabilities will continue to
change the landscape



Enhanced control and
visibility help prevent fraud



Reconciliation and
exception challenges are
front and center



Payables

Push toward a hands-off invoice to payment ecosystem.

Challenge

Organizations receive invoices in various formats and key them manually for processing before triggering a paper approval process.

Solution

The automated and embedded approval capabilities of a dynamic invoice data capture tool reduces the risk of manual mis-keys and need for re-work.

Receivables

Key considerations when integrating new technology



Shift towards digital bill presentment



New payment rails and capabilities will continue to change the landscape



Intelligent routing and payee and payor choice enter the room



New solutions capabilities allow for enhanced control



Receivables

Add faster payment options for efficient liquidity management.

Challenge

Limited payment options for customers and stakeholders cause a lack of visibility in the purchasing process.

Solution

By providing payment choice, including more instant payment options, transactions can be facilitated in real time with rich data for reconciliation activities.

Common barriers to adopting new technology

Change is hard

- Culture is important
- Legacy systems hold organizations back
- If it's not broken...

Resourcing

- Too many initiatives
- Too much evolution, where to focus?
- Prioritization

Funding and cost

- Competing investment opportunities
- Can be hard to quantify cost savings



Each organization has unique challenges, but there are common themes from one organization to the other.

Define your strategic direction and starting point

What's your digital bridge opportunity?

Spanning
cost to
contribution

How could you remove paper to increase efficiencies and control your payments and business objectives?

Connecting
progress
with
optimization

Where could implement digital tools to optimize your internal processes?

The route from
reactive to
proactive

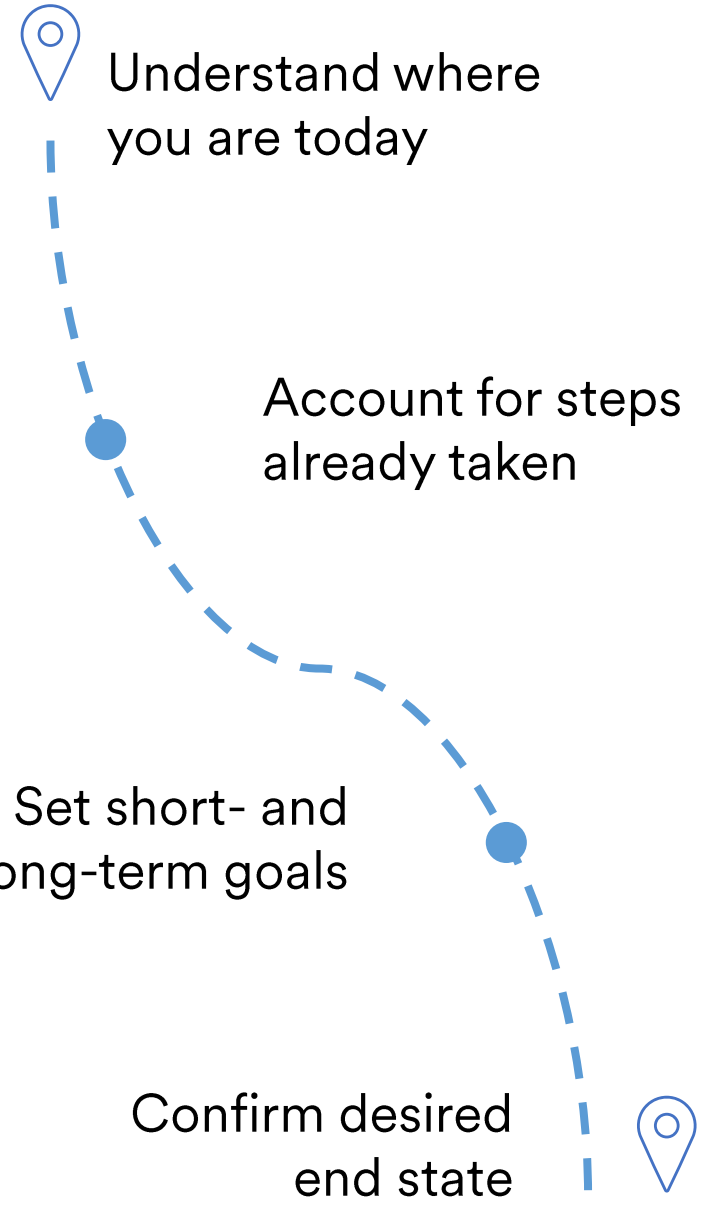
How can you address barriers that hold you back from implementing new technologies and a more digital approach?

Boundaryless
and forward
thinking

What is your vision for how specific use cases in your industry could be transformed using technology?

The road to success

The key is understanding where you are today and where you want to go.





Key takeaways for digitizing payments



Provide your customers with options and meet their evolving expectations.



Familiarize yourself with the various faster payment options.



Make adding multiple payment methods simple for you and easy for your consumers to choose from.



Deliver and maintain payments in a secure manner.



Save time and money with an end-to-end payables' strategy - including escheatment.



Build. Connect. Innovate.

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