Finexio

EXECUTIVE SUMMARY:

CHOOSING AN ELECTRONIC PAYMENT SOLUTION

INTRODUCTION

Until recently, the technology to enable accounts payable departments just didn't exist, forcing CFOs to rely on clunky, manual processes - many of which are still around today. But while many AP departments are still feeling the effects of those outdated systems, savvy CFOs are adopting new technologies to facilitate automation, increase access to cash flow, and drive operational efficiency for their organizations.

As the payments landscape continues to evolve, the landscape of technology and process changes created by new B2B payment types becomes more challenging to navigate. So how can CFOs and AP departments lead the pack with electronic payment solutions guiding the way?

THE PROBLEMS WITH PAPER CHECKS

Even though B2B payments technology has exploded, paper checks still exist because they are perceived as safe and simple.

But the facts tell a different tale.

According to AFP's 2017 Payments Fraud and Control Survey, 75% of organizations experienced check fraud in 2016, "an increase from 71 percent in 2015 and a reversal of the declining trend in check fraud since 2010."

Paying by checks may be an age-old, wholly simple process, but it's expensive, time-consuming, and impractical in today's fast-paced, digital business world. While a check may be in the mail, both buyers and suppliers are still subject to its leisurely pace or possibilities of being delayed, lost, or stolen.

BUT BEYOND CHECKS, THE OPTIONS ARE COMPLEX

ACH

- ACH provides limited financial benefit to the buyer and opens both sides up to risk.
- This type of payment requires the exchange of sensitive bank account information, and there is no built-in security -
  - This makes it harder to verify that the money is being sent to the correct supplier.

DYNAMIC DISCOUNTING

- Dynamic discounting can be difficult to understand and manage on a wide-scale basis.
  - As a result, supplier adoption is often limited.
- Possesses a lack of predictability on what suppliers might choose to do on an invoice-to-invoice basi**s.**

COMMERCIAL PURCHASING CARD

- These card-based transactions are based on consumer models and are bound by physical plastic and manual processes that make them less favorable.
- Physical cards can be compromised costing valuable staff time to be spent resolving the issue.

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VIRTUAL COMMERCIAL CARD

- The virtual commercial card provides a healthy rebate back to the buyer and adds additional value by borrowing the float of a short-term credit facility.
- But while virtual cards can provide sizable financial benefit, not every supplier will accept card payments.
  - Based on our data, we estimate that just 20-30% of suppliers can receive payment this way.
  - Also, the process to enroll and support suppliers with this method is labor-intensive.

BANKS

- Banks offer electronic payment programs, but they only focus on enrolling the top tier of suppliers while ignoring 90% of supplier spend and other electronic methods of payment.
- Most banks do not provide any support after a payment is delivered, putting the onus on the accounts payable staff to handle questions, requests, and settlement.

AN ALL-IN-ONE ELECTRONIC SOLUTION

Buyers deserve more than a virtual card solution that addresses just a handful of suppliers. They deserve a comprehensive solution to manage all outbound payments. The amount of B2B spend captured electronically has continued to increase over the past several years, and with a smart B2B supplier payment solution, you're able to:

- Capture missed savings opportunities
- Reduce processes and back office labor with manual check-writing and outdated process administration
- Generate sophisticated intelligence and analytics that allow payments to be routed more efficiently
- Improve automation through closed-loop networks and straight-through processing
- Possess the ability to allow for multiple payment options, depending on what the supplier prefers
- Drive quicker adoption of smarter payment methods
- Provide a seamless payment experience for suppliers

CONCLUSION

With a smart B2B supplier payment network, CFOs can optimize benefits by selecting the best way to pay suppliers while simultaneously generating cost savings and driving operational efficiency for their accounts payable department.

To read the whole story go to www.finexio.com/whitepaper and download a copy of the full whitepaper.

ABOUT FINEXIO

In 2015, financial executives from MasterCard and Change Healthcare saw a critical opening for a B2B commercial payments execution platform that could service mid- to large-market companies. They envisioned Finexio to help customers and their efficiency minded-finance teams unlock the strategic value of payables.

Finexio's payment technology identifies which suppliers can be paid electronically, then routes those payments without requiring bank account information. Finexio's proprietary network identifies, delivers and supports nine forms of payment, generating revenue and cost savings for accounts payable departments while offering complete visibility and control of the payment process.

To learn more, visit www.finexio.com.