# B2B PAYMENTS

## 2019 SURVEY RESULTS ANALYSIS


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**BILL WARDWELL II**
VP, Strategy & Business Development, Bottomline


**WHAT.**
2019 B2B Payments Survey Results
Analysis, Discussion, & Takeaways

**WHEN.**
Tuesday, March 14, 2019
2:00 PM – 3:00 PM EST

**WHERE.**
Live Online Presentation
Replays at StrategicTreasurer.com

Strategic Treasurer
Consultants in Treasury

Bottomline

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This presentation is provided by Strategic Treasurer & Bottomline Technologies

# ABOUT THE SPEAKERS

GET TO KNOW TODAY'S
SUBJECT MATTER EXPERTS

## CRAIG JEFFERY, CCM, FLMI

Craig Jeffery formed Strategic Treasurer LLC 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.

## BILL WARDWELL II

Bill Wardwell is responsible for leading key strategic initiatives and business development opportunities for the Paymode-X Business Solutions team at Bottomline Technologies.

Bill has more than 15 years experience in the technology and banking industry with a focus on business payments and working capital solutions.

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# ABOUT THE SURVEY

## RESPONDENT DEMOGRAPHICS, KEY FACTS & FIGURES

### SURVEY FACTS & FIGURES

**~310** respondents

- ~90 respondents
- ~220 respondents

**3rd** year of research

**80+** questions

### BANK STATS

[ Bank Size by Assets Under Management ]

| <$25B | $25B-$250B | >$250B |
|---|---|---|
| 38% | 33% | 29% |

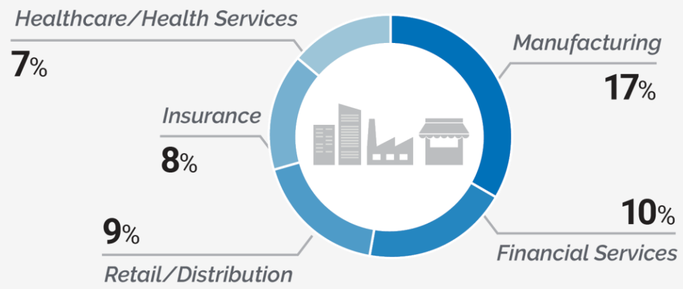
[ Quick Stats ]

**76%** of banks leverage fintechs to deliver payment capabilities to clients.

**90%** of banks find mobile applications important or very important to their B2B payment offerings.

### CORPORATE STATS

[ Top Industries Represented ]




[ Top Respondent Roles ]

| | |
|---|---|
| 20% | Treasury/Cash Manager |
| 14% | Assistant Treasurer |
| 12% | Treasury Analyst |
| 12% | Treasurer |
| 9% | CFO/CEO |

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# TOPICS OF DISCUSSION

KEY AREAS OF FOCUS & ANALYSIS

## B2B SOLUTIONS LANDSCAPE

- What is the spread of bank and fintech solutions comprising the B2B payments space?
- How is this mix changing over time?
- How are banks and fintechs evolving and innovating to meet corporate demands?

## FASTER & EMERGING PAYMENTS

- Which B2B payment networks, channels, and services are seeing the most traction?
- Which B2C networks, channels, and services are seeing the most traction?
- What types of technologies and functionalities are driving change?

## TREASURY, AP, & AR PAYMENT ISSUES

- What are the primary obstacles that treasury, AP, and AR face with regards to B2B payments?
- Where is this complexity arising from?
- What can be done to overcome or circumvent these challenges?

## RESULTS IN AGGREGATE

*BASED ON THIS DATA, WHAT ARE THE PRIMARY ACTION ITEMS & IMPLICATIONS FOR TREASURY HEADING INTO 2019 & BEYOND?*

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## SECTION 1

# B2B SOLUTIONS LANDSCAPE

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# POLLING QUESTION #1

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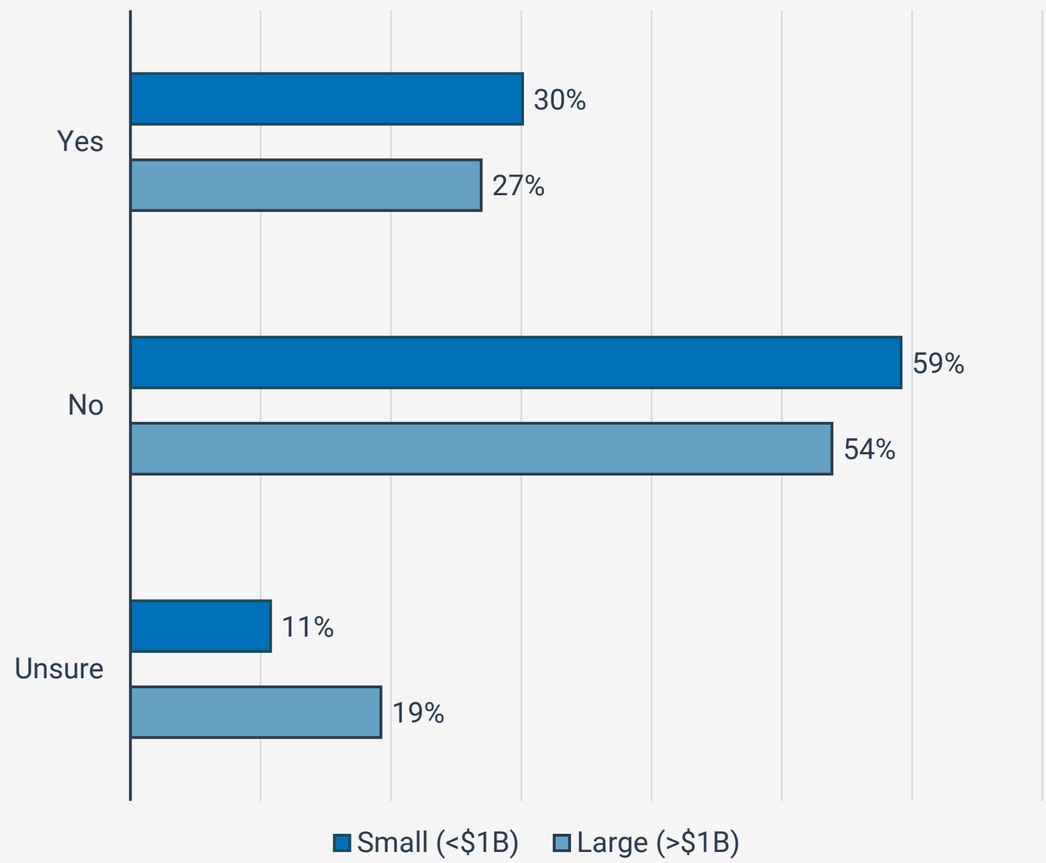
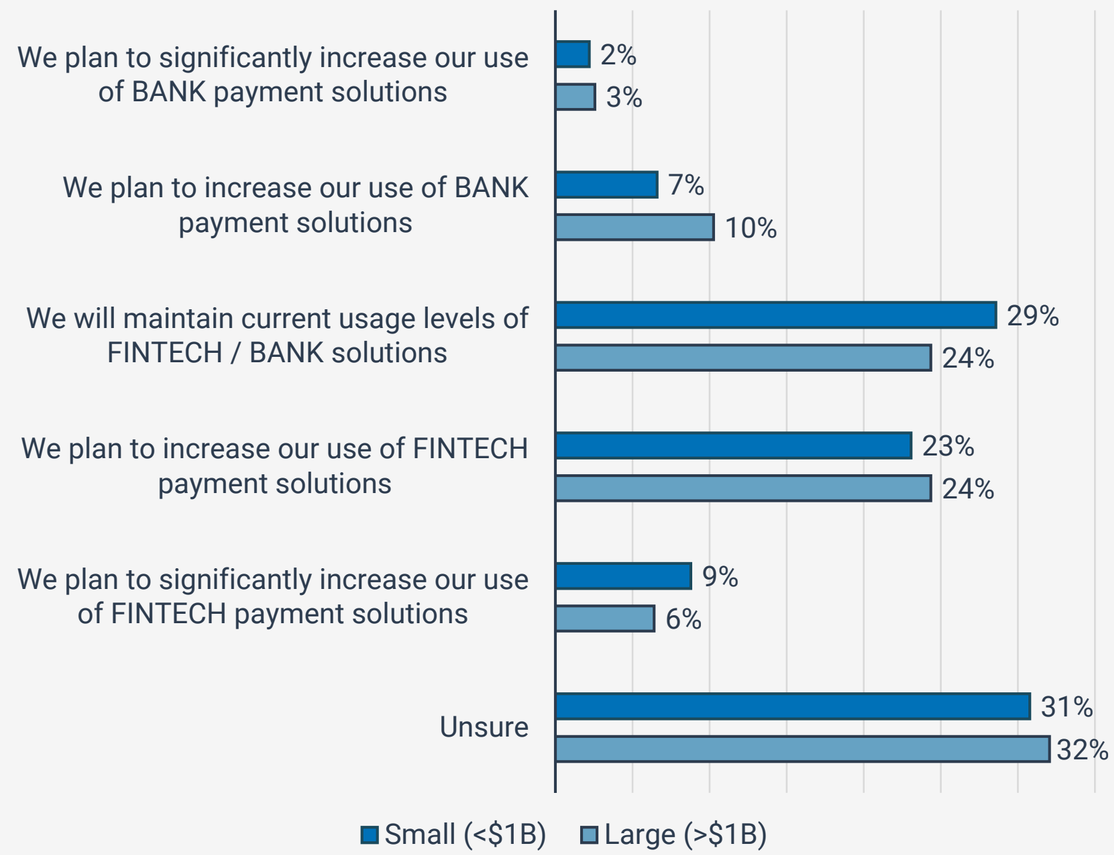
# FINTECHS ON THE COME UP

## 1 IN 3 CORPORATES PLAN TO EXPAND USE OF FINTECH PAYMENT SOLUTIONS BY 2022

***CORPORATES:*** *Do you use a non-bank provider for B2B payments?*




***CORPORATES:*** *Over the next 1-3 years, how do you expect your use of fintech payment solutions vs. those of banks to change?*




**FINTECH SOLUTIONS SEE RISING TRACTION**

28% of corporates currently use a fintech provider for B2B payments, which is almost double the number from early 2018. Looking ahead, adoption is expected to continue rising as 32% of corporates plan to increase their use of fintech payment solutions over the next 1-3 years.

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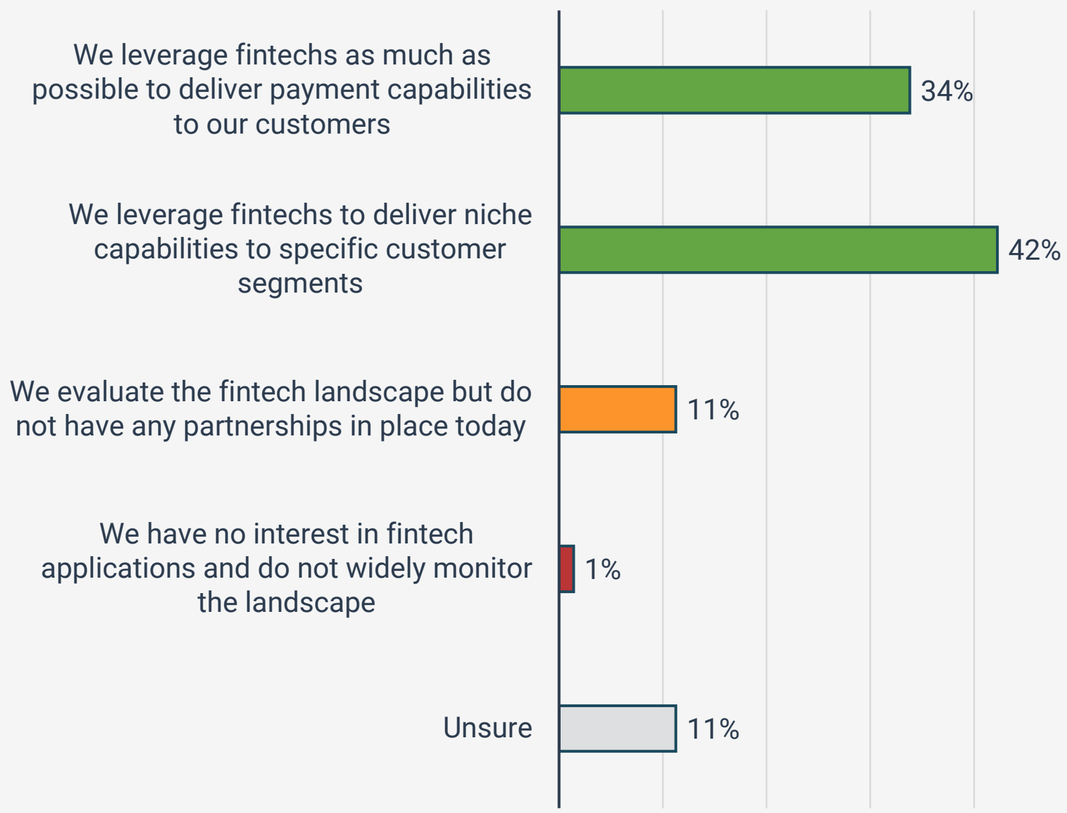
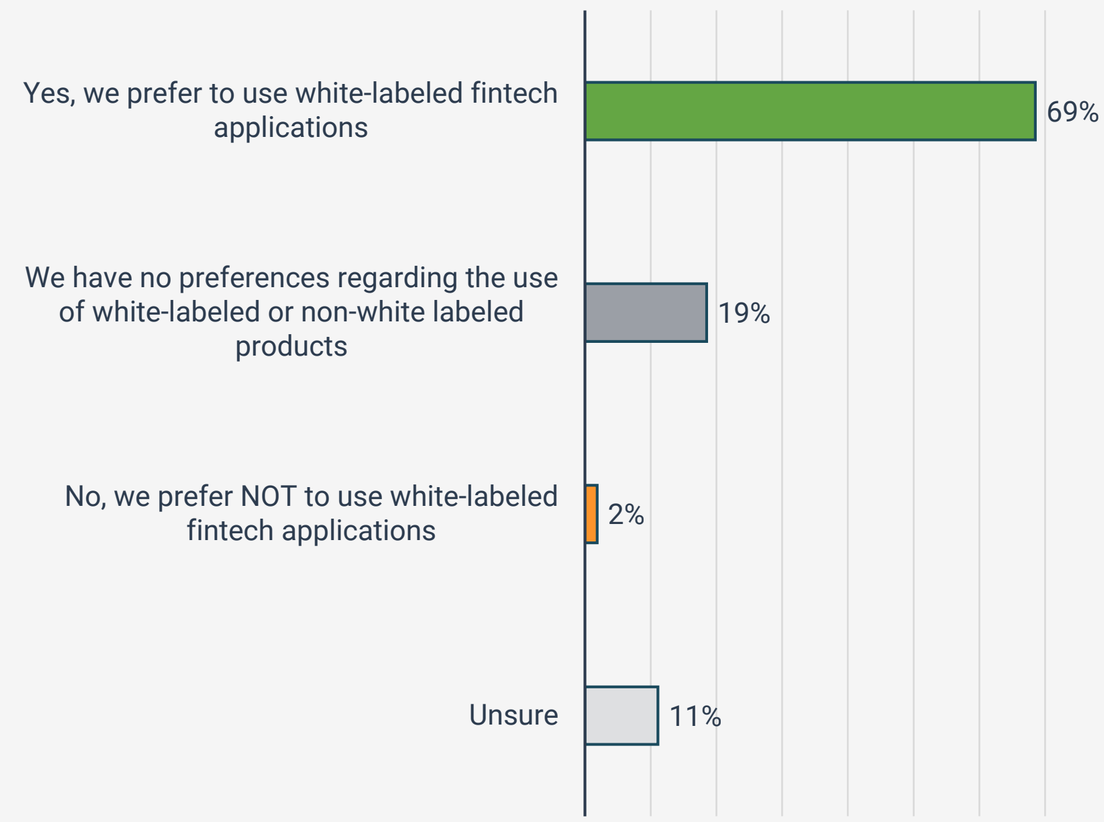
# PAYMENTS: KEY TO CORPORATE / BANK RELATIONSHIPS

## BANKS INCREASINGLY PARTNER WITH FINTECHS TO ENHANCE CLIENT SATISFACTION

***BANKS:*** *Select the statement that BEST describes how your bank leverages 3rd party fintech applications when developing payment services and solutions:*




***BANKS:*** *Do you prefer to white-label the 3rd party fintech applications that you leverage?* ****Subset: Asked to the 76% of banks that leverage fintechs (from previous question)***




**FINTECH PARTNERSHIPS HELP BANKS MEET CLIENT DEMANDS**

**More than half of corporates find it important for their bank to invest in innovative B2B payment solutions.** Banks are partnering heavily with fintechs to meet this demand, and want to focus on solutions that are: simple to integrate with existing technology; customizable; and can be white-labeled. 76% of banks leverage fintech solutions to develop their payment products, and 69% of this group prefer to use white-labeled solutions.

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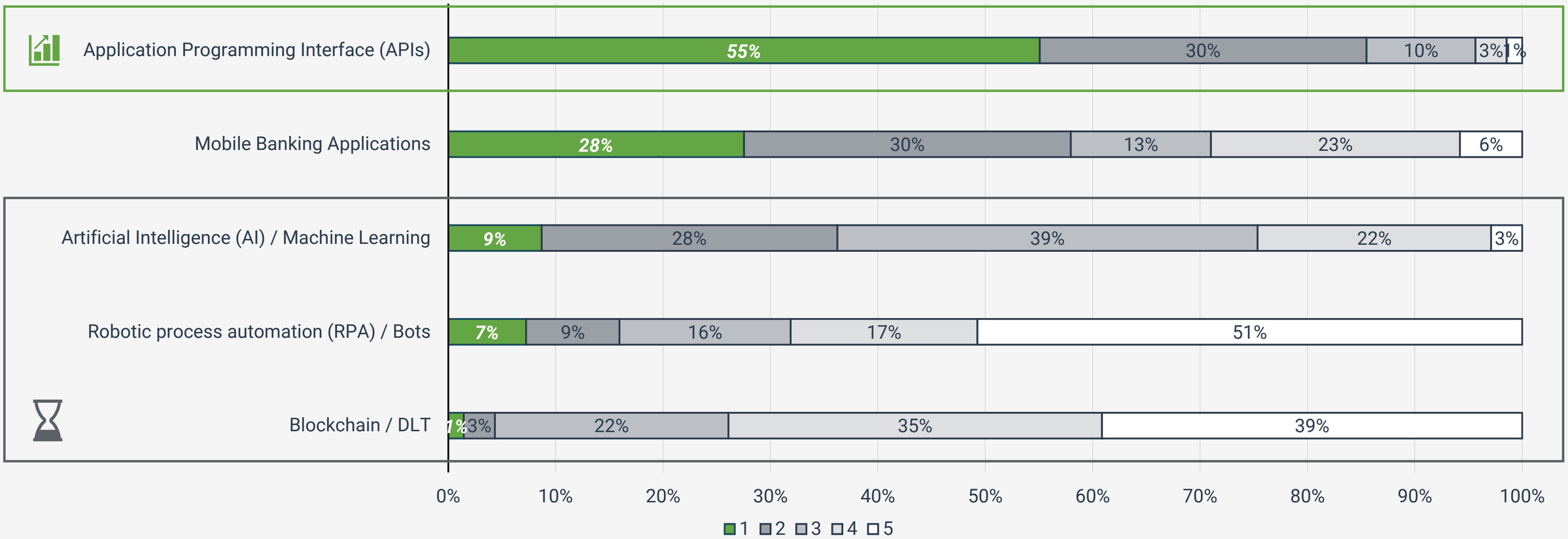
# APIs GARNER MAJOR INDUSTRY INTEREST

## BANKS & CORPORATES AGREE THEY ARE A GAME CHANGER

***BANKS:*** *Please rank the following technologies or services in the order that you believe they will impact B2B payments over the next 2-3 years:*
***1*** *(Most Impactful)* ***– 5*** *(Least Impactful)*




**APIs EXPECTED TO SIGNIFICANTLY IMPACT PAYMENTS**

When asked to rank the technologies that would most impact the B2B payments landscape over the next 2-3 years, both banks and corporates overwhelmingly ranked APIs as having the most significance. APIs were ranked above mobile banking apps, artificial intelligence, robotic process automation (RPA), and blockchain / distributed ledger technology.

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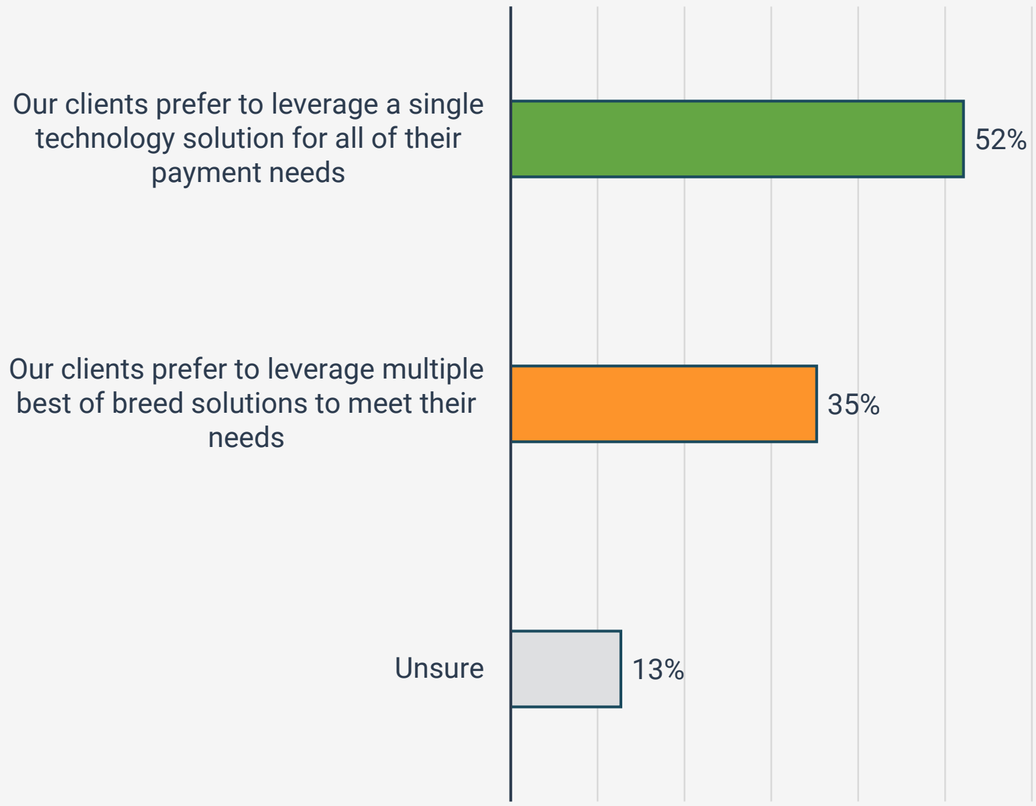
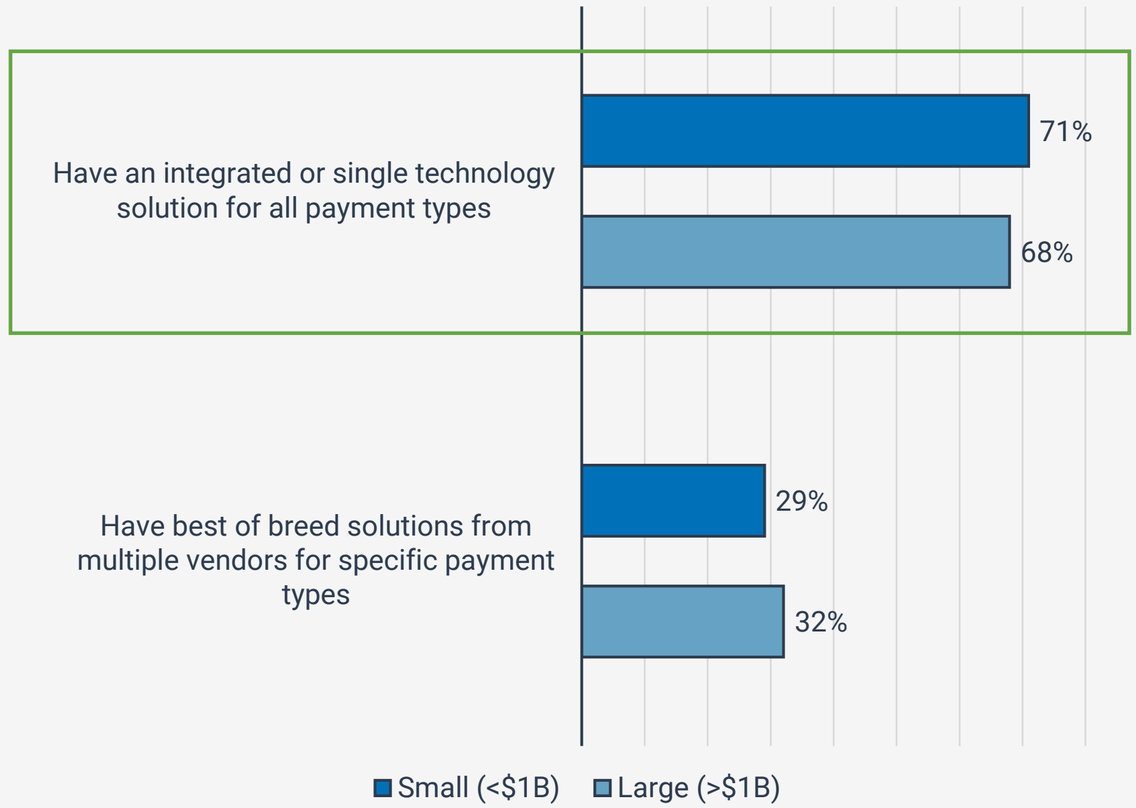
# SINGLE SOLUTION > BEST OF BREED

## CORPORATES PREFER A SINGLE PAYMENTS SOLUTION OVER NUMEROUS "SPECIALIZED" PRODUCTS

***BANKS:*** *Which statement best describes your clients' views on deploying payments technology?*




***CORPORATES:*** *For B2B payments, is it preferable to:*




**SINGLE SOLUTION > BEST OF BREED**

Over 2x more corporates indicate they would rather leverage a single technology solution for all their payment needs then use multiple best of breed solutions. This impacts bank preferences for their fintech partnerships (i.e., banks prioritize integration, customization and the ability to white-label).

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Data Source: 2019 B2B Payments Survey

## SECTION 2

# FASTER & EMERGING PAYMENTS

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# POLLING QUESTION #2

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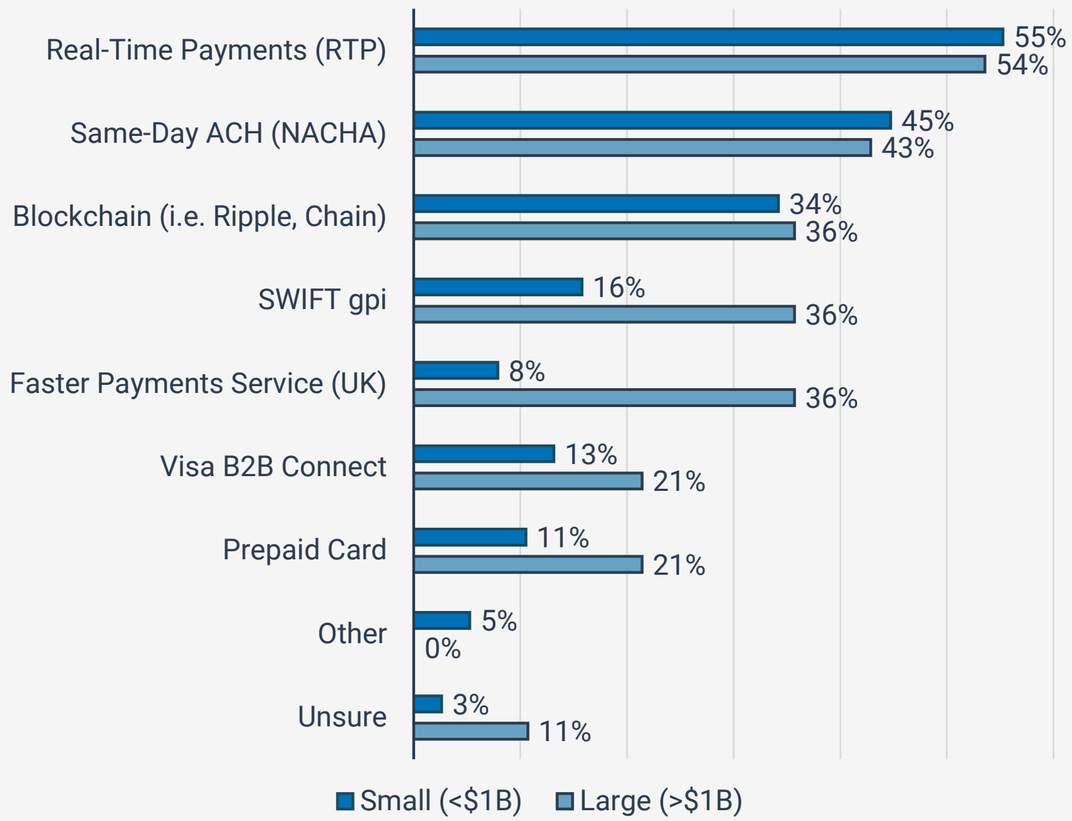
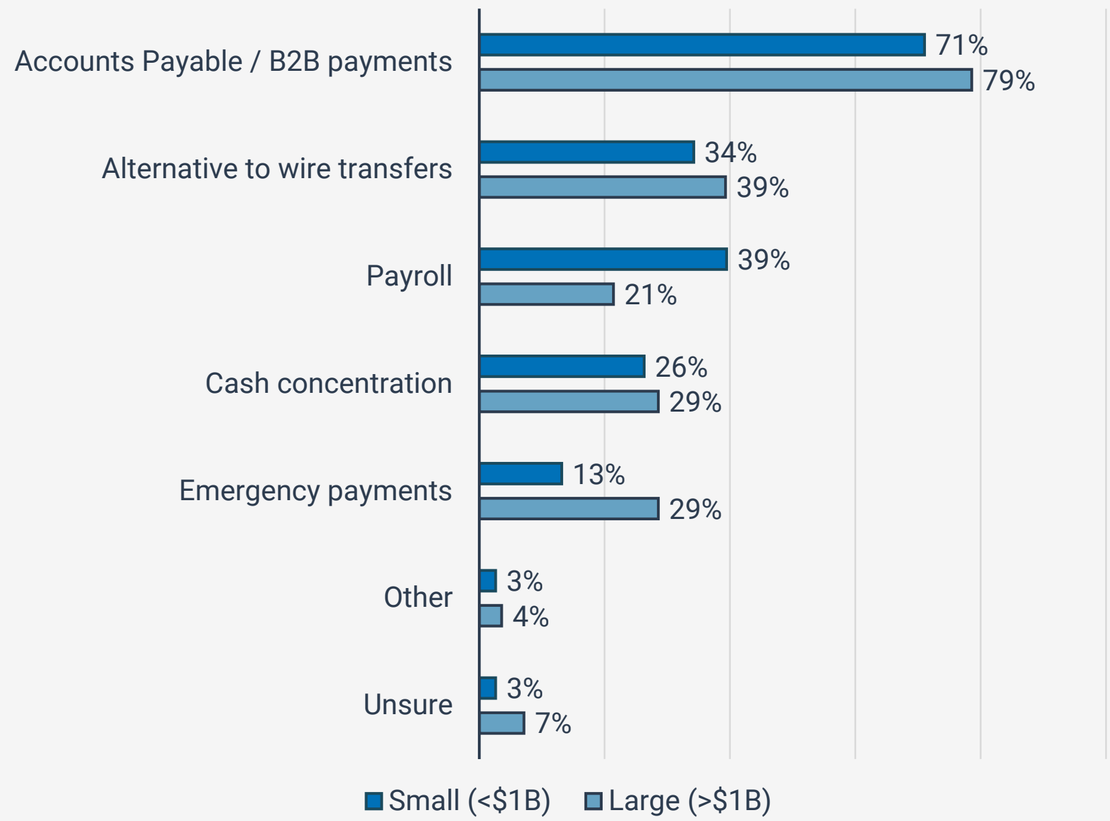
# WIN, PLACE, SHOW: RTP, SAME-DAY ACH, & BLOCKCHAIN

***CORPORATES:*** *Which new or emerging payment services are you using or interested in using? (Select all that apply):* ****Subset: 43% using or interested***




***CORPORATES:*** *In what areas are you using or interested in using new / emerging B2B payment methods? (Select all that apply)* ****Same subset***




**WHICH B2B SERVICES ARE MOST INTERESTING TO CORPORATES?**

Nearly half of corporates are using or interested in using new or emerging payment services. Of this group, the top focus is RTP, followed by Same-Day ACH and blockchain-based services like Ripple and Chain. It's also worth noting that more corporates are interested in using services like Ripple and Chain compared to SWIFT gpi. Small firms were 2x more interested in Ripple or Chain vs. SWIFT gpi, while large firms were equally interested in both.

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# POLLING QUESTION #3

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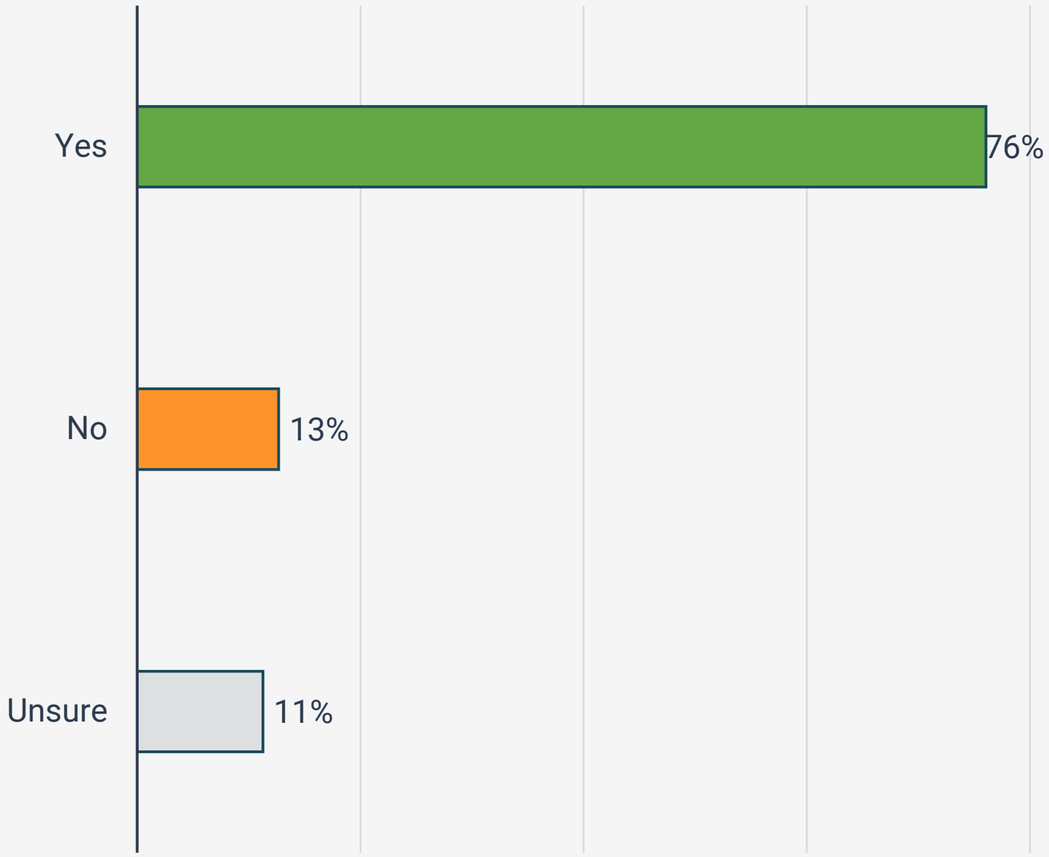
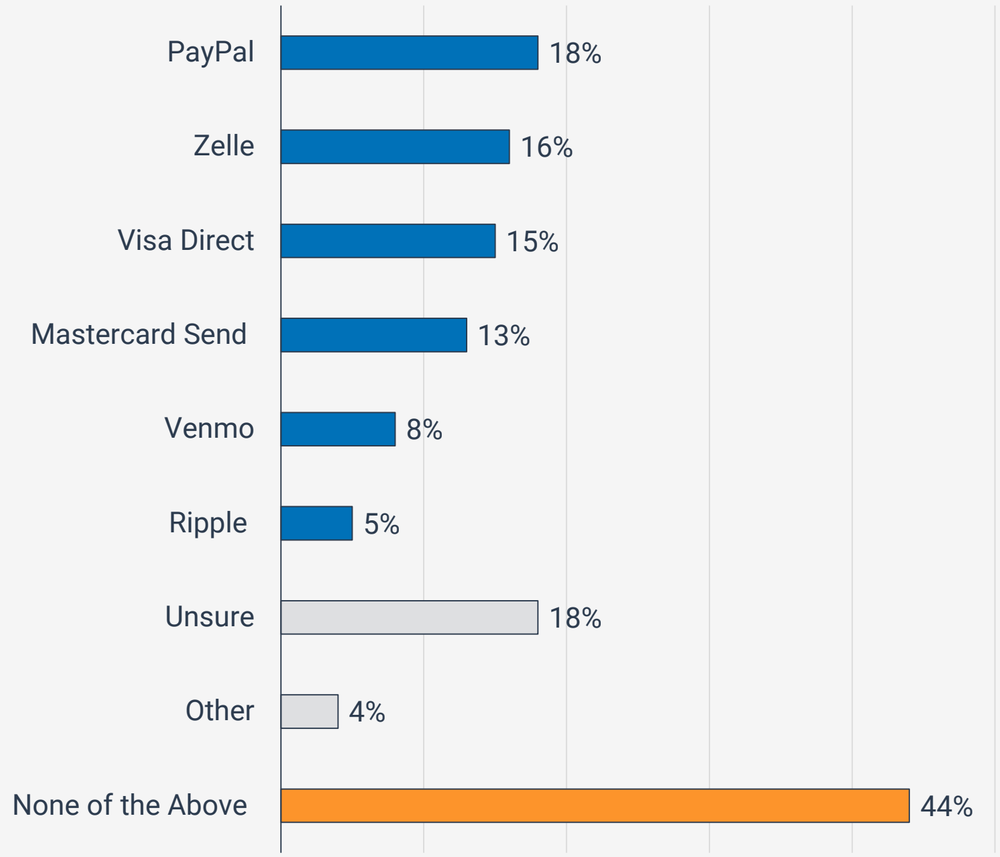
# B2C PAYMENTS INNOVATION

## TURNING CORPORATES' HEADS

***BANKS:*** *Are your customers asking for solutions that automate Business-to-Consumer (B2C) payments? (i.e. Mastercard Send, PayPal, Visa Direct, etc.)*




***CORPORATES:*** *Is your company using or interested in using any of the following solutions for Business-to-Consumer (B2C) payments? (Select all that apply)*




**B2C PAYMENTS APPEAR ON TREASURY'S RADAR**

76% of banks indicate that their corporate customers are asking for automated B2C payment services. One-third of banks already offer these services, and another 48% are evaluating them. Banks overwhelmingly focus on Zelle for B2C payments, while corporate interest in PayPal, Zelle, Visa, and MasterCard are all relatively even.

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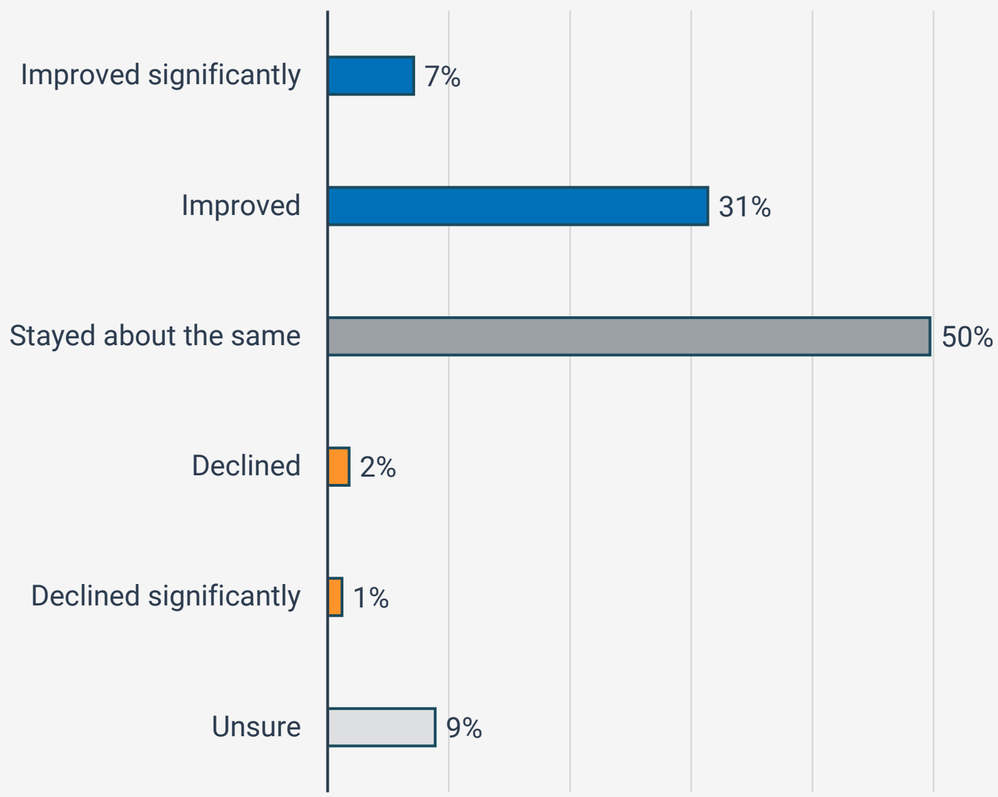
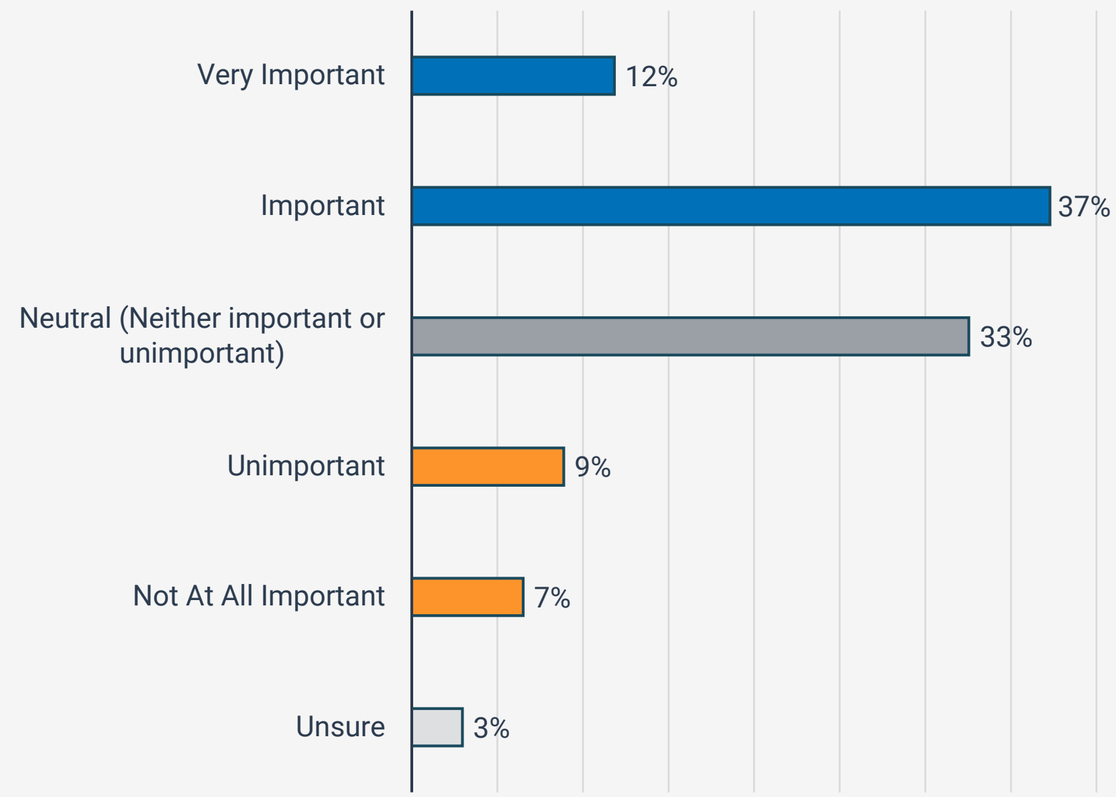
# CORPORATES' COMFORT WITH MOBILE INCREASING

## AND BELIEVE IT'S IMPORTANT THAT BANKS INVEST IN CAPABILITIES

***CORPORATES:*** *Please indicate how your comfort level with mobile payments for B2B transactions has changed over the past year.*




***CORPORATES:*** *How important is it that your bank(s) invest in commercial banking applications for mobile devices?*




**COMFORT LEVELS IMPROVE, BUT CHALLENGES REMAIN**

13x more corporates indicate their comfort level with mobile payments has improved vs. deteriorated over the past year, highlighting a consistent trend of rising comfortability with the technology. Half of corporates believe that bank investments in mobile banking are important, but many still feel that security features are in greater need of enhancement. Meanwhile, banks are heavily invested in mobile banking but feel that functionalities like information reporting and payment execution are more important than security.

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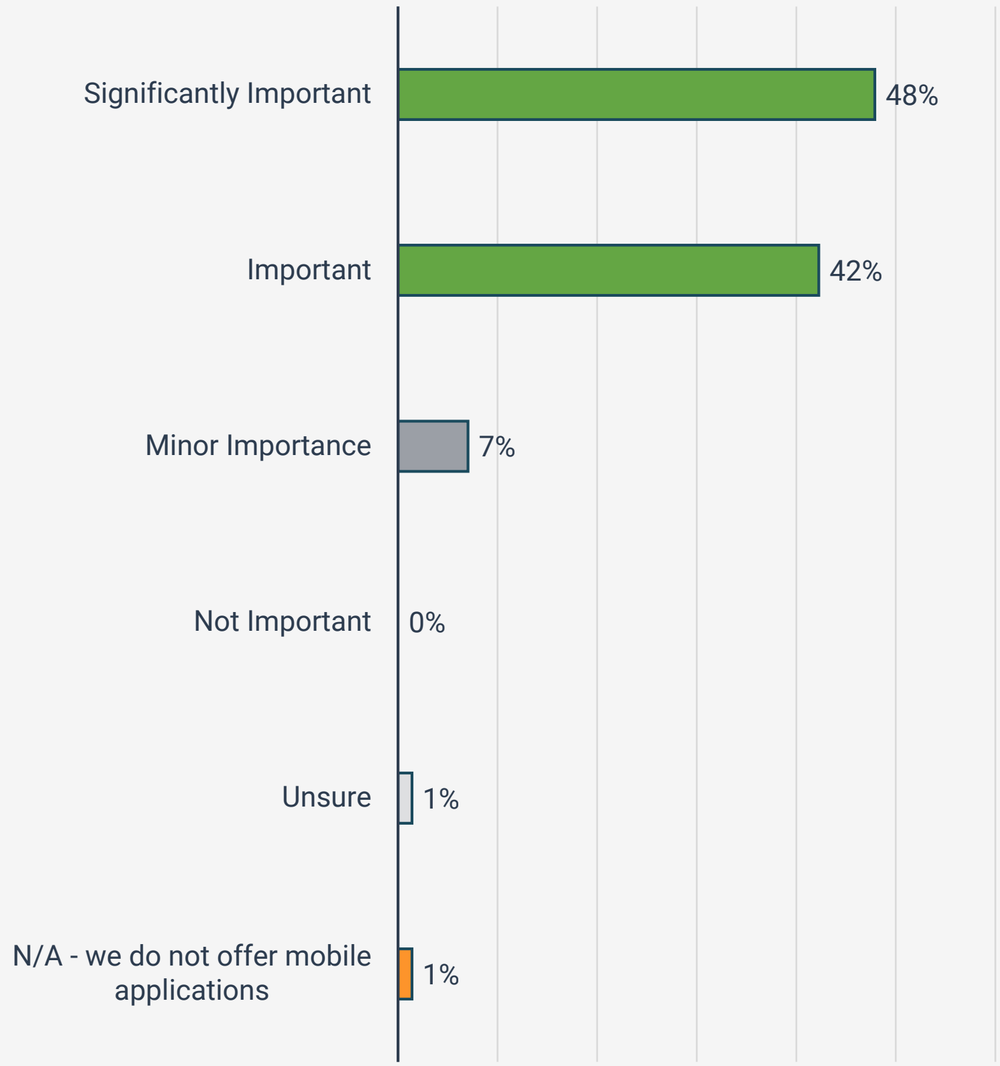
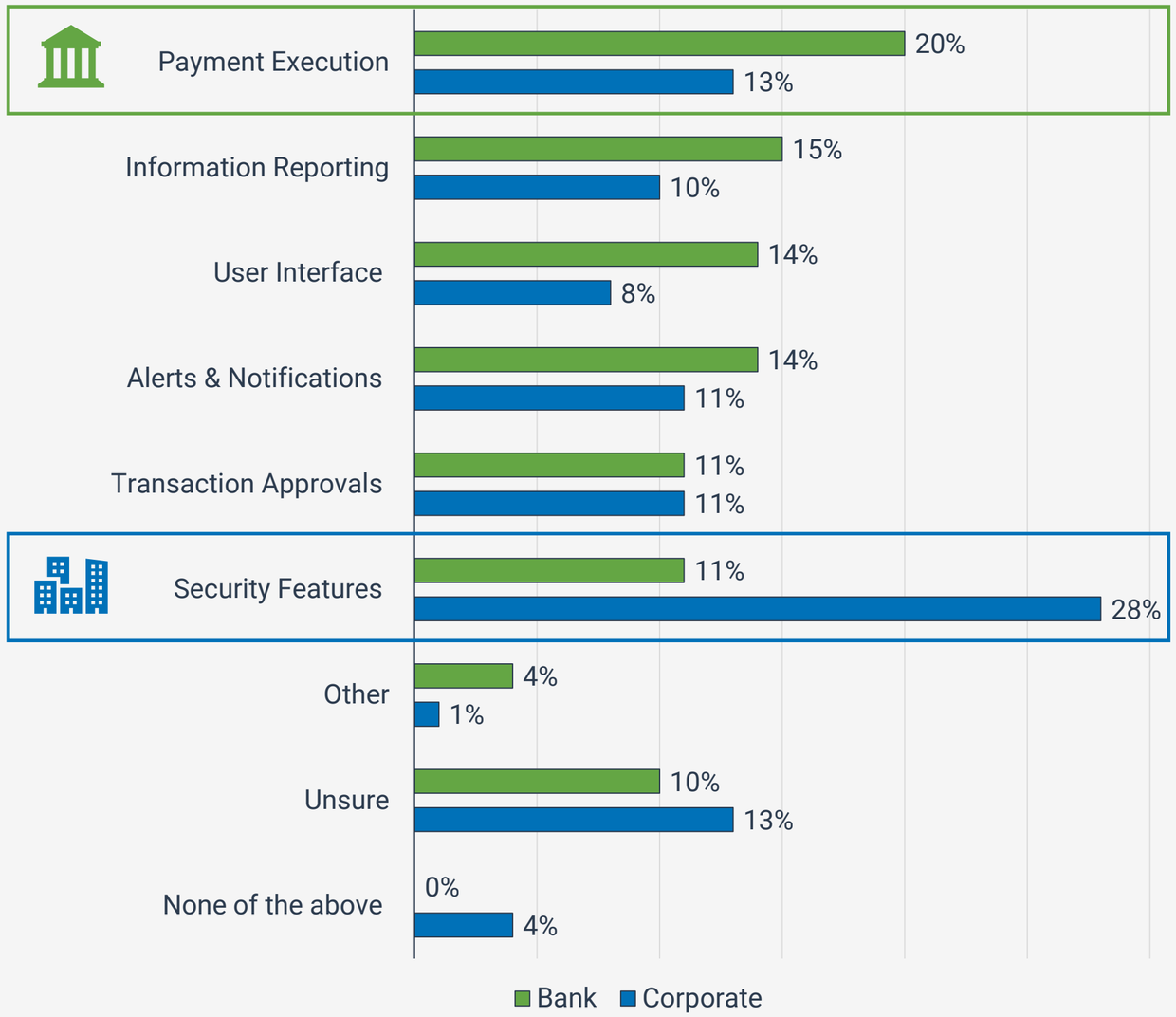
# BANKS UNDERSTAND IMPORTANCE OF MOBILE

## BUT MAY UNDERESTIMATE CUSTOMERS' FOCUS ON SECURITY

***BANKS:*** *How important are mobile applications when it comes to your B2B payment offerings?*




***BANK vs CORPORATE:*** *What feature of B2B mobile applications do you believe is in MOST need of enhancement moving forward?*

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## SECTION 3

# TREASURY, AP, & AR PAYMENT ISSUES

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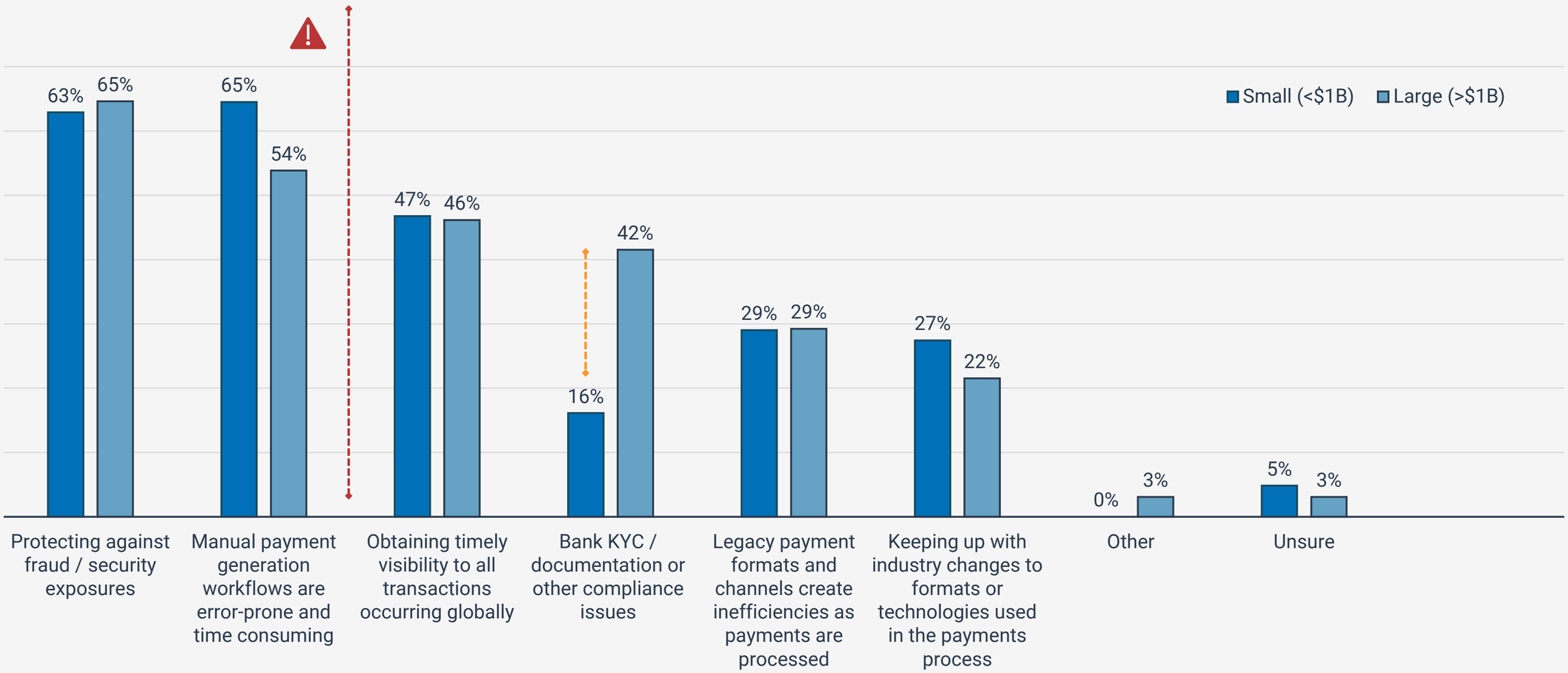
# TREASURY'S TOP PAYMENT CHALLENGES

## FRAUD & MANUAL PROCESSES

***CORPORATES:*** *Please select up to the top 3 challenges treasury experiences regarding their B2B payments (Select up to three):*




**SMALL & LARGE FIRMS AGREE: FRAUD & MANUAL PROCESSES ARE PROBLEMATIC**

Treasury teams across all company sizes indicate that fraud and manual processes are the two primary challenges associated with B2B payments. Also of note is that compliance issues were nearly 3x more challenging for large companies compared to their smaller peers.

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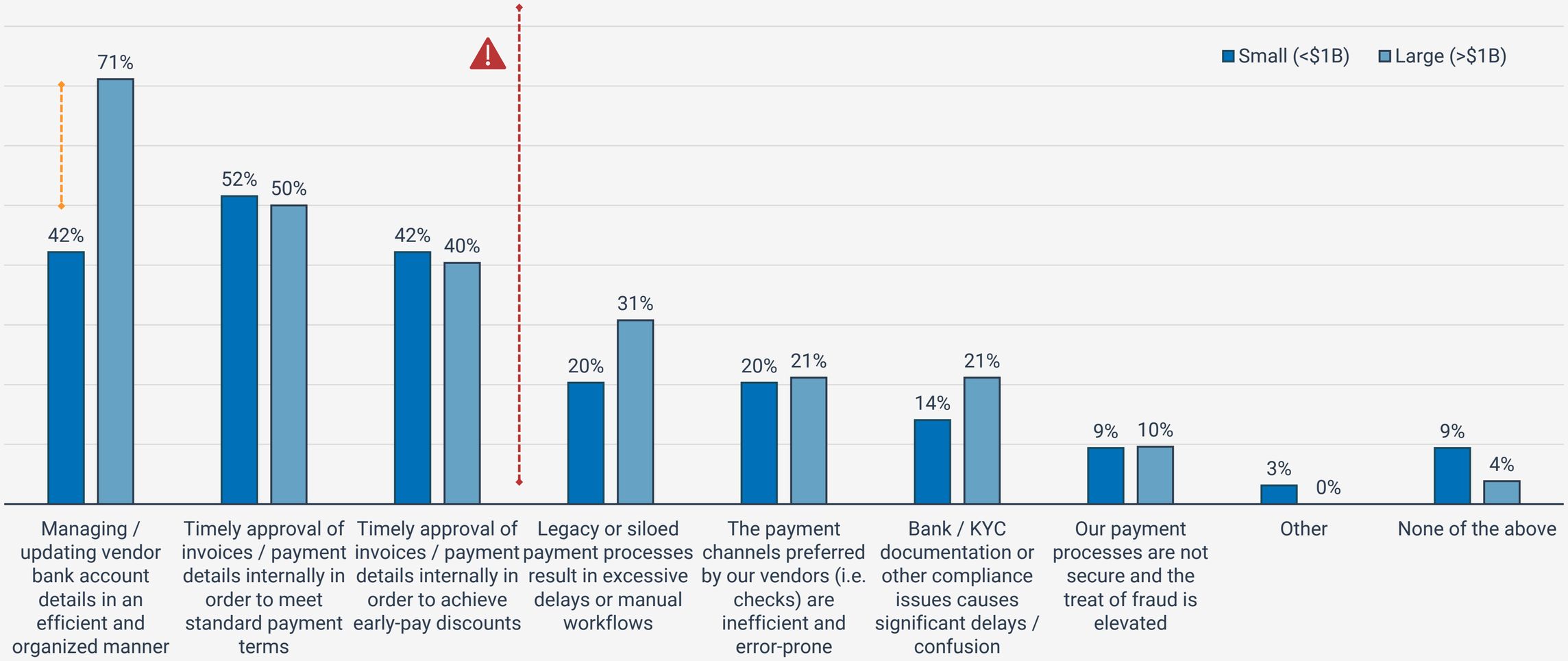
# AP'S TOP PAYMENT CHALLENGES

## BANK ACCOUNT DETAILS & INVOICE PROCESSING

***CORPORATES:*** *Please select up to the top 3 challenges AP experiences when it comes to paying vendors (Select up to three):*




**LARGE FIRMS SEE SIGNIFICANT ISSUES WITH VENDOR BANK ACCOUNT MGMT.**

While vendor bank account management is a challenge for both small and large companies, it was nearly 2x more problematic for "large" organizations compared to small. On the other hand, invoice processing (either in time to meet early payment terms or simply to meet standard terms) was recognized as a top challenge for roughly equivalent numbers of small and large organizations.

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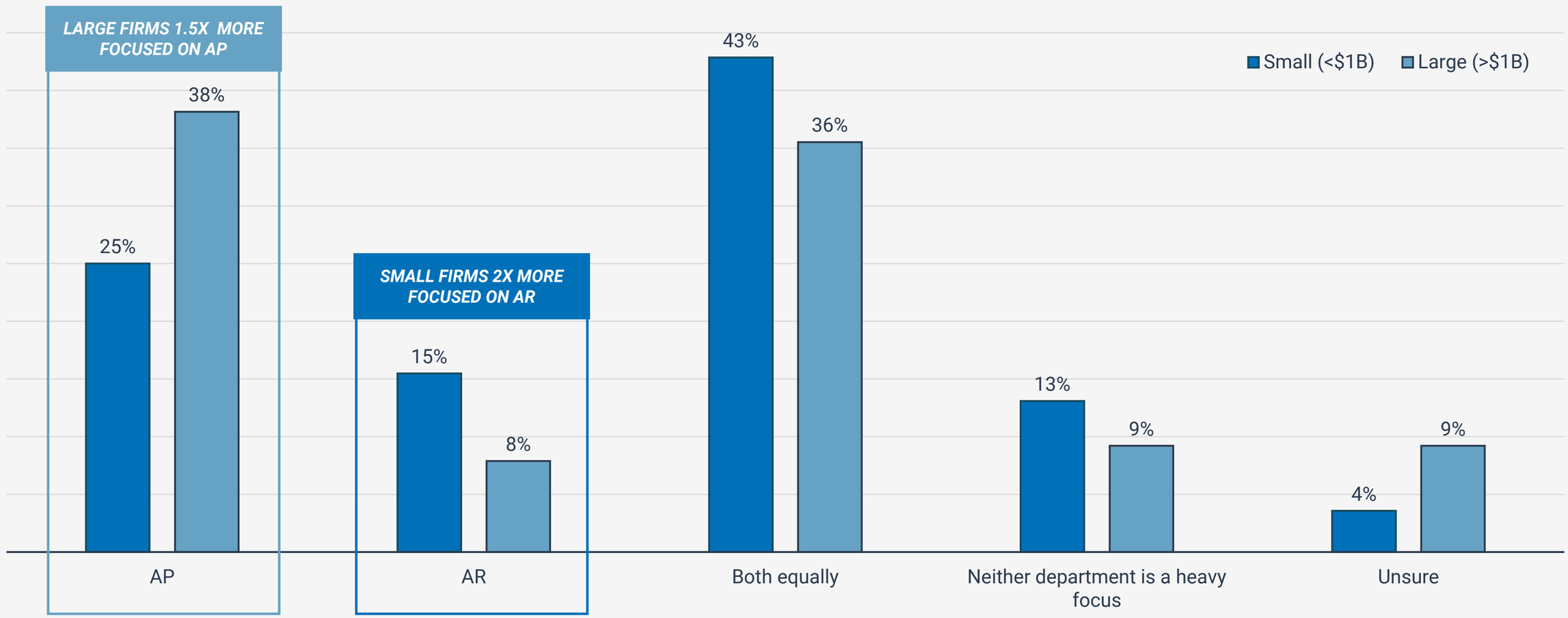
# FOCUS AREAS VARY BY COMPANY SIZE

## SMALL BUSINESSES OPTIMIZE RECEIVABLES, LARGE BUSINESSES PRIORITIZE PAYABLES

***CORPORATES:*** *Overall, is treasury more focused on AP or AR initiatives internally?*




**AP vs AR: WHERE TO FOCUS?**

There are significant differences between “small” and “large” companies related to whether receivables or payables processes are prioritized. While AP tends to be a larger focus generally, small firms were 2x more likely to focus on AR initiatives compared to their larger peers, while large firms were more likely to focus on payables (Small firms focus on getting paid, while large firms focus on paying others).

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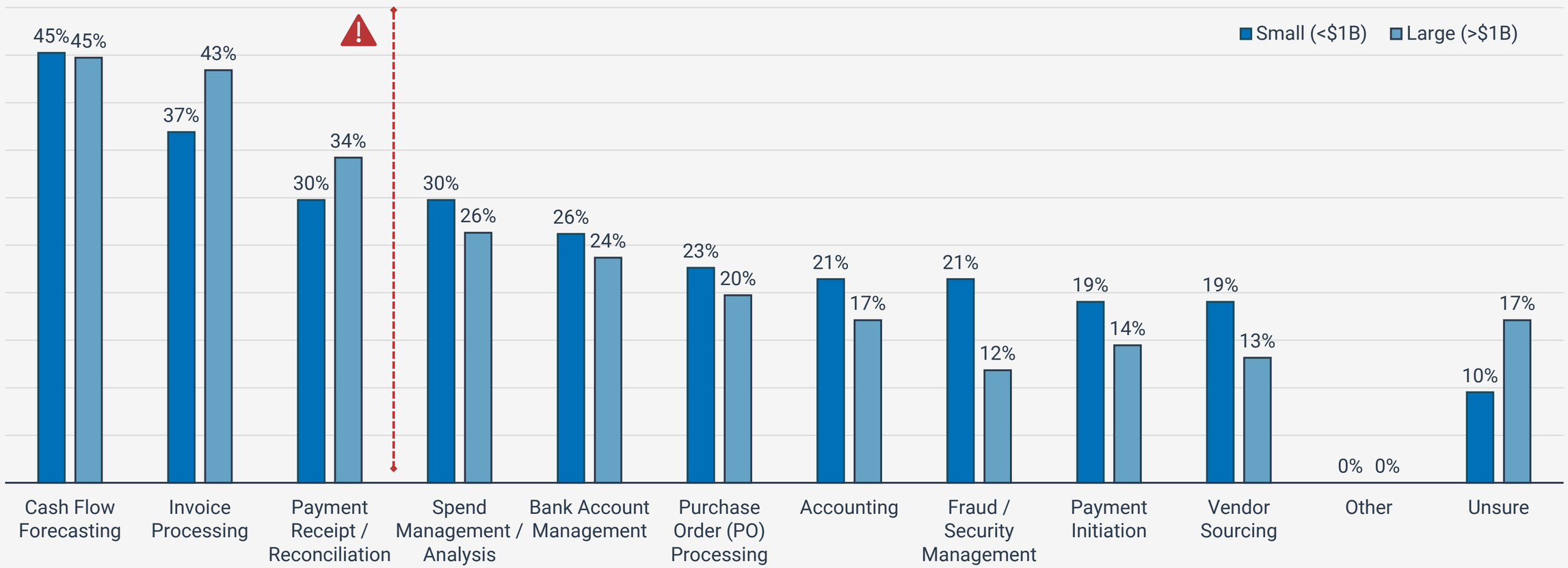
# TOP AREAS OF INEFFIENCIENCY ACROSS TREASURY, AP, & AR

## CASH FORECASTING, INVOICE PROCESSING, & PAYMENT RECONCILIATION

***CORPORATES:*** *As it stands, what are the TOP THREE most INEFFICIENT components of your company's financial operations? (Please select three)*




**CASH FORECASTING REMAINS A PRIMARY HURDLE**

Cash flow forecasting is ranked as the most inefficient financial workflow (45%) by both small and large organizations. It takes 38% of treasury groups more than 4 days to gather forecasting data from AP / AR, and this data often arrives in a variety of formats, which causes further strain. Looking beyond forecasting, 40% of corporates also listed invoice processing as a top challenge, followed by 32% for payment receipt / reconciliation.

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# FINAL THOUGHTS & ACTION ITEMS

## WHAT ARE THE IMPLICATIONS OF THIS DATA FOR TREASURY IN 2019 & BEYOND?

### FINTECH PAYMENT SOLUTIONS ARE WORTH INSPECTING

- Whether you're a bank or a corporate, fintech payment solutions are worth a serious look. Investment is pouring in, and innovation is happening fast.
- Whether it's through your bank's use of fintech products or direct adoption of a fintech solution, the innovations introduced by these players cannot be ignored.

### DON'T MISS THE FASTER PAYMENTS TRAIN

- With nearly half of corporates now using or interested in using faster payments services, we are nearly past the inflection point on adoption.
- Those that have yet to seriously consider faster payments are in jeopardy of getting left behind…

### IF YOU AREN'T USING APIs, NOW IS THE TIME TO ACT

- The majority of both banks and corporates agree that APIs are set to revolutionize the payments industry. Are you prepared to handle this shift?
- The industry is headed towards widespread adoption of APIs, and any organization stuck on legacy connection methods will be at a major disadvantage.

### AR vs AP: WHICH SHOULD YOU PRIORITIZE?

- Are you more concerned with optimizing how you get paid, or how you pay others?
- Data shows smaller companies might want to look at optimizing receivables to ensure timely provision of capital, while larger firms have shown greater preference for payables initiatives.

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# LET’S CONNECT

## DON’T LET THE LEARNING END HERE… CONTACT US WITH ANY 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.


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## WANT MORE INFORMATION?

Download the 2019 B2B Payments Survey Report & Infographic! The Survey Report offers in-depth commentary on nearly a dozen key findings drawn out of this industry-wide survey, while the infographic provides a brief, visual synopsis of some of the more notable data points obtained.

***Note:*** Survey respondents and Treasury Ambassadors will have an exclusive survey report delivered to their inboxes at the conclusion of this live event.

***Download Survey Report & Infographic Here***

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