ASSOCIATION FOR FINANCIAL PROFESSIONALS

# 2016 AFP Electronic Payments Survey

REPORT OF SURVEY RESULTS

Underwritten by J.P.Morgan

2016 AFP

# Electronic Payments Survey

REPORT OF SURVEY RESULTS

*September 2016*

Underwritten by

J.P.Morgan

ASSOCIATION FOR FINANCIAL PROFESSIONALS

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J.P. Morgan is once again pleased to sponsor the AFP Electronic Payments Survey. As changes in regulations, technology and business models continue to evolve, we remain committed to advocating for corporate practitioners and providing them with innovative solutions and perspectives on industry developments. Sponsoring this research is part of that mission.

The 2016 survey covers the gamut of issues from the current usage of paper-based solutions to attitudes about growing trends:

- **More than 60% of finance professionals** are optimistic about the impact of faster payments on their organizations.
- **Today only 21% of organizations** use mobile payment tools to review payments sent and/or received, while another 37% expect to do so over the next three years.
- **A full 94% of finance professionals** cite as important that faster payments are "smart" or can carry extensive remittance information, but payment standards continue to be an open issue.

One question a survey cannot answer is what practitioners should do to advance the movement from paper to electronic. Breaking through may require a multi-year business case that looks at cost and resource efficiencies, forecasting goals, information management and fraud exposure, to name a few. A primary aspect to consider is aligning the company vision for electronic payment adoption to its overall strategic goals. The strongest case will bring together the vision and approach of the company's treasury and technology resources, along with the input of their banking partners, to capitalize on electronic payment trends.

As you read through this report, I encourage you to evaluate where your organization excels and where there is opportunity. J.P. Morgan has made a major commitment to payment solution investments and is always pleased to speak with you about how best to proceed. By leveraging both the learnings from this study and J.P. Morgan's expertise as a strategic partner, organizations can be better positioned to improve the efficiency of their treasury operations and more prepared to reap the benefits of payment innovations.

Sincerely,

Craig Varem
Managing Director
North America Payables and Receivables Product Executive
J.P. Morgan Treasury Services

## Introduction

The payments industry experienced some dramatic developments over the last couple of years. New technologies that facilitate payments more efficiently have emerged at a rapid pace, and mobility is driving a lot of that innovation.

In the retail sector especially, payments innovation has been vigorous, with the industry offering a number of different ways consumers can pay for goods. A large number of smartphone applications such as mobile wallets have come on market and many retailers are looking into developing their own mobile payment applications. But the adoption of those mobile payment applications has been mixed. Some retailers such as Starbucks, Dunkin' Donuts and Walgreens have had success with their mobile applications. However, Apple Pay has not captured the large number of users it was expected to, and MCX's alternative—Current C—has failed to even launch.

One important factor to note is that these innovations and technical developments have not actually *created* new payment methods for consumers. For the most part they rely on legacy payment rails, especially credit cards. Electronic wallets are really just that—an electronic storage space for the same cards most people carry in their regular wallets.

But for business-to-business (B2B) transactions the situation is very different. Despite the new developments in payments, to a large extent businesses in the United States still rely on checks for paying their vendors and suppliers. A commonly cited reason for this is that "checks work." Most people (and businesses) are very familiar and comfortable with how check payments work. Also, in an environment where businesses are very sensitive to additional costs, the incentive to invest in new and potentially more efficient electronic payments infrastructure needs to be quite strong in order to build a business case for that transition.

To gauge the extent to which and the ways in which treasury and finance professionals are taking advantage of payments innovations to accommodate the pace of change in the complex business-to-business environment, the Association for Financial Professionals® (AFP) conducted a survey of its corporate practitioner members and prospects in May 2016. The *2016 AFP Electronic Payments Survey* was designed to identify changes in U.S. business payments practices since AFP's previous electronic payments survey in 2013. The survey gathered data on business-to-business payment trends, cross-border payments, mobile payments and their benefits, and the barriers to realizing a more "electronic payments" future. Given the dynamic payments landscape, AFP expanded the scope of this year's survey and included more questions on faster payments as well as relatively new and emerging payment innovations such as ISO 20022 and Same-Day ACH. The survey results highlight trends, identify best practices and reveal solutions for advancing automation of business-to-business payments.

In May 2016, the Research Department of the Association for Financial Professionals® sent a 35-question survey to corporate practitioner members and prospects. The survey generated a total of 412 responses which are the basis of this report. AFP thanks J. P. Morgan for underwriting the *2016 AFP Electronic Payments Survey*. The Research Department of the Association for Financial Professionals®, which designed the survey questionnaire, analyzed the survey results and wrote the report, is solely responsible for its content.

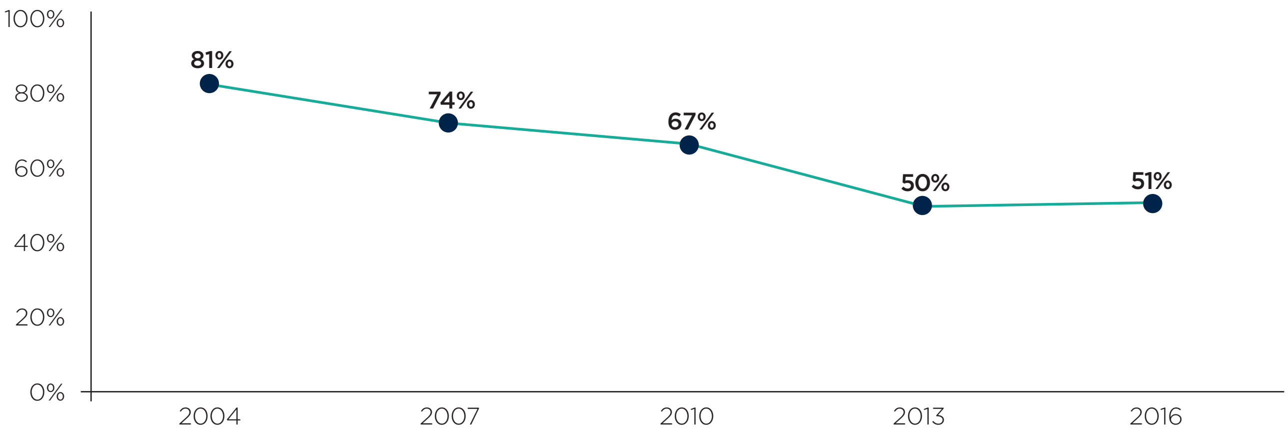
## Check Usage in Business-to-Business (B2B) Disbursements and Collections

### Disbursements

A majority (51 percent) of organizations' B2B payments continues to be made by check. Although the use of checks in B2B payments had been steadily declining since 2004, there has been a mere one-percentage-point *increase* in check usage since 2013. Not only does this represent a definite break in the historical trend, but it is also somewhat surprising. Given the availability of electronic payments alternatives—especially when compared to payment practices in other industrialized countries where checks are rarely used—there seems to be a particular reluctance by U.S.-based businesses to fully transition away from check payments. However, at 51 percent the use of checks for B2B transactions is still significantly less than the 81 percent and 74 percent reported in 2004 and 2007, respectively.

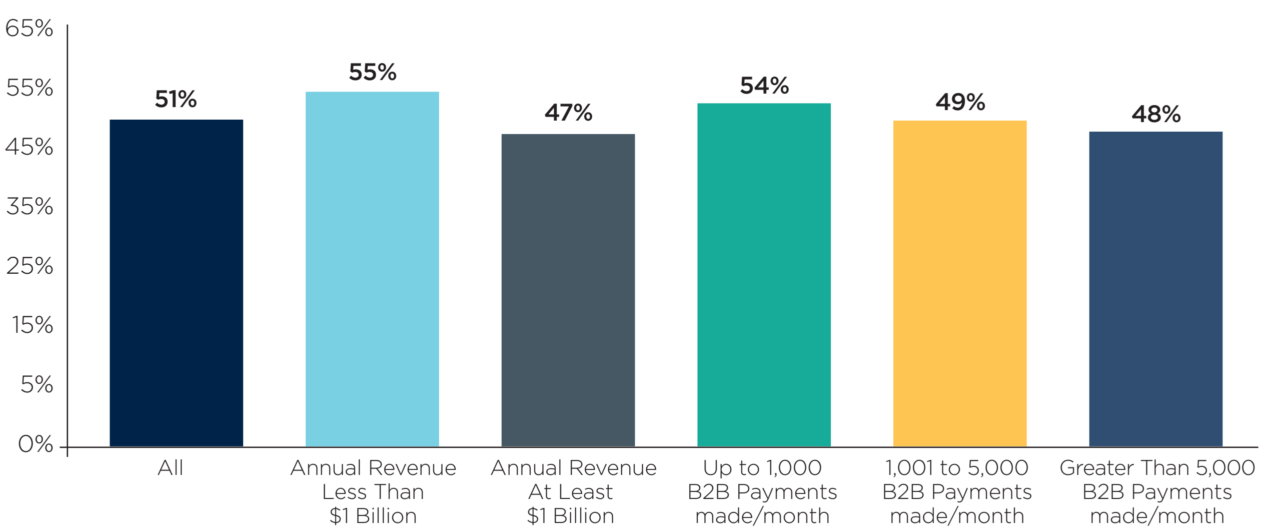
**51%** of B2B payments are by check—compared to 50% three years ago

**Percentage of Organization's B2B Payments Made by Checks**
(Percentage of B2B Payments Made by Organizations)




Smaller organizations with annual revenue of less than $1 billion and organizations making up to 1,000 B2B payments per month are more likely to use checks to disburse payments than are other companies.

**Percentage of Organization's B2B Payments Made by Checks**



Forty percent of organizations rely on checks for over 60 percent of their payments, similar to the 41 percent reported three years ago but far less than the 75 percent reported in 2004. Also similar to results in the 2013 survey, the percentage of organizations reporting lower check volumes—that is, less than 40 percent of B2B payments made by check—is 40 percent.

Large organizations—those with annual revenue of at least $1 billion—are far less likely than smaller ones to use checks for a larger share (over 80 percent) of their payments: 11 percent vs. 22 percent. In a typical organization with annual revenue of at least $1 billion, 45 percent of B2B payments are made by check compared to 60 percent of payments at smaller organizations.

**Percentage of Organization's B2B Payments Made by Checks**
(Percentage Distribution of Organizations)

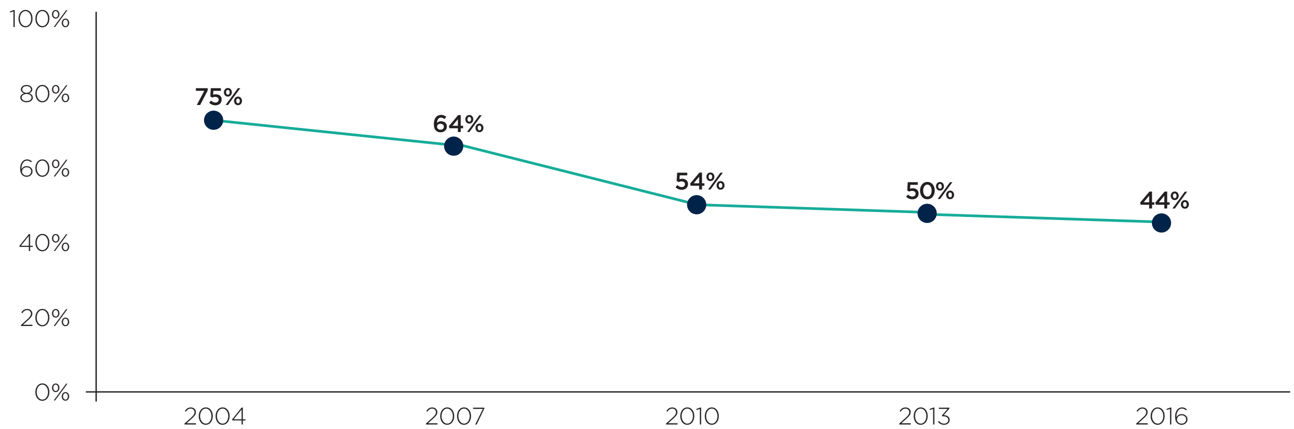
| Share of B2B Payments | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Up to 20 percent | 21% | 16% | 24% | 17% | 21% | 24% |
| 21 to 40 percent | 19 | 20 | 21 | 20 | 24 | 20 |
| 41 to 60 percent | 20 | 17 | 23 | 22 | 21 | 16 |
| 61 to 80 percent | 21 | 25 | 21 | 21 | 18 | 27 |
| 81 to 100 percent | 19 | 22 | 11 | 20 | 16% | 13 |
| Median | 50% | 60% | 45% | 52% | 50% | 50% |

## Collections

The use of checks for payments to an organization from its business customers is declining. Overall, the typical organization receives 44 percent of its B2B payments by check, compared to 50 percent in 2013 and well below the 64 percent reported in 2007.

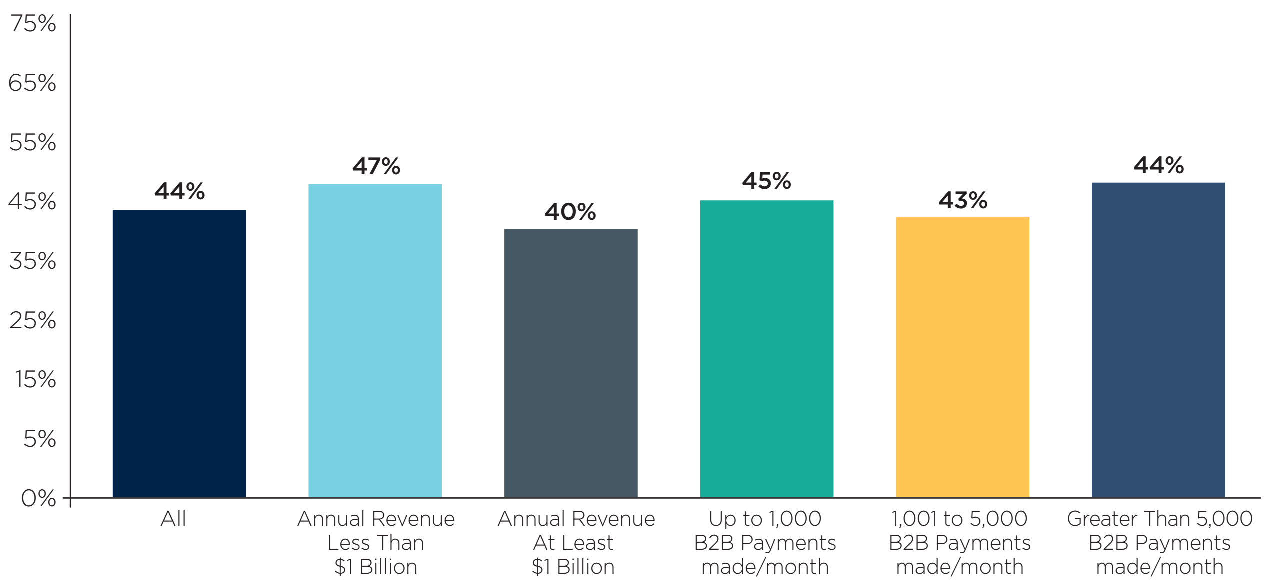
Overall, the typical organization receives **44%** of its B2B payments by check, compared to 50% in 2013 and 54% in 2010

**Use of Checks for Collections**
(Percentage of B2B Payments Received by Organizations)




Smaller organizations with annual revenue of less than $1 billion are more likely than large companies to receive payments via check from their business customers.

**Percent of Organization's B2B Payments Received by Checks**



The percentage of organizations collecting more than 60 percent of their payments by check declined from 35 percent in the 2013 survey to 27 percent in 2016. The percentage of organizations for which checks account for 40 percent or less of B2B customer payments has increased from 44 percent in 2013 to 49 percent in 2016. This result suggests that organizations are increasingly receiving a smaller share of their payments via check.

The percentage of organizations collecting more than **60%** of their payments by check declined from 35% in 2013 to 27% in 2016

**Percentage of Organization's B2B Payments Received by Checks**
(Percentage Distribution of Organizations)

| Share of B2B Payments | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Up to 20 percent | 25% | 22% | 30% | 24% | 24% | 29% |
| 21 to 40 percent | 24 | 21 | 25 | 25 | 27 | 20 |
| 41 to 60 percent | 24 | 27 | 19 | 24 | 24 | 19 |
| 61 to 80 percent | 17 | 21 | 17 | 19 | 18 | 20 |
| 81 to 100 | 10 | 9 | 8 | 9 | 7 | 12 |
| Median | 44% | 50% | 35% | 45% | 40% | 44% |

## B2B Payment Methods

Although the use of electronic payment methods is more likely to have increased for transactions with an organization's major vendors and customers, checks continue to be the most-often used payment method for those transactions.

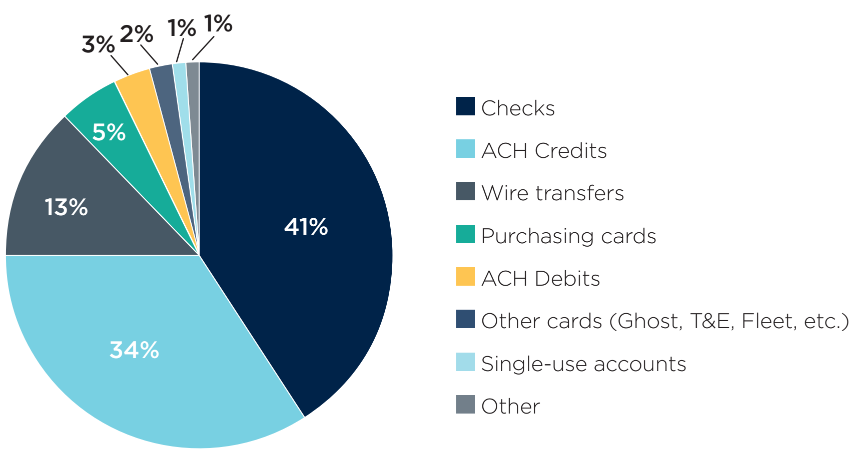
### B2B Disbursements: Major Suppliers

An overwhelming majority of organizations (94 percent) continues to use checks to pay their major business suppliers. However, they still rely on other payment methods as well to reimburse those vendors, including:

- **ACH Credits** (cited by 83 percent of respondents)
- **Wire transfer** (79 percent)
- **Purchasing cards** (48 percent)
- **ACH Debits** (24 percent)
- **Single-use accounts** (8 percent)

The use of checks to pay major suppliers has been on the decline. The average company makes an estimated 41 percent of its payments to major suppliers via check. While this is just two percentage points less than the figure reported in the 2013 survey, it is far less than the 49 percent and 65 percent shares reported in the 2010 and 2007 surveys, respectively. Thirty-four percent of payments to major suppliers are made using ACH Credits and 13 percent via wire transfer. Purchasing cards, ACH Debits and single-use accounts are used for far fewer payments to major customers.

**Payment Method Used to Pay Major Suppliers**
(Mean Distribution of Payments)



Larger organizations with annual revenue of at least $1 billion and those making over 1,000 B2B payments per month are less likely to use checks to pay major business suppliers than are smaller companies and those with fewer monthly B2B payments. Smaller companies are more likely to favor ACH Credits as payment vehicles.

Despite the slight increase in overall check use for B2B transactions, it is not surprising that organizations are moving away from using checks for payments to major suppliers and increasing their use of ACH Credits. When doing a lot of business with a particular supplier, it makes sense to set up an ACH Credit with that provider. The complexity that some organizations face setting up ACH Credits will be offset by the efficiency and reduced cost of the electronic alternative. The increased use of ACH Credits also points to a slow but steady move away from the use of checks, at least for payments to major suppliers.

The use of wire payments has experienced a small decline. One reason behind this may be higher costs per transaction associated with wire payments. Another reason may center on concerns about business email compromise scams that often target wire payments.

**Use of Straight-Through Processing for Payments**

(Percentage Distribution of Organizations)

| Payment Method | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month | 2013 Survey All Respondents |
|---|---|---|---|---|---|---|---|
| Checks | 41% | 46% | 34% | 43% | 38% | 38% | 43% |
| ACH Credits | 34 | 31 | 41 | 30 | 41 | 40 | 31 |
| Wire transfers | 14 | 13 | 14 | 18 | 10 | 9 | 16 |
| Purchasing cards | 5 | 5 | 5 | 4 | 5 | 7 | 5 |
| ACH Debits (vendor debits my account) | 3 | 3 | 2 | 3 | 3 | 3 | 2 |
| Other Cards (Ghost, T&E, Fleet, etc.) | 2 | 1 | 2 | 1 | 2 | 2 | # |
| Single-use accounts | 1 | 1 | – | 1 | 1 | 1 | 1 |
| Other | 1 | – | 1 | – | – | 2 | 2 |

*# This response is not an option in 2013 survey*

### B2B Collections: Major Business Customers

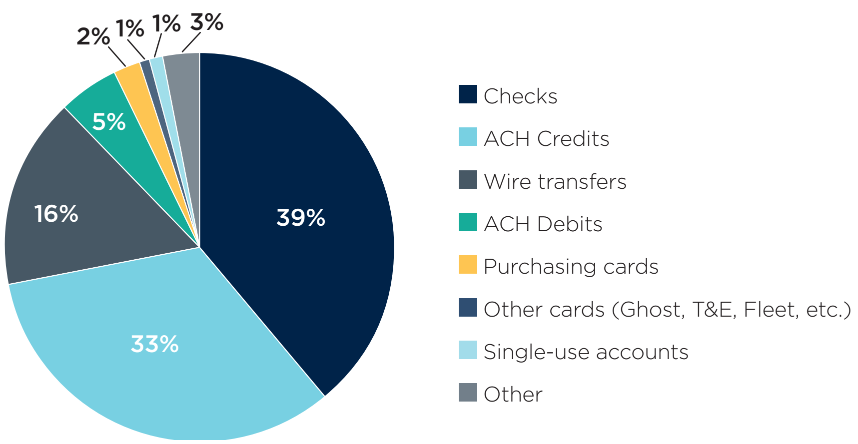
A vast majority of organizations (93 percent) receives checks from their major business partners, but their B2B customers are utilizing a range of payment methods. Eighty-three percent of organizations receive payments from their major customers via ACH Credits, 70 percent collect via wire transfers, 24 percent are paid through ACH Debits, 18 percent receive purchasing card payments and five percent receive payments via a single-use account.

Thirty-nine percent of all payments received from major B2B customers continue to be via checks. This result is a three-percentage-point decline from the 42 percent reported in the 2013 survey and lower than the 47 percent reported in 2010.

The typical organization also collects 33 percent of its payments from major customers through ACH Credits (compared to 26 percent reported in 2013), 16 percent via wire transfers (20 percent in 2013), five percent by ACH Debits (four percent in 2013), two percent by purchasing cards and one percent by single-use accounts (both unchanged from 2013). It is clear that the use of ACH Credits is gaining ground while payments via check and wire decline.

**39%** of all payments received from major B2B customers continue to be via checks

**Payment Method Used to Receive Payments From Major Customers**
(Mean Distribution of Payments Received)



Smaller organizations with annual revenue of less than $1 billion are more likely than larger ones to receive payments via check (41 percent versus 34 percent), while larger organizations receive payments from their major business customers more often through ACH Credits. Organizations receiving up to 1,000 B2B payments per month receive a greater share of those payments via checks than those companies who receive more than 1,000 B2B monthly payments.

There is a logical rationale behind these trends. Smaller organizations often have a more difficult time finding resources for making major changes to their payments systems. Also, the costs of wire payments compared to check payments may be considerably more (and could explain the decline in the use of wire transfers since 2013). Smaller organizations may also find setting up ACH Credits complex, and consequently often would rather receive payments via paper checks, especially if the benefits of ACH are not clearly seen offsetting any transition costs.

**Payment Method Used by Major Business Customers**
(Mean Distribution of Payments Received)

| Payment Method | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month | 2013 Survey All Respondents |
|---|---|---|---|---|---|---|---|
| Checks | 39% | 41% | 34% | 41% | 36% | 36% | 42% |
| ACH Credits | 33 | 32 | 37 | 32 | 35 | 38 | 26 |
| Wire transfers | 16 | 16 | 16 | 19 | 11 | 14 | 20 |
| ACH Debits (vendor debits my account) | 5 | 4 | 7 | 4 | 7 | 6 | 4 |
| Purchasing cards | 2 | 2 | 3 | 1 | 4 | 3 | 2 |
| Single-use accounts | 1 | – | 1 | – | 1 | – | 1 |
| Other Cards (Ghost, T&E, Fleet, etc.) | 1 | 1 | 1 | 1 | 2 | 1 | # |
| Other | 3 | 3 | 2 | 2 | 2 | 4 | 5 |

*# This response not an option in 2013 Survey*

### Straight-Through Processing (STP)

Straight-through processing (STP) is performed by allowing information that has been electronically entered to be transferred from one party to another in the settlement process without manually re-entering the same pieces of information repeatedly over the entire sequence of events. By using STP a payment transaction can be conducted without manual intervention.

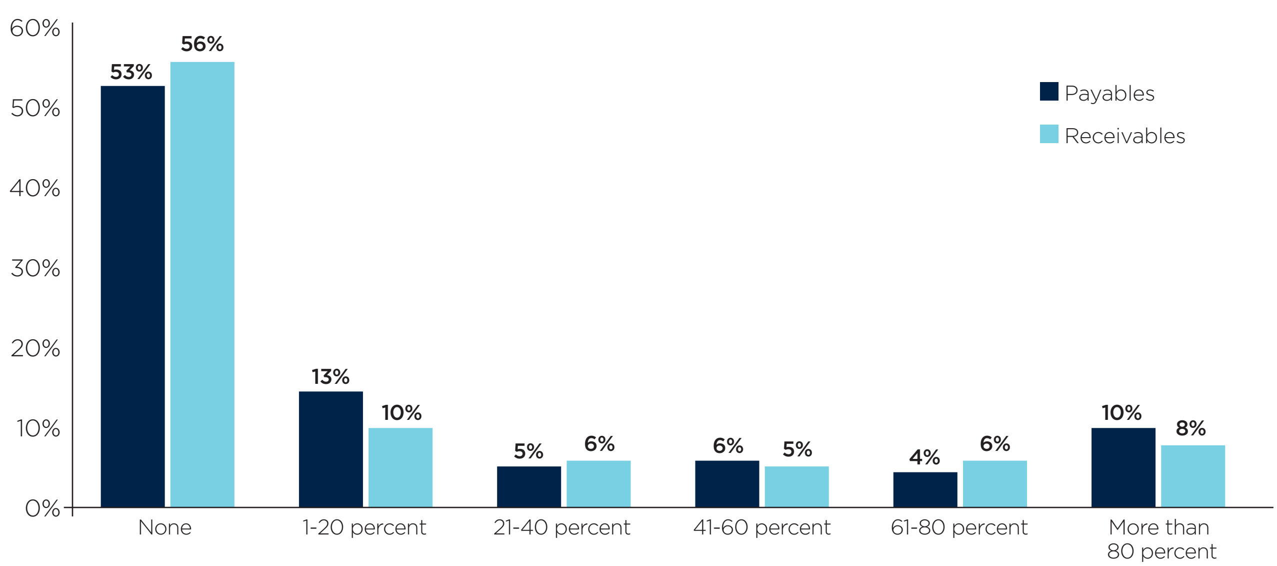
STP is very appealing since it can make the whole payments process more efficient and reduce costs at the same time. However, for STP to work optimally, the payment files need to be in a standardized format that all parties use. The different fields need to be the same on the initiating and the receiving sides so they can be fed into the various accounting systems used by different business partners.

Less than half of survey respondents (47 percent) indicate their organizations use STP to manage at least some of their payments. Eighteen percent use STP for up to 40 percent of their payables and only ten percent use it for over 80 percent of payables. In addition, 44 percent of organizations use STP to manage some of their receivables.

Overall, it seems the use of STP has declined somewhat in the past three years. In the 2013 report, 50 percent of survey respondents reported using STP for at least some of their transactions.  The 2016 survey results show 53 percent of organizations do not use STP at all for payables, and 56 percent do not use STP for receivables.

Less than half of survey respondents indicate their organizations use STP to manage at least some of their payments

**Use of Straight-Through Processing for Payments**
(Percentage Distribution of Organizations)



## Future B2B Use of Electronic Payments

### Major Suppliers

New technologies and developments have led to new payments products from a number of vendors. Electronic payments certainly will dominate the payments infrastructure in the long-term. But as the results of the 2016 survey show, the transition will take some time. Most businesses recognize that there are efficiencies and lower costs associated with electronic payment methods compared to checks. However, there are so many solutions in the market that it may become overwhelming for treasury and finance professionals to find the solution best suited to their needs.

Another challenge is that changing an organization's internal legacy payments infrastructure may be more complex and costly than first anticipated. In a business environment that for years has been focusing on controlling costs, obtaining the necessary allocation of funds for these kinds of structural changes can be difficult.

In addition, any infrastructure changes need to be long-lasting. The payments industry is in an ever-changing environment. As organizations examine new developments—such as the Federal Reserve's Improvement of the U.S. Payments System and The Clearing House's Real-time Payments—a wait-and-see approach may be the smartest decision for them. In addition, having standardized payments formats will be increasingly important for companies, particularly if they consider STP.

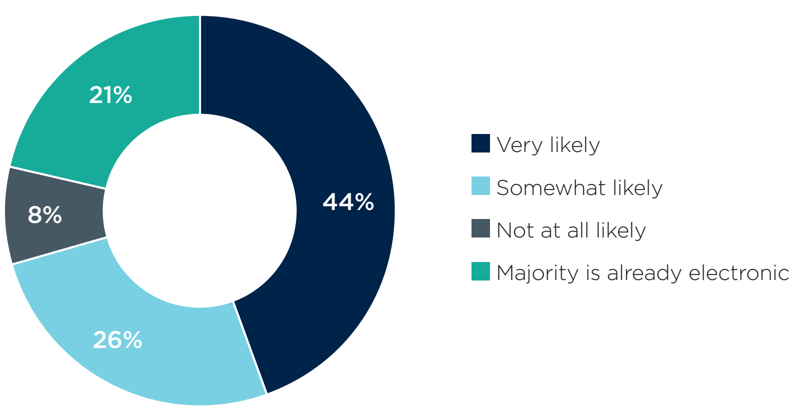
Overall, finance professionals anticipate their organizations will continue to increase the use of electronic payments over the coming years. Twenty-one percent of organizations currently make a majority of their payments to major suppliers via vehicles other than checks (slightly higher than the 19 percent reported in 2013). Forty-four percent of survey respondents indicate it is very likely their organizations will convert the majority of their B2B payments to electronic methods for their major suppliers within the next three years. Note that three years ago the share was 48 percent—a difference of only four percentage points. With total check volume still very high, it seems likely that the actual transition from paper checks to electronic payment methods may be more difficult than first anticipated.

Another 26 percent of respondents report that it is "somewhat likely" that their companies would move at least half of their payments to major suppliers from checks to electronic payments over the next three years. This figure is similar to the 25 percent reported in 2013.

**70%** of respondents believe it is very or somewhat likely that their organizations will convert the majority of their payments to electronic within the next 3 years

**Likelihood of Converting Majority of Organization's B2B Payments to Major Suppliers from Checks to Electronic Payments Within Three Years**

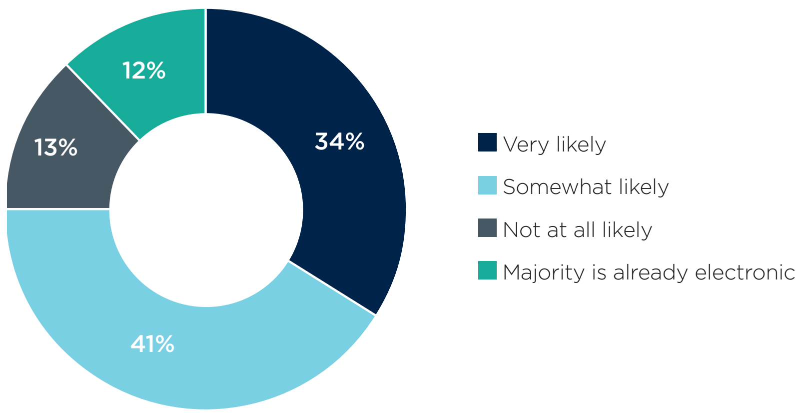
(Percentage Distribution of Organizations)



### Other Suppliers

Finance professionals are not as eager about shifting from checks to electronic payment methods for those suppliers to whom they make payments less frequently. Slightly over one-third of respondents report that the chances of their organizations shifting to electronic payments for these suppliers are high in the next three years, while 41 percent indicate it is "somewhat likely." Only 12 percent of companies have already transitioned from checks to electronic methods of payments for these transactions.

**Likelihood of Converting Majority of Organization's B2B Payments to Other Suppliers from Checks to Electronic Payments Within Three Years**
(Percentage Distribution of Organizations)



## Cross-Border Payments

In today's highly connected environment, organizations frequently conduct business with partners, vendors or service providers in other countries. Consequently, many payments are made "cross-border" and may involve multiple currencies.

Three quarters of organizations (76 percent) make at least some cross-border payments. In addition, 24 percent of participating organizations send more than 10 percent (in terms of transaction volume) of their payments cross-border, significantly more than the 14 percent reported in the *2013 AFP Electronic Payments Survey*.

**Three quarters** of organizations make at least some cross-border payments

### Percentage of Total Transaction Volume for Cross-Border Payments

(Percentage Distribution of Organizations)

| Share of Cross-Border Payments | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| None | 24% | 25% | 20% | 26% | 15% | 23% |
| Less than 5 percent | 37 | 41 | 39 | 34 | 45 | 44 |
| 5 to 10 percent | 15 | 17 | 18 | 19 | 16 | 15 |
| 11 to 20 percent | 9 | 4 | 8 | 6 | 9 | 6 |
| 21 to 30 percent | 7 | 6 | 4 | 5 | 1 | 7 |
| 31 to 40 percent | 2 | 2 | 2 | 2 | 4 | – |
| 41 to 50 percent | 3 | 2 | 3 | 3 | 3 | 2 |
| More than 50% | 3 | 2 | 5 | 3 | 7 | 2 |

### Processes when Making Cross-Border Payments

Organizations employ a number of processes when making and receiving cross-border payments.  Nearly half of survey respondents (46 percent) report that their organizations use banks or other providers to make cross-border transactions through the SWIFT system from regular U.S. dollar (USD) bank accounts and leave the process of conversion to either their organization's bank or the beneficiary bank depending on business requirements. About one-fourth (24 percent) of organizations have bank accounts in countries where their vendors are located and make payments by "local payment methods." Another 24 percent use a bank or other provider to make cross-border transactions through the SWIFT system from either foreign currency accounts or accounts funded from foreign currency purchases.

Since the use of checks for payments in many international markets has declined dramatically—indeed, in some markets is virtually non-existent—finance professionals cannot necessarily rely on sending USD-denominated checks to foreign counterparts. Survey results indicate that when it comes to cross-border transactions, the SWIFT system is instrumental. Organizations with a large number of international transactions may find it more convenient and cost-efficient to open local bank accounts in those countries where they operate.  There are challenges, however.  Opening bank accounts in foreign countries can be a difficult and bureaucratic process, and often takes a long time.  Consequently, it is important to have a long-term strategy in place.

### Processes when Receiving Cross-Border Payments

Organizations often receive cross-border payments from their overseas clients and customers. One-third of organizations use a bank or service provider that will permit them to receive cross-currency payments; i.e., those providers convert incoming foreign currency into USD and credit an organization's account. Ten percent of organizations have foreign currency accounts at a U.S.-based bank in order to receive foreign currency funds which are then converted into USD. About one-fourth of finance professionals (26 percent) indicate that their companies are using a combination of these two processes.

Other options for facilitating cross-border payments include holding bank accounts in overseas banks to receive cross-border currency transactions, or instructing counterparties to always transmit payments in USD. Each of these processes is currently being used by 13 percent of organizations.

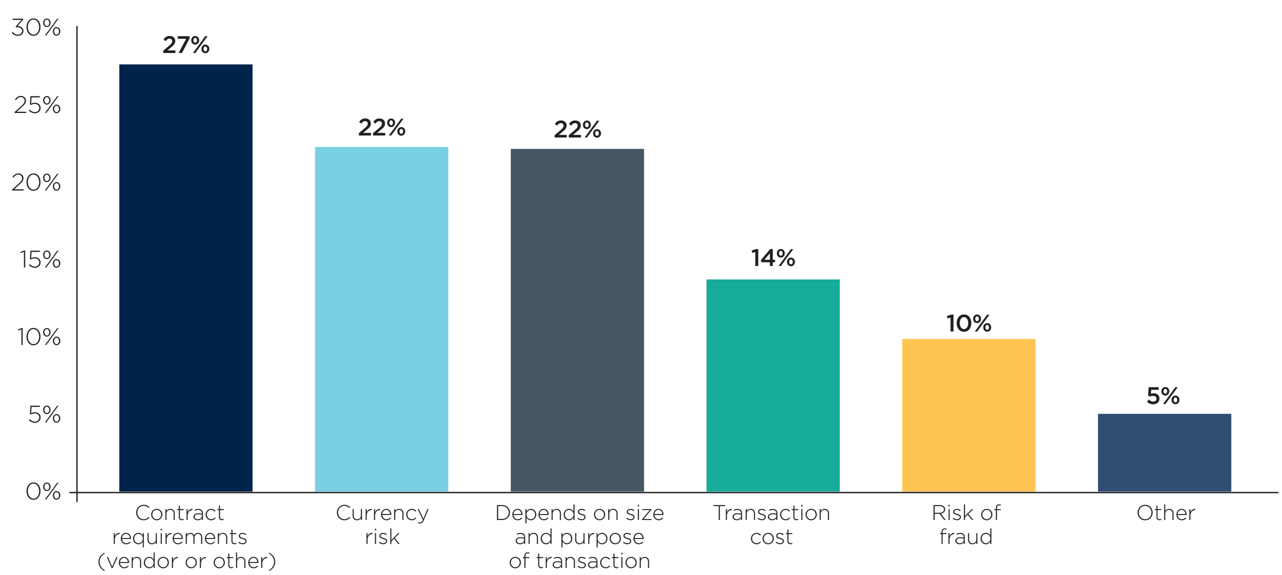
### Primary Factors Driving Cross-Border/International Payment Format

Organizations consider a number of factors when choosing a method for cross-border payments. A contractual requirement drives the choice of payment methods used in international transactions for 27 percent of organizations. Other primary factors noted by survey respondents are:

- **Currency risk** (cited by 22 percent of respondents)
- **Size and purpose of transaction** (22 percent)
- **Transaction cost** (14 percent)
- **Risk of fraud** (10 percent)

For businesses operating outside the domestic U.S. market, there are a number of complicating factors that need to be considered. As mentioned above, contract requirements often dictate how payments should be sent and in what currency. For transfers done in a foreign currency, there is an exposure to currency risk that could be affected by other, ongoing world events. A recent example is the "Brexit referendum" in the U.K. that immediately lowered the value of the British pound (GBP). The value of the Euro has also recently experienced dramatic shifts, affecting the value of payments. Most businesses hedge their foreign currency exposure, but that also means additional work for those organizations' treasury and finance professionals. The location of a business partner may also play an important role when opening local bank accounts. Also, the incidence of business email compromise (BEC) scams has increased, often targeting international transfer systems.

**Primary Factor in Selecting the Format for Cross-Border/International Payments**
(Percentage Distribution of Organizations)



### Foreign Currency Accounts Maintained

Nearly three-fourths of organizations maintain fewer than 100 foreign currency accounts, and only five percent maintain more than 750 foreign currency accounts globally. Smaller organizations with annual revenue of less than $1 billion are more likely to have less than 100 foreign currency accounts globally than are larger organizations (85 percent versus 65 percent).

**Number of Foreign Currency Accounts Maintained Globally**
(Percentage Distribution of Organizations)

| Number of Accounts | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| 1 to 99 | 73% | 85% | 65% | 79% | 67% | 73% |
| 100 to 500 | 17 | 12 | 21 | 10 | 33 | 7 |
| 501 to 750 | 5 | 4 | 9 | 7 | – | 13 |
| 751 to 1,000 | 1 | – | – | – | – | – |
| More than 1,000 | 4 | – | 6 | 3 | – | 7 |

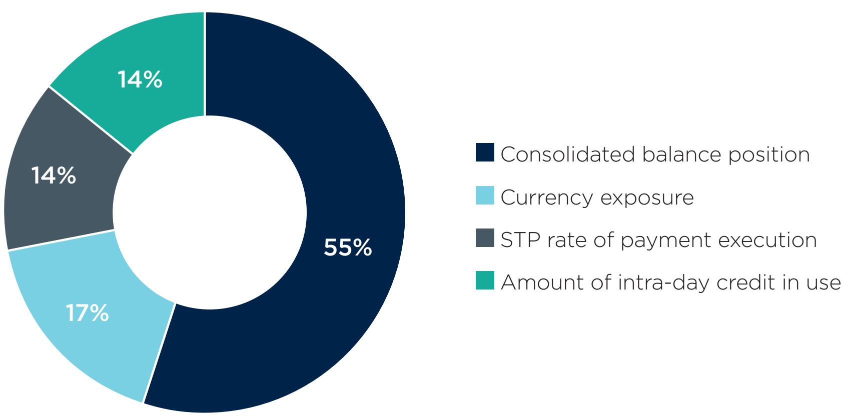
## Improving Treasury Team's Efficiency

As organizations become more sensitive to cost, treasury functions also need to be as cost-efficient as possible. The importance of being able to manage working capital and cash positions should not be neglected. In order for a treasury department to be efficient, various pieces of information are needed.

The majority of finance professionals (55 percent) reports that their treasury department's efficiency would be strengthened if they had data on their organization's consolidated balance position. Seventeen percent believe information on currency exposure would improve efficiency. The STP rate of payment execution and the amount of intra-day credit in use were also noted as data that would improve the treasury team's efficiency (each cited by 14 percent of survey respondents).

A larger share of finance professionals from organizations with up to 1,000 B2B monthly payments considers data on the consolidated balance position critical in improving efficiency than do those from companies with more than 1,000 B2B monthly payments.

**Data Needed Most to Improve Treasury Team's Efficiency**
(Percentage Distribution of Organizations)



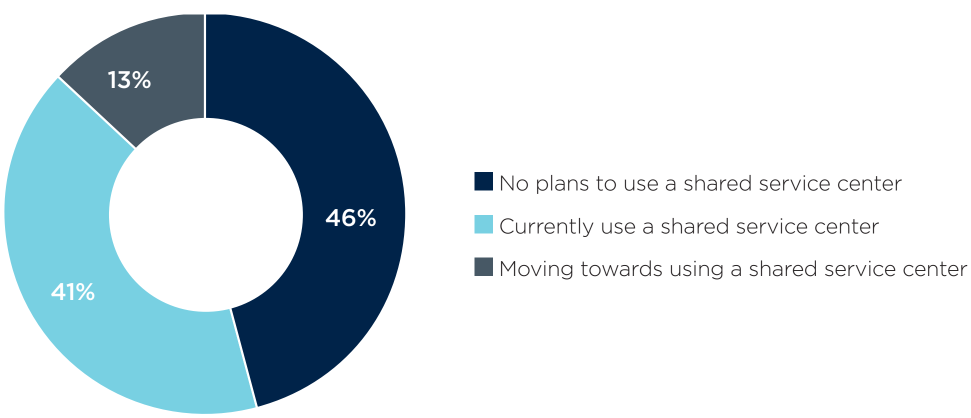
### Shared Service Center Models

Use of a shared service center is an appealing solution for organizations that currently have payments and other operations located at various locations. Centralizing these operational tasks to a single location can be more efficient and can save costs substantially. Use of a shared service center allows payments to be netted and pooled together to larger extent, decreasing the number of transactions, and therefore lowering transaction costs. A shared service center will also most likely lower overhead costs and potentially necessiate fewer banking connections.  At the other end of the spectrum, centralizing operations to a shared service center could result in losing specific local expertise in the field.

Almost half of all respondents—46 percent—reports that their organizations are not planning to use a shared service center model.  Forty-one percent currently have a shared service center model in place, and 13 percent have plans to implement a shared service center model in the future.

Smaller organizations and those with less than 1,001 B2B monthly payments are less likely to consider adopting shared service center models than are other organizations. Larger organizations and those transacting more than 1,000 B2B payment accounts each month are more likely to be using a shared service center model. As organizations grow larger they tend to keep operational functions such as payments at decentralized locations. This is especially true for organizations that grow through acquisitions and in cases where the acquired companies' payments infrastructures are often left untouched. It is therefore not surprising that larger organizations are more likely to use shared service centers as a way to centralize operations in order to make them more efficient.

**Organization's View on using a Shared Service Center Model**
(Percentage Distribution of Organizations)




**Plans Regarding Shared Service Center Models**
(Percentage Distribution of Organizations)

| | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| We have no plans to use a shared service center | 46% | 59% | 33% | 59% | 45% | 32% |
| We already use a shared service center | 41 | 27 | 52 | 28 | 47 | 48 |
| We are moving towards using a shared service center | 13 | 13 | 14 | 13 | 8 | 21 |

## Electronic Payments: Benefits, Barriers and Trends

### Benefits of Electronic Payments

As organizations increasingly use ACH, card and wire transfer payments for their transactions, they are also beginning to realize certain benefits of using electronic payments more frequently. Similar to the figures reported in the *2013 AFP Electronic Payments Survey*, cost savings is the top benefit cited by a majority of respondents (51 percent) using electronic payments. Because there are many variables to consider when comparing costs for different payment methods, it is difficult to obtain exact cost comparisons. However, results presented in the *2015 AFP Payments Cost Benchmarking Survey*[1] give good indications that checks are considerably more expensive per transaction than are electronic payments such as ACH. Nearly half (48 percent) of finance professionals report that the speed of settlement is an important benefit. Following closely behind is improved cash forecasting, cited by 46 percent of survey respondents. Faster payments where settlement times are well known and not dependent on mail service, etc., make cash forecasting easier.

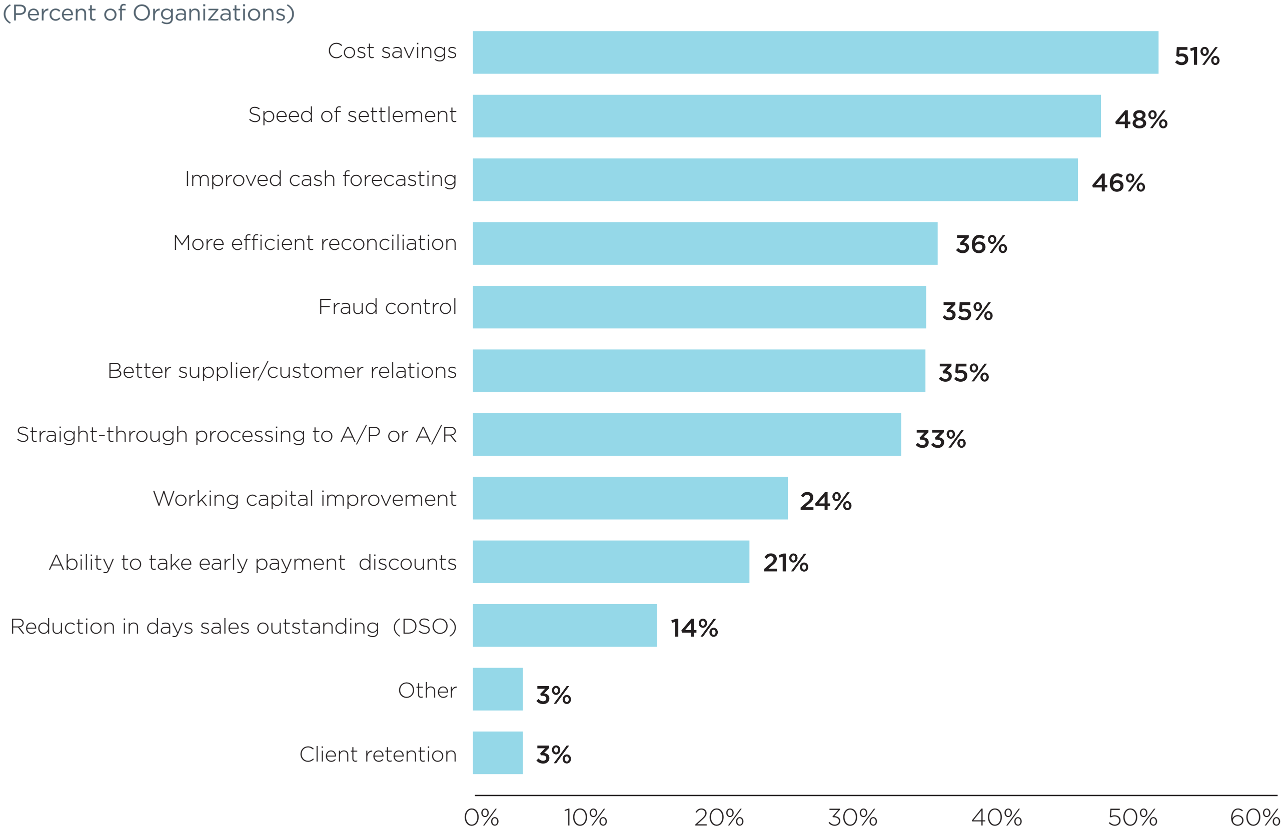
**51%** of survey respondents consider cost-savings a benefit of electronic payments

Other benefits being realized by organizations transitioning from checks to electronic payments are:

- **More efficient reconciliation** (cited by 36 percent of respondents)
- **Fraud control** (35 percent)
- **Better supplier/customer relations** (35 percent)
- **STP to A/P or A/R** (33 percent)

When it comes to more efficient reconciliation, organizations traditionally have issues with limited and unstructured remittance information that follows the electronic payment. Remittance information is often obtained through a portal or sent by email which makes the reconciliation process more complex and time-consuming. However, these issues are well known and are being addressed in the ongoing initiatives for improving the payments landscape.

**Benefits Gained by Sending or Receiving Electronic Payments (ACH, Cards, Wires)**
(Percent of Organizations)




[1] See 2015 AFP Payments Cost Benchmarking Survey

Organizations with more than 1,000 monthly B2B payments are far more likely to realize the benefits of cost savings than are those organizations with fewer B2B payments. Speed of settlement, meanwhile, is considered a greater advantage by smaller organizations (annual revenue of less than $1 billion) and those with fewer B2B monthly payments. However, respondents from smaller organizations are more likely than those from larger ones to indicate their companies benefit from more efficient reconciliation and fraud control. Working capital improvement is a benefit noted more often by finance professionals from larger companies than their peers from smaller ones (27 percent versus 18 percent).

**Top Benefits of Sending or Receiving Electronic Payments**
(Percent of Organizations Rating Benefit Among Their Top Three)

| Benefit | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Cost savings | 51% | 50% | 53% | 44% | 56% | 62% |
| Speed of settlement | 48 | 50 | 45 | 54 | 45 | 38 |
| Improved cash forecasting | 46 | 47 | 45 | 48 | 44 | 43 |
| More efficient reconciliation | 36 | 41 | 32 | 34 | 33 | 44 |
| Better supplier/customer relations | 35 | 35 | 33 | 34 | 35 | 33 |
| Fraud control | 35 | 40 | 34 | 36 | 36 | 37 |
| Straight-through processing to A/P or A/R | 33 | 22 | 42 | 26 | 32 | 42 |
| Working capital improvement | 24 | 18 | 27 | 23 | 23 | 20 |
| Ability to take early payment discounts | 21 | 19 | 23 | 18 | 20 | 28 |
| Reduction in days sales outstanding (DSO) | 14 | 17 | 11 | 16 | 9 | 15 |
| Client retention | 3 | 4 | 3 | 3 | 4 | 3 |
| Other | 3 | 2 | 3 | 3 | 1 | 5 |

## Barriers to Electronic Payments

As organizations increasingly transition to electronic payments, they face some barriers. Those barriers are varied and center on challenges of customer and supplier acceptance of electronic transactions, scarcity of IT resources and a lack of integration between systems.

A majority of survey respondents did not cite just a single major barrier. However, when examining the major and minor barriers selected, five factors were cited by at least two-thirds of survey respondents.

1. **Difficulty convincing customers to pay electronically** (cited by 78 percent of respondents)
2. **Shortage of IT resources for implementation** (77 percent)
3. **Difficulty convincing suppliers to accept electronic payments** (76 percent)
4. **Absence of standard formats for remittance information** (71 percent)
5. **Lack of integration between electronic payments and accounting systems** (69 percent)

The challenges organizations face when transitioning from checks to electronic payment methods have not changed much in the past three years. Difficulty in convincing business partners to send or receive electronic payments remains a major obstacle. This difficulty is often tied to an unwillingness to share sensitive bank information such as account numbers, etc.  Since payments fraud is on the rise,[2] these concerns are certainly valid.  If such sensitive information were available to an organization's business partners, one of the major obstacles to adopting electronic payments would most likely be eliminated.

There is currently a project underway that aims to build a secure database for storing sensitive bank information, the B2B Directory. Once operational this directory can help making the switch from checks to electronic payments easier.[3]

Lack of IT resources for making changes to internal systems is also a notable barrier, indeed it seems to be a major challenge. Changing an organization's internal payments infrastructures is costly. It is therefore important to build a business case showing cost savings in form of lower transaction costs, and where efficiency benefits are greater than the investment needed to make such changes. These kinds of projects are time consuming for any organization's IT department, but both time and costs may be worth it in the end, especially if there is a potential for making some of the transactions STP.

Barriers to transitioning to electronic payments center around customer and supplier acceptance of electronic transactions, scarcity of IT resources and a lack of integration between systems

Difficulty in convincing business partners to send or receive electronic payments remains a major obstacle to converting to electronic payments

[2] See AFP Payments Fraud Survey Report.

[3] https://fedpaymentsimprovement.org/wp-content/uploads/b2b-directory-project.pdf

**Barriers to Increasing Use of Electronic Payments**
(Percent of Organizations)

| | Major Barrier | Minor Barrier | Not a Barrier |
|---|---|---|---|
| Shortage of IT resources for implementation | 38% | 39% | 24% |
| Lack of integration between electronic payment and accounting systems | 32 | 37 | 31 |
| No standard format for remittance information | 28 | 43 | 29 |
| Difficult to convince customers to pay electronically | 22 | 56 | 22 |
| Collecting and storing bank account information | 20 | 38 | 42 |
| Difficult to convince suppliers to accept electronic payments | 19 | 57 | 24 |
| Privacy/security of bank account information | 19 | 41 | 40 |
| My trading partners cannot send or receive automated remittance information with electronic payments | 14 | 44 | 42 |
| Check systems work well | 12 | 37 | 51 |
| My organization cannot send or receive automated remittance information with electronic payments | 12 | 27 | 61 |
| Loss of check float | 9 | 28 | 63 |
| My organization needs to open/hold a current account to make or receive payments in foreign currencies | 5 | 16 | 79 |
| Banking partners that do not offer all the currencies in which my organization makes payments | 3 | 16 | 81 |

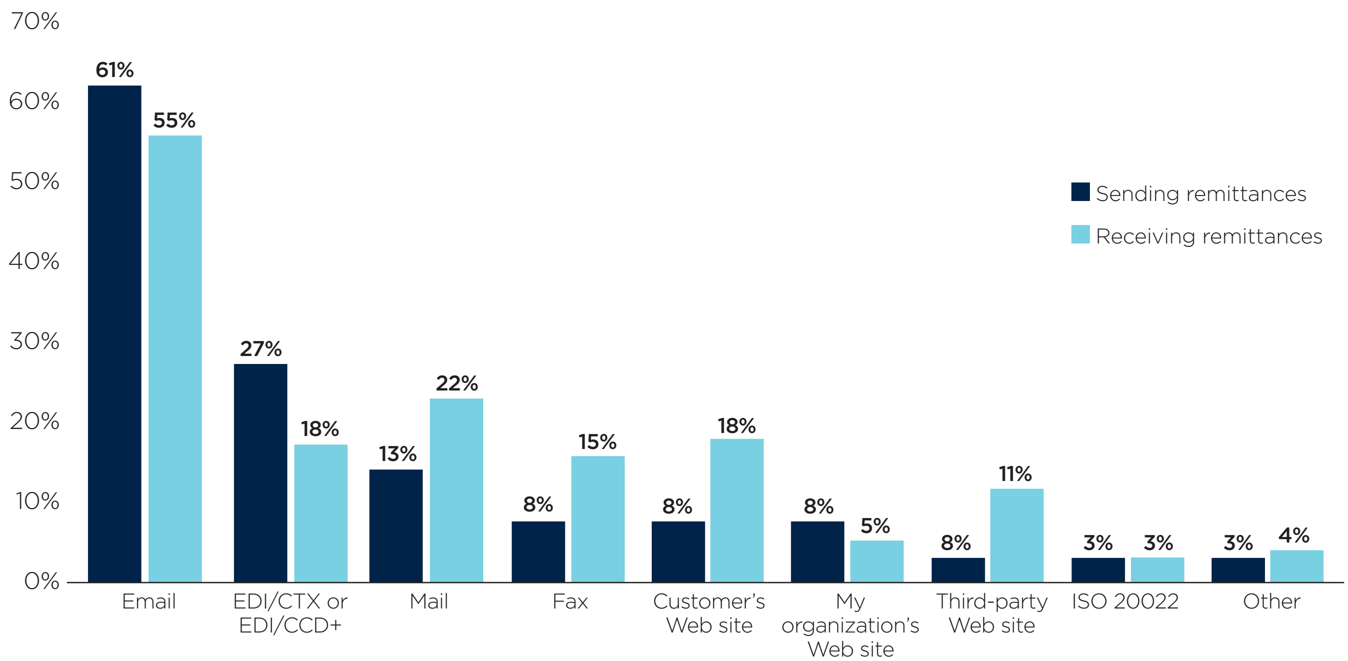
### Trends in Sending and Receiving Remittance Information with ACH Payments

Organizations employ a variety of methods when sending or receiving ACH payments. Email is used most extensively to send remittance information by 61 percent of organizations. The next most widely used method is EDI/CTX or EDI/CCD+, used by 27 percent of organizations, while 13 percent use regular mail.

Organizations receive information on ACH remittance in a similar manner as they send it. Fifty-five percent receive remittance information via email and 18 percent receive the information by EDI/CTX or EDI/CCD+ transmission. Other methods to receive ACH remittance information include:

- **Regular mail** (cited by 22 percent of survey respondents)
- **Customer's website** (18 percent)

**Organizations' Method of Sending and Receiving ACH Remittance Information**
(Percent of Organizations)



### Trends in Integrating Electronic Payments with Accounting Systems

Organizations continue to integrate their payments and accounting systems, and consequently are able to realize cost savings and processing efficiencies. However, organizations are more likely to have made greater progress integrating their ACH and paper check systems than with integrating their cards and wire systems. A vast majority (86 percent) of companies has completed integrating their check payments system and 77 percent have integrated their ACH systems. By contrast, a little more than half have done the same for card payments or wires (each cited by 56 percent of survey respondents).

**86%** of companies have integrated their check payments systems with their accounting systems

The capture rate of accounting and payments system integration is very similar to the figures reported in 2013. In the *2013 AFP Electronic Payments Survey Report*, 85 percent of survey respondents reported that their organizations had integrated their check payments systems and 77 percent had integrated their ACH systems. Over half—56 percent—did the same for card payments or wires.

Accounts payable (A/P) systems are more likely than accounts receivable (A/R) systems to have been integrated with electronic payments. For ACH payments, 72 percent of organizations have integrated their A/P systems, compared to 48 percent that have integrated their A/R systems. For check payments, 83 percent have integrated their A/P systems and 52 percent have done so for their A/R systems.

The share of respondents reporting how their organizations provide remittance information has not changed much in the past three years. Thus it is tempting to assume that once certain routines are in place they are not very likely to change. There may be a reluctance in changing something that works, even if it would result in some benefits. Using email as a vehicle for sending remittance information makes sense; it is a very fast way of sending information to a recipient. However, since this information does not follow the payment (due in many cases to size restrictions, i.e., the number of characters allowed in the field), any information attached to an email would have to be manually reconciled with the payment once the latter arrives. Another reason email is used to such a large extent is the cost factor: it's basically free.

**Integration of Organization's ACH, Card Payments, Checks and Wire Systems with Its Accounting System**
(Percentage Distribution of Organizations)

| Payment Type | Yes A/P only | Yes A/R only | Yes Both A/P and A/R | No, Neither A/P or A/R are integrated |
|---|---|---|---|---|
| Checks | 34% | 3% | 49% | 14% |
| ACH | 29 | 5 | 43 | 23 |
| Card payments | 22 | 7 | 27 | 45 |
| Wires | 21 | 4 | 31 | 44 |

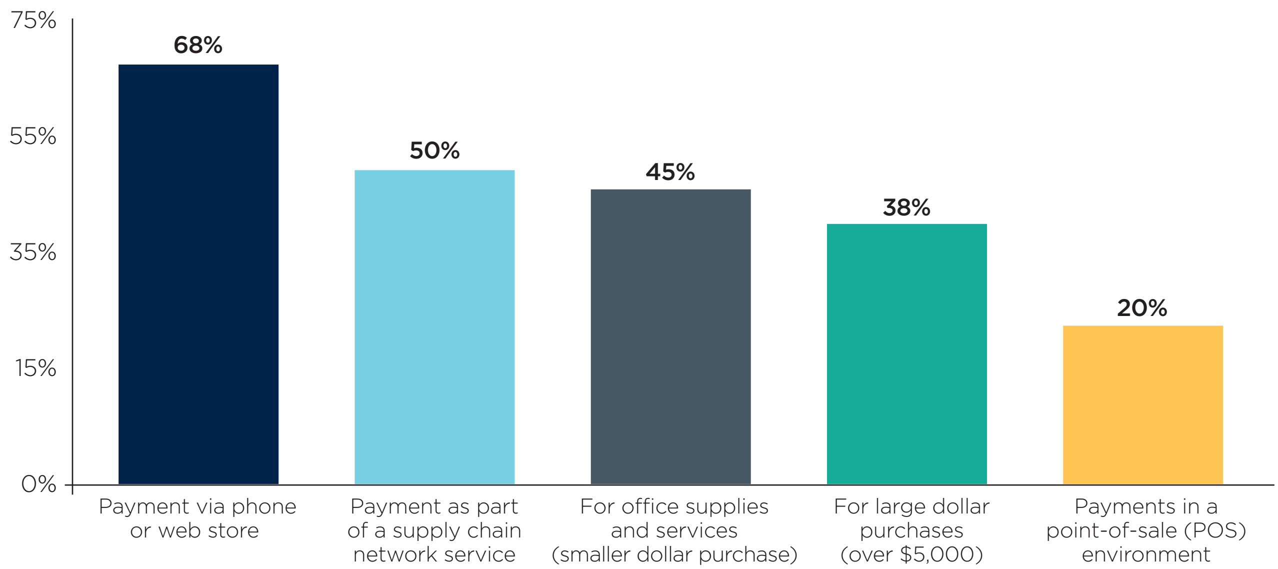
## Accepting B2B Card Payments

Fifty-five percent of organizations accept card payments from business customers. Sixty-eight percent of organizations that accept B2B card payments do so via phone or through the web store, while 50 percent do so in a point-of-sale (POS) environment. In 2013, 62 percent of finance professionals reported that their organizations accepted payments via phone or web store, and 54 percent were doing so via POS. Currently, 45 percent accept cards for smaller dollar transactions and 38 percent do so for payments over $5,000.

Larger organizations with annual revenue of at least $1 billion and those with a greater number of B2B monthly payments are more likely to accept card payments from business customers in a POS environment and via phone or web store than are smaller companies and those with fewer B2B payments.

**55%** of organizations accept card payments from business customers

**Purchases Accepted as Card payments from Business Customers**
(Percent of Organizations that Accept Card Payments from Business Customers)




**Purchases Accepted as Card Payments from Business Customers**
(Percent of Organizations that Accept Card Payments from Business Customers)

| Type of Purchase | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Payment via phone or web store | 68% | 64% | 74% | 58% | 71% | 78% |
| Payment as part of a supply chain network service | 50 | 48 | 55 | 49 | 35 | 67 |
| For office supplies and services (smaller dollar purchases) | 45 | 42 | 50 | 48 | 40 | 49 |
| For large dollar purchases (over $5,000) | 38 | 39 | 41 | 34 | 56 | 45 |
| Payment in a point-of-sale (POS) environment | 20 | 20 | 20 | 18 | 23 | 20 |

### Disbursing Employee Pay and Benefits via Cards

Eighty percent of companies use cards to handle at least some of their employee pay, benefit or reimbursement payments. Sixty-four percent of organizations use cards to disburse flexible spending account payments, while nearly half (48 percent) use cards to make payments from health savings accounts. Thirty-two percent use cards for gifts or incentive payments; 22 percent use cards for some of their payroll payments.

Larger organizations with annual revenue of at least $1 billion and those with more than 5,000 B2B payments per month are more likely to disburse some of their payroll payments via cards than are other companies.

**80%** of companies use cards to handle at least some of their employee pay, benefit or reimbursement payments

**Cards Utilized to Disburse Employee Pay and Benefits**
(Percent of organizations that Use Cards for Employee Pay for Benefits)

| Type of Card | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Flexible spending account cards (health or dependent care) | 64% | 62% | 67% | 61% | 68% | 66% |
| Health savings account cards | 48 | 46 | 54 | 47 | 50 | 52 |
| Gift/incentive cards | 32 | 33 | 31 | 28 | 38 | 33 |
| Payroll cards | 22 | 18 | 28 | 15 | 27 | 33 |
| Emergency use cards | 4 | 2 | 6 | 2 | 7 | 5 |
| None of the above | 20 | 21 | 18 | 21 | 18 | 18 |
| Other | 1 | 1 | 2 | 1 | 1 | 2 |

## Use of Mobile Payments

As the payments industry faces substantial changes and technological advancement, one of the most visible areas in the payments landscape is mobile payments. Most potential mobile payment consumers own a mobile device (i.e., smartphones, tablets, etc.) capable of transferring funds through downloaded applications. That is also why the retail industry is affected most by such payment method innovations.

But for business-to-business transactions the situation is a little different. There may not be a real need for businesses to have the ability make payments from mobile devices. Also, connecting to the organizations' servers from computers located outside the office may work just as well.

Since the previous survey was conducted in 2013, the number of organizations having adopted mobile payment options has continued to increase at a similar pace reported three years ago. Additionally, a significant share of organizations is contemplating expanding their use of mobile payments over the next three years. Finance professionals report that their organizations are currently using or plan to use mobile payment options for the following major payment processes:

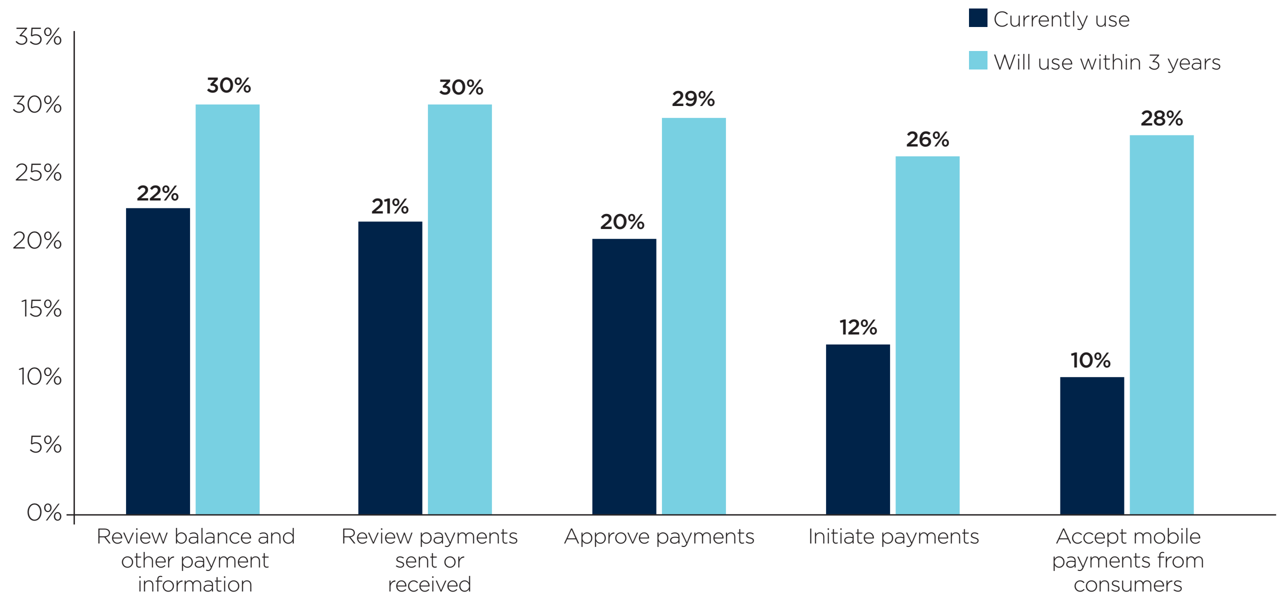
- **Review balance and other payment information**—22 percent of organizations currently use mobile payment tools while another 30 percent expect to do so over the next three years
- **Review payments sent and/or received**—21 percent of organizations currently use mobile payment tools while another 30 percent expect to do so over the next three years
- **Payment approval**—20 percent of organizations currently use mobile payment tools while another 29 percent expect to do so over the next three years
- **Initiate payments**—12 percent of organizations currently use mobile payment tools while another 26 percent plan to do so over the next three years
- **Accept mobile payments from customers**—ten percent of organizations currently use mobile payment tools while another 28 percent expect to do so over the next three years

**10%** of organizations accept mobile payments from consumers, while 28% percent expect to do so in the next 3 years

When comparing these numbers with results from the 2013 survey, note that organizations generally are more optimistic about their future use of new technologies. One such example is the share of respondents whose organizations currently accept mobile payments from consumers. Three years ago 10 percent of organizations accepted mobile payments from consumers, while 30 percent expected to do so in the next three years. Three years later in 2016, a similar 10 percent accept mobile payments from consumers, and 28 percent expect to do so in the next three years. It appears that when it comes to accepting mobile payments, there may be a certain hype about such technologies; when it comes to actually using them, it proves a little more complicated.

About half of organizations are either currently using mobile payments or have plans to do so in the next three years for reviewing balances and payments as well as for approving payments. Organizations appear less inclined to adopt mobile payments for initiating payments or accepting mobile payments from consumers.

**Organizations' Plans to Take Advantage of Mobile Payments Over the Next Three Years**
(Percent of Organizations)




**Organizations' Plans to Take Advantage of Mobile Payments Over the Next Three Years**
(Percent of Organizations)

| | Currently Use | Will Use Within 3 Years | Have No Palns to Use |
|---|---|---|---|
| Review balance and other payment information | 22% | 30% | 48% |
| Review payments sent or received | 21 | 30 | 49 |
| Approve payments | 20 | 29 | 51 |
| Initiate payments (for approval by others) | 12 | 26 | 62 |
| Accept mobile payments from consumers | 10 | 28 | 62 |

## Payment Trends and Developments

### Preparedness to Manage Upcoming Changes

A majority of finance professionals are preparing their organizations to be aware of new developments in the payments field and aligning their strategy accordingly. Only 15 percent respondents indicate their organizations are staying current with new developments and looking to be early adopters in the hope of reaping benefits. Twenty-four percent are taking a wait-and-see approach before making any changes to their companies' strategy while six percent do not expect their organizations will be impacted and so are not focusing on potential change.

With all the developments and changes in the payments industry it is somewhat surprising that only 15 percent of organizations seem interested in improved payments capabilities. Less surprising is that a substantial share prefers a wait-and-see approach. It may be wise to find out exactly what implications any new and faster payments methods will have before starting to change internal systems. At the same time it should be important to stay on top of current developments, and for treasury and finance staff to prepare their organizations for upcoming changes. Even if an organization is not planning on using faster capabilities, it could still be affected by the changes in the payments landscape—for example, receiving payments much sooner than expected, as can be the case with Same-Day-ACH which will be operational in September 2016.

### Faster Payments

There are a number of faster payments initiatives currently underway in the United States. In January 2015, the Federal Reserve Board published a white paper entitled "Strategies for Improving the U.S. Payment System,"[4] which led to the formation of two task forces: The Faster Payments Task Force and the Secure Payments Task Force. The objective so far has been to establish criteria for evaluating faster payments proposals. Going forward, the task forces will start evaluating 20 to 25 proposals on how to improve the U.S. payment systems. Other approaches include those of NACHA (The Electronic Payments Association) which has developed a faster form of ACH, Same-Day-ACH which will make these ACH payments available the same day they are initiated. The Clearing House is currently building a real-time-payments capability for credit-only payments. Finally, SWIFT has embarked on a project called the Global Payments Innovation Initiative which makes funds available the same day, end-to-end tracking capabilities, greater transparency and predictability of fees. These transfers will also be able to carry rich remittance information together with the payment.

These initiatives are particularly important for businesses in the U.S. as many other countries already have highly enhanced payment systems. The U.K. has seen great success with its Faster Payments system. The European Union introduced the Single Euro Payments Area (SEPA) a few years ago and some of the Euro countries are now also developing real-time capabilities.

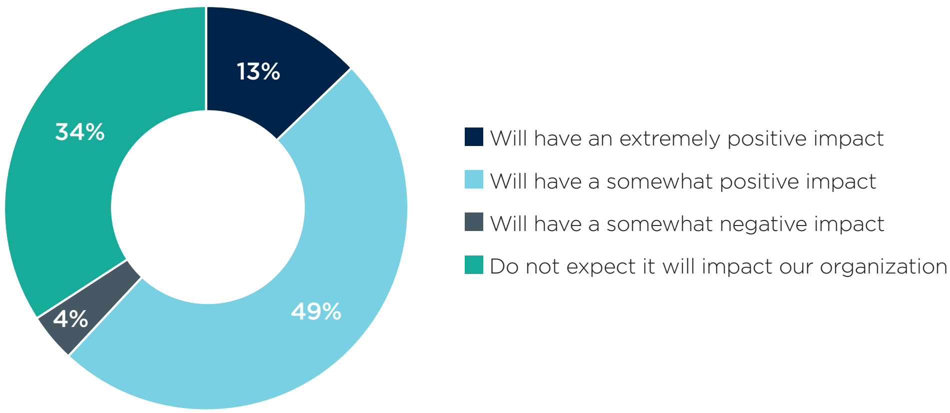
Over 60 percent of finance professionals are optimistic about the impact of faster payments on their organizations, with 13 percent expecting the impact to be very positive and 49 percent anticipating the effect will be somewhat positive. One-third of survey respondents are not expecting faster payments to have any impact, and a very small share (4 percent) believes that faster payments will result in a negative effect on their organizations' payments strategy.

More than **60%** of finance professionals are optimistic about the impact of faster payments on their organization

[4] https://fedpaymentsimprovement.org/wp-content/uploads/strategies-improving-us-payment-system.pdf

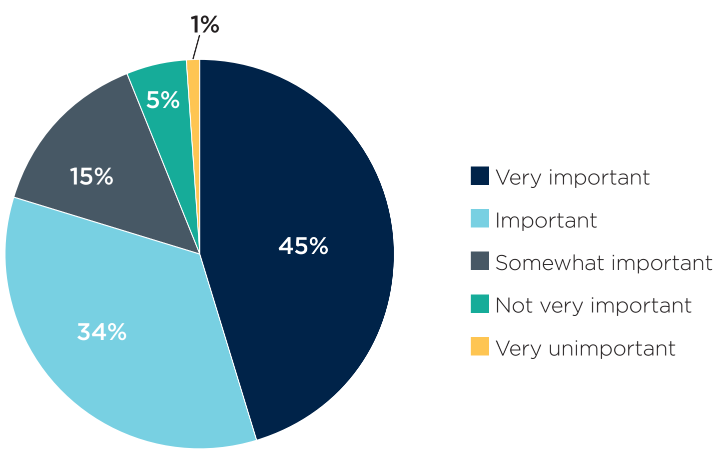
Faster and more transparent payments will definitely have an effect on treasury departments. Current treasury routines will also have to change to accommodate them and to benefit from the faster flow of funds. Timing of payments should be easier to predict with these new developments. This in turn will create benefits in areas such as cash management.

**Anticipated Impact of Faster Payments**
(Percentage Distribution of Organizations)




An overwhelming majority of finance professionals (94 percent) indicates that it is important that faster payments are "smart" and are able to carry extensive remittance information. Seventy-nine percent indicate that the ability for faster payments to be smart is either very important or important and another 15 percent feel it is somewhat important.

**Importance of Smart, Faster Payments that are Smart and can Carry Extensive Remittance Information**
(Percentage Distribution of Organizations)

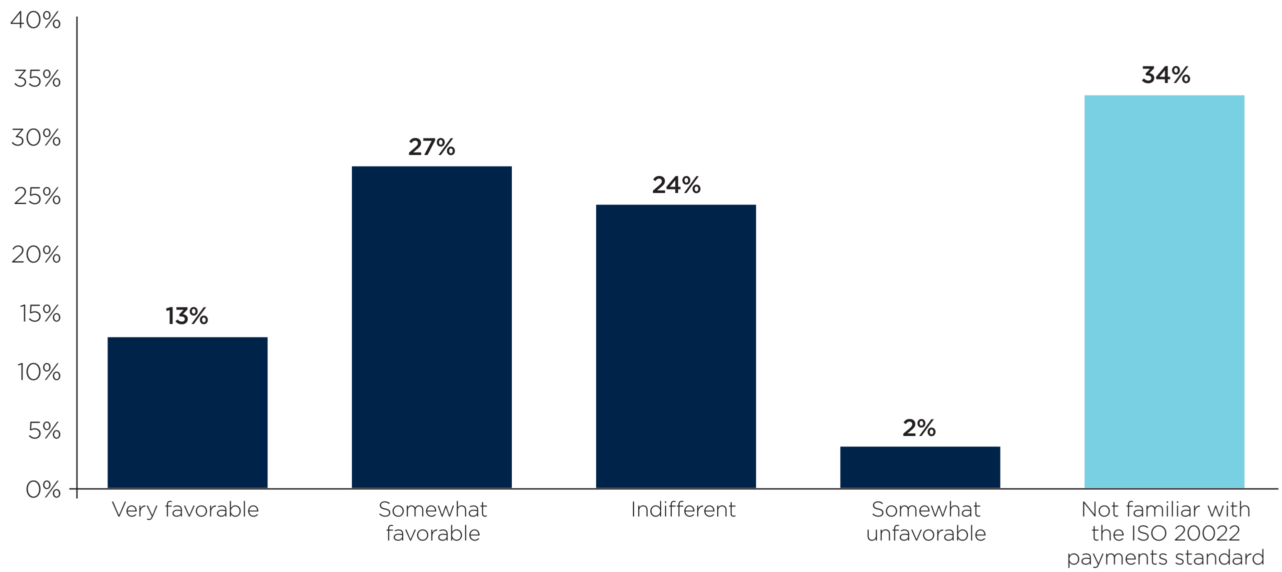


As mentioned earlier, many of the benefits of faster-payments systems, such as straight-through-processing, will only be possible if organizations' business partners use standardized formats for their payment files. New payment systems developed around the world, such as SEPA, rely on the ISO 20022 payments standard. The ISO 20022 is basically a global dictionary of standardized messages that can be used for payments. Any new payments system developed for U.S. businesses will most likely be based on this standard. Consequently, it may be wise for finance professionals to stay tuned into what this may mean for them and their organizations' internal systems going forward.

When asked to share their views regarding the adoption of the ISO 20022 payments standard in a new faster payments system, 34 percent of survey respondents report they are unfamiliar with the ISO 20022. However, 40 percent have a favorable view regarding the adoption of this new messaging payments standard in a new faster payments system.

**34%** of survey respondents are unfamiliar with the ISO 20022 payments standard

**Adoption of Payments Standard ISO 20022 in a New Faster Payment System**
(Percentage Distribution of Organizations)



## Same-Day-ACH Payment Feature

Phase 1 of NACHA's Same-Day ACH will become an available option in September 2016. This means that an ACH Credit payment sent prior to defined deadlines can be received the very same day.

- Same-Day ACH requires an additional 5.2 cents per transaction
- The final cost, including potential mark-ups from FI's can be higher
- Same-Day ACH has a restriction of $25,000 for a single payment

Thirty-seven percent of finance professionals do not expect the various stipulations of Same-Day ACH will impact their organizations' use of this feature. However, 38 percent anticipate the $25,000 limit per transaction will be an obstacle for their organizations using the same day feature, and 20 percent report that the 5.2 cent fee combined with the FI mark-up will present a hurdle for their companies. The 5.2 cents fee will be an issue for very few organizations (six percent).

**37%** of finance professionals do not expect the various stipulations of Same-Day ACH will impact their organizations' use of this feature

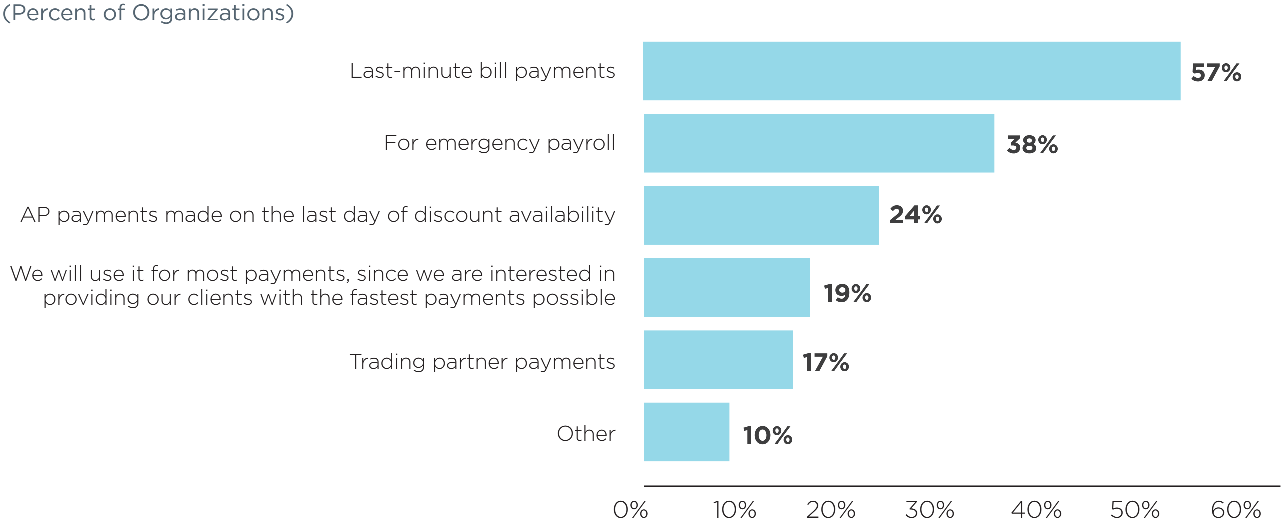
**Do you believe these restrictions may prevent your organization from using the Same-Day ACH payment feature?**
(Percent of Organizations)

| | 5.2 Cents | 5.2 Cents + FI Mark-up Fee | $25,000 Limit per Transaction | Restrictions Will Not Affect the Use of Same-Day Transactions |
|---|---|---|---|---|
| Will prevent my organization from using Same-Day ACH service | 6% | 20% | 38% | 37% |

A majority of organizations (57 percent) intends to use Same-Day ACH for last-minute bill payments. A greater share of smaller organizations and those with up to 5,000 B2B monthly payments anticipate using this feature to pay last-minute bills than do other organizations. Emergency payroll (38 percent) and AP payments made on the last day of discount availability (24 percent) are other reasons organizations will most likely use Same-Day ACH payments. Nineteen percent of finance professionals indicate their organizations will use Same-Day ACH for most payments as they are looking to pay their clients as fast as possible, and 17 percent will use it for trading partner payments.

**57%** of organizations intend to use Same-Day ACH for last-minute bill payments

**Likely Uses of Same-Day ACH Payments**
(Percent of Organizations)

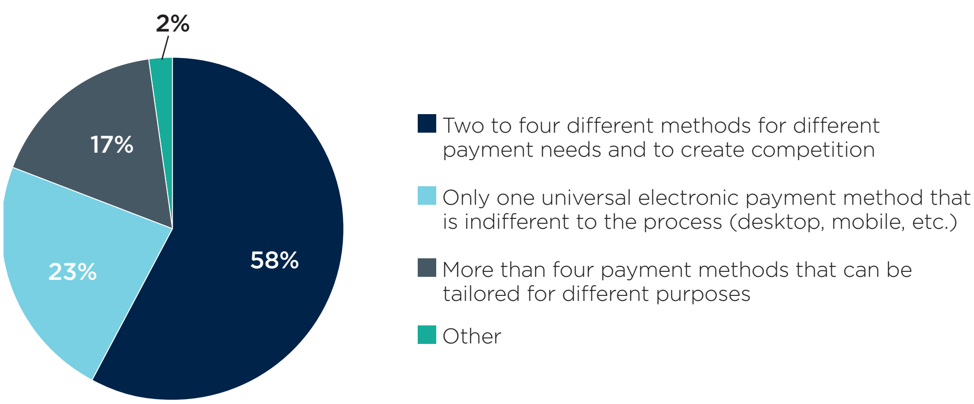


**Likely Uses of Same-Day-ACH Payments**
(Percent of Organizations)

| | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Last-minute bill payments | 57% | 60% | 54% | 59% | 59% | 49% |
| For emergency payroll | 38 | 35 | 41 | 31 | 35 | 54 |
| AP payments made on the last day of discount availability | 24 | 30 | 19 | 29 | 20 | 21 |
| Most payments | 19 | 19 | 18 | 21 | 19 | 13 |
| Trading partner payments | 17 | 15 | 18 | 17 | 24 | 11 |
| Other | 10 | 10 | 11 | 13 | 8 | 9 |

Given the different initiatives prevalent for faster payments, 58 percent of survey respondents indicate they would prefer there be two-to-four different methods for payment needs to create competition. Twenty-three percent believe there should be just one universal electronic payment method, while 17 percent would like more than four payment methods that can be tailored for different purposes.

**Ideal Number of Different Payment Methods**
(Percentage Distribution of Organizations)




### Business-to-Consumer Payments

Two-thirds of finance professionals report that their organizations accept payments directly from consumers. Credit cards (accepted by 45 percent of organizations) and non-converted checks (41 percent) are payment methods most often used to receive payments from business customers. Recurring ACH Debits, cash payments and debit cards were each cited by 33 percent of survey respondents.

Organizations with up to 1,000 monthly B2B payments are less likely to receive payments directly from consumers than are those companies with more than 1,000 B2B monthly payments. Credit cards, unconverted checks, recurring ACH Debits, cash payments and debit cards are payment methods used more frequently to receive payments from business consumers by organizations with annual revenue of at least $1 billion and those with more than 1,000 B2B monthly payments than by other companies.

**Payment Methods Used to Receive Payments from Consumers**
(Percent of Organizations)

| Payment Methods | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| My company does not receive payments directly from consumers | 32% | 35% | 30% | 41% | 26% | 24% |
| Credit cards | 45 | 40 | 51 | 32 | 58 | 54 |
| Checks that are not converted | 41 | 37 | 44 | 36 | 47 | 45 |
| Recurring ACH debits | 33 | 26 | 40 | 27 | 39 | 38 |
| Cash payments | 33 | 27 | 41 | 29 | 32 | 40 |
| Debit cards | 33 | 30 | 37 | 24 | 43 | 39 |
| Check conversion to ACH at the lockbox (ARC) | 24 | 18 | 31 | 20 | 22 | 33 |
| Bill payment on my organization's Web site | 21 | 15 | 29 | 14 | 22 | 31 |
| Bill payment on bank/third party Web site | 19 | 15 | 23 | 13 | 18 | 30 |
| Foreign currency wires | 14 | 14 | 13 | 14 | 18 | 11 |
| Check conversion to ACH in the back office (BOC) | 11 | 11 | 11 | 8 | 12 | 15 |
| Third party POS (PayPal, Google Wallet, and similar etc.) | 10 | 8 | 13 | 6 | 16 | 13 |
| Mobile solutions (Square, Visa, Apple Pay, etc.) | 9 | 6 | 11 | 6 | 9 | 11 |
| Check conversion to ACH at point-of-sale (POS) | 7 | 5 | 11 | 5 | 7 | 8 |
| Stored value cards | 6 | 3 | 9 | 6 | 4 | 8 |
| Third-party in-person payment centers | 6 | 2 | 11 | 3 | 7 | 10 |
| Unstaffed bill payment kiosks for cash and checks | 5 | 3 | 8 | 4 | 3 | 7 |
| Conversion of dishonored checks to ACH debits (RCK) | 4 | 3 | 5 | 5 | 1 | 5 |
| Other | 4 | 5 | 4 | 3 | 4 | 7 |

### Liability Shift and EMV Capabilities

EMV– Europay, MasterCard and Visa—is a global, interoperable standard for integrated "smart chips" in cards. While EMV cards have been in use for a number of years in many parts of the developed world, their use only started gaining traction in the U.S. because of the shift in liability—from card-issuer to merchant—that became effective October 2015. In short, the liability shift means that liability for fraudulent transactions will shift from the card issuer (often a bank) to the merchant for any chip card transactions not made on fully capable EMV devices. But there is no mandate for merchants to switch to EMV-enabled terminals. Merchants can continue using their old terminals, but they will be liable for any fraud that could have been prevented with an EMV terminal.

The key to the EMV chip card is the "smart chip" that is considerably more difficult to counterfeit than the magnetic strip traditionally used on credit/debit cards. The authentication is usually done with a PIN. However, the U.S. banking industry has opted for a less secure signature authentication, claiming that consumers will experience a negative experience because of too many changes in the purchasing procedures with cards. Some banks have since indicated a PIN authentication may be planned for the future since it adds a layer of protection. Merchants are typically in favor of PIN authentication as it is more likely to prevent fraud at card-present (POS) transactions.

Merchants have faced some obstacles in the transition to EMV-enabled cards. One is the cost of the new EMV-enabled terminals as they are fairly expensive. Another challenge has been a shortage in supply of those terminals. In addition, certifying the new terminals has in many cases taken considerably longer than expected. Consequently, even if a merchant has done everything right it could still be liable for fraud since it has not been able to activate the new terminals.

Organizations are at various stages in the process of being compliant and prepared to manage the liability shift. At 21 percent of organizations, EMV-capable terminals were installed prior to the liability shift in October 2015, while 17 percent were compliant only after the shift. Sixteen percent, while currently not compliant, have plans to become compliant in 2016. Fourteen percent are either waiting for their processors to be ready or to tokenize transactions. Thirteen percent are typically not impacted by fraud and therefore do not feel the need to invest in new terminals.

Currently, a greater share of larger organizations (annual revenue of at least $1 billion) than smaller ones (annual revenue less than $1 billion) is compliant with EMV-capable terminals: 45 percent versus 31 percent. Similarly, organizations with more than 5,000 monthly B2B payments are more prepared with compliant-EMV terminals than are those with up to 5,000 B2B payments per month.

**Changes Made in Response to the Liability Shift**
(Percentage Distribution of Organizations)

| | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Installed the new EMV capable terminals and were compliant prior to the Liability Shift | 21% | 20% | 21% | 21% | 21% | 21% |
| Compliant post the Liability Shift | 17 | 11 | 24 | 12 | 16 | 26 |
| Have not had the chance to acquire the necessary equipment yet, but plan on becoming compliant in 2016 | 16 | 16 | 13 | 21 | 11 | 11 |
| Waiting for our processor to be ready or we are waiting to tokenize our transactions as well | 14 | 15 | 15 | 16 | 16 | 11 |
| Typically are not impacted by fraud so there is no business case for us to make the investment in new terminals | 13 | 15 | 12 | 16 | 8 | 15 |
| Investment costs for the terminals is too high | 3 | 4 | 3 | 2 | 8 | 2 |
| Waiting to get certified | 3 | 3 | 3 | 2 | 3 | 4 |
| Waiting for the new terminals | 3 | 5 | – | 5 | 3 | – |
| Other | 10 | 11 | 9 | 5 | 16 | 11 |

### Payment Card Industry (PCI Compliant)

PCI Compliance is required by all card brands: any company that receives card payments must adhere to a set of security standards that were developed to protect card information after a financial transaction. PCI Compliance includes building and maintaining a secure network, protecting cardholder data, maintaining a vulnerability management program, implementing strong access control measures, regularly monitoring and testing networks, and maintaining an information security policy.

A majority of finance professionals (54 percent) believes that being PCI compliant is an obstacle. However, many who have this perception (47 percent) have complied since their organizations need to accept card payments. However, a small share (7 percent) whose organizations consider being PCI compliant a significant inconvenience have consequently discontinued accepting card payments. Thirty-five percent report that PCI has not resulted in any issues while 12 percent have had to increase prices because of additional costs incurred.

**Perception of PCI (Payment Card Industry) Compliance**
(Percentage Distribution of Organizations)

| | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| It is an obstacle but we need to accept card payments | 47% | 40% | 55% | 41% | 53% | 50% |
| Being PCI Compliant has not resulted in any issues for us | 35 | 40 | 28 | 35 | 34 | 34 |
| We don’t consider it an issue but have had to increase our prices because of additional costs incurred | 12 | 15 | 7 | 14 | 9 | 9 |
| It is an obstacle and as a consequence we do not accept card payments | 7 | 4 | 9 | 10 | 4 | 6 |

## Conclusion

The historical trend of declining check use for B2B transactions has abated. The *2016 AFP Electronic Payments Survey* results reveal that checks are used for 51 percent of B2B transactions compared to 50 percent three years ago, but still well below the 81 percent, 74 percent and 67 percent of B2B transactions reported in the 2004, 2007 and 2010 surveys, respectively. While surprising, this result suggests how resilient the check is as a payment method. It highlights that even in an environment that is rapidly changing, there is still reluctance among organizations to make major changes in their internal structures. At the same time, however, 2016 survey results also reveal there is an effort among organizations to transition from check use for major trading partners. Businesses are focusing on areas where any changes in payments methods may garner the most benefit. Another somewhat surprising finding in this report is that the use of straight-through-processing (STP) seems to have declined slightly in the past three years.

Cost savings appear to be the most important reason why organizations have transitioned from checks to electronic payment methods. This result is consistent with those in the 2013 survey. The biggest barriers to switching to electronic payments are shortage of IT resources and difficulty convincing business partners to either initiate or accept electronic payments. Despite developments in the mobile payments arena, it appears consumers remain reticent about adopting such payments.

### Key takeaways

- Fifty-one percent of B2B payments continue to be made by check, up from 50 percent three years ago.
- Overall, a typical organization receives 44 percent of its B2B payments by check, down from 50 percent three years ago.
- Seventy percent of respondents believe it will be "very likely" or "somewhat likely" that their organizations will convert the majority of their payments to electronic methods for their major suppliers within the next three years.
- A majority of survey respondents (51 percent) considers cost-savings a benefit of electronic payments.
- The three most-often cited barriers to electronic payments are difficulty in convincing customers to pay electronically, shortage of IT resources for the implementation process, and difficulty in convincing suppliers to accept electronic payments.
- Eighty-six percent of companies have completed integrating their check payments systems with their accounting systems.
- Eighty percent of companies use cards to handle at least some of their employee pay, benefit or reimbursement payments.
- Over 60 percent of finance professionals are optimistic about the impact of faster payments on their organization.
- Over one-third of survey respondents are unfamiliar with the ISO 20022 payments standard.
- Fifty-seven percent of organizations intend to use the Same-Day ACH feature for last minute bill payments.
- A majority of finance professionals (54 percent) believes that being PCI compliant is an obstacle.

## About the Survey

In May 2016, the Research Department of the Association for Financial Professionals® (AFP) surveyed over 16,000 of its corporate practitioner members and prospects. The survey was sent to corporate practitioner members with the following job titles; assistant treasurer, controller, assistant Controller, director, cash manager and analyst. When the survey closed, AFP had received a total of 412 responses, 288 responses from members and 124 additional responses were received from prospects.

AFP thanks J.P. Morgan for underwriting the *2016 AFP Electronic Payments Survey*. Both questionnaire design and the final report, along with its content and conclusions, are the sole responsibilities of the AFP Research Department. The following tables provide a demographic summary of the survey respondents.

### Industry Classification

(Percentage Distribution of Organizations)

| | All |
|---|---|
| Manufacturing | 22% |
| Energy (including Utilities) | 10 |
| Health Services | 8 |
| Retail (including Wholesale/Distribution) | 8 |
| Banking/Financial Services | 7 |
| Government | 7 |
| Insurance | 7 |
| Non-Profit (including Education) | 7 |
| Business Services/Consulting | 6 |
| Real Estate | 6 |
| Software/Technology | 5 |
| Transportation | 3 |
| Construction | 2 |
| Hospitality/Travel | 2 |
| Conglomerate | 1 |

**Annual Revenues**
(Percentage Distribution of Organizations)

| | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Under $50 million | 10% | 19% | – | 17% | 1% | 6% |
| $50-99.9 million | 4 | 7 | – | 7 | 1 | 1 |
| $100-249.9 million | 11 | 21 | – | 16 | 8 | 4 |
| $250-499.9 million | 9 | 17 | – | 10 | 11 | 6 |
| $500-999.9 million | 19 | 36 | – | 20 | 28 | 10 |
| $1-4.9 billion | 29 | – | 60 | 23 | 33 | 32 |
| $5-9.9 billion | 9 | – | 18 | 4 | 12 | 12 |
| $10-20 billion | 5 | – | 11 | 1 | 3 | 15 |
| Over $20 billion | 5 | – | 10 | 1 | 3 | 14 |

**Total Number of B2B Payments Made Per Month**
(Percentage Distribution of Organizations)

| | Up to 500 | 501-1,100 | 1,001-5,000 | 5,001-10,000 | Over 10,000 |
|---|---|---|---|---|---|
| Cross-border/International | 81% | 9% | 5% | 3% | 2% |
| U.S. Domestic | 28 | 20 | 24 | 11 | 17 |

**Percentage of Total Transaction Volume for Cross-Border Payments**
(Percentage Distribution of Organizations)

| | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| None | 24% | 25% | 20% | 26% | 15% | 23% |
| Less than 5% | 37 | 41 | 39 | 34 | 45 | 44 |
| 5%-10% | 15 | 17 | 18 | 19 | 16 | 15 |
| 11%-20% | 9 | 4 | 8 | 6 | 9 | 6 |
| 21%-30% | 7 | 6 | 4 | 5 | 1 | 7 |
| 31%-40% | 2 | 2 | 2 | 2 | 4 | 0 |
| 41%-50% | 3 | 2 | 3 | 3 | 3 | 2 |
| More than 50% | 3 | 2 | 5 | 3 | 7 | 2 |

# Appendix

### Percentage of Organization's B2B Payments Made/Received by Checks

| | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Payments made using checks | 51% | 55% | 47% | 54% | 49% | 48% |
| Payments received using checks | 44 | 47 | 40 | 45 | 43 | 44 |

### Percentage of Organization's B2B Payments Received by Checks
(Percentage Distribution of Organizations)

| Share of B2B Payments | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Up to 20 percent | 25% | 22% | 30% | 24% | 24% | 29% |
| 21 to 40 percent | 24 | 21 | 25 | 25 | 27 | 20 |
| 41 to 60 percent | 24 | 27 | 19 | 24 | 24 | 19 |
| 61 to 80 percent | 17 | 21 | 17 | 19 | 18 | 20 |
| 81 to 100 | 10 | 9 | 8 | 9 | 7 | 12 |
| Median | 44% | 50% | 35% | 45% | 40% | 44% |

### Organization's Process When Making Payments in a Foreign Currency

(Percentage Distribution of Organizations)

| Process | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| To use a bank or other provider to make cross-border transactions through the SWIFT system from regular USD bank accounts and leave the conversion process to either your organization's bank or the beneficiary bank depending on the business requirements | 46% | 48% | 41% | 43% | 61% | 33% |
| To hold bank accounts in countries where vendors are located and make payments by "local payment methods" | 24 | 26 | 26 | 30 | 17 | 27 |
| To use a bank or other provider to make cross currency transaction through the SWIFT system from foreign currency account/accounts funded by foreign currency purchases | 24 | 19 | 25 | 17 | 22 | 27 |
| Use of money transfer services offered by organizations, e.g., Western Union, TravelEx | 3 | 4 | 3 | 7 | – | – |
| Other | 4 | 4 | 6 | 3 | – | 13 |

### Organization's Process When Receiving Payments in a Foreign Currency

(Percentage Distribution of Organizations)

| Process | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| To use a bank or other provider who can allow me to receive cross currency payments (i.e., convert incoming foreign currency payments into USD and credit my USD account) | 33% | 26% | 38% | 33% | 44% | 20% |
| To hold a foreign currency account (or accounts) at a U.S. based bank in order to receive foreign currency funds, which we convert into USD | 10 | 7 | 15 | 7 | 6 | 27 |
| A combination of the above two processes | 26 | 37 | 15 | 30 | 17 | 20 |
| To hold bank accounts in overseas banks to receive cross-border currency transactions | 13 | 11 | 12 | 10 | 6 | 27 |
| Instruct all counter parties to always send me payments in USD | 13 | 15 | 15 | 13 | 22 | 7 |
| Other | 5 | 4 | 6 | 7 | 6 | – |

**Data Needed Most to Improve Treasury Team's Efficiency**
(Percentage Distribution of Organizations)

| Type of Data | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Consolidated balance position | 55% | 59% | 51% | 62% | 48% | 49% |
| Currency exposure | 17 | 19 | 18 | 17 | 26 | 15 |
| STP rate of payment execution | 14 | 10 | 17 | 7 | 17 | 19 |
| Amount of intra-day credit in use | 14 | 12 | 14 | 14 | 9 | 17 |

**Organization's Methods of Sending and Receiving ACH Remittance Information**
(Percent of Organizations)

| Method of Sending/Receiving ACH Remittance Information | Sending remittances | Receiving remittances |
|---|---|---|
| E-mail | 61% | 55% |
| EDI/CTX or EDI/CCD+ | 27 | 27 |
| Mail | 13 | 22 |
| Fax | 8 | 15 |
| Customer's Web site | 8 | 18 |
| My organization's Web site | 8 | 5 |
| Third-party Web site | 9 | 11 |
| ISO 20022 | 3 | 3 |
| Other | 3 | 4 |

### Strategy to Manage Upcoming Development and Innovation

(Percentage Distribution of Organizations)

| Strategy | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Be aware of new developments so we are better prepared | 52% | 52% | 53% | 48% | 60% | 54% |
| Adopt a wait-and-see approach | 24 | 25 | 24 | 25 | 21 | 26 |
| To stay current with new developments and to potentially aim for an early adoption to reap early benefits | 15 | 13 | 16 | 15 | 15 | 13 |
| Do not expect to be impacted and therefore we are not focusing on potential changes | 6 | 8 | 5 | 9 | 4 | 5 |
| Not interested, we will not change our processes unless mandated to | 2 | 3 | – | 3 | – | 1 |

### Anticipated Impact of Faster Payments

(Percentage Distribution of Organizations)

| Impact | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Will have a somewhat positive impact | 49% | 51% | 49% | 51% | 51% | 45% |
| Do not expect it will impact our organization | 34 | 36 | 33 | 36 | 39 | 29 |
| Will have an extremely positive impact | 13 | 12 | 12 | 12 | 8 | 15 |
| Will have a somewhat negative impact | 4 | 1 | 6 | 1 | 3 | 8 |
| Will have an extremely negative impact | – | – | 1 | – | – | 1 |

### Importance of Faster Payments Carrying Smart Extensive Remittance Information

(Percentage Distribution of Organizations)

| | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Very important | 45% | 49% | 42% | 49% | 41% | 43% |
| Important | 34 | 32 | 37 | 32 | 43 | 32 |
| Somewhat important | 14 | 16 | 13 | 14 | 14 | 16 |
| Not very important | 5 | 3 | 7 | 4 | 3 | 8 |
| Very unimportant | 1 | 1 | 1 | 1 | – | 1 |

### Adoption of Payments Standard ISO20022 in a New Faster Payment System
(Percentage Distribution of Organizations)

| | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Very favorable | 13% | 11% | 15% | 14% | 11% | 14% |
| Somewhat favorable | 27 | 27 | 29 | 26 | 31 | 29 |
| Indifferent | 24 | 21 | 28 | 21 | 24 | 27 |
| Somewhat unfavorable | 2 | 1 | 3 | 3 | – | 4 |
| Not familiar with the ISO 20022 Payments Standard | 34 | 40 | 24 | 36 | 34 | 26 |

### Ideal Number of Different Payment Methods
(Percentage Distribution of Organizations)

| Number of Payment Methods | All | Annual Revenue Less Than $1 Billion | Annual Revenue At Least $1 Billion | Up to 1,000 B2B Payments made/month | 1,001 to 5,000 B2B Payments made/month | Greater Than 5,000 B2B Payments made/month |
|---|---|---|---|---|---|---|
| Two to four different methods for different payment needs and to create competition | 58% | 58% | 62% | 53% | 69% | 58% |
| Only one universal electronic payment method that is indifferent to the process (desktop, mobile, etc.) | 23 | 24 | 19 | 26 | 20 | 20 |
| More than four payment methods that can be tailored for different purposes | 17 | 19 | 15 | 21 | 9 | 17 |
| Other | 2 | – | 3 | – | 1 | 5 |

## AFP Research

AFP Research provides financial professionals with proprietary and timely research that drives business performance. AFP Research draws on the knowledge of the Association's members and its subject matter experts in areas that include bank relationship management, risk management, payments, and financial accounting and reporting. Studies report on a variety of topics, including AFP's annual compensation survey, are available online at www.AFPonline.org/research.

AFP® ASSOCIATION FOR FINANCIAL PROFESSIONALS

## About the Association for Financial Professionals

Headquartered outside Washington, D.C., the Association for Financial Professionals (AFP) is the professional society that represents finance executives globally. AFP established and administers the Certified Treasury Professional™ and Certified Corporate FP&A Professional™ credentials, which set standards of excellence in finance. The quarterly AFP Corporate Cash Indicators™ serve as a bellwether of economic growth. The AFP Annual Conference is the largest networking event for corporate finance professionals in the world.

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