ASSOCIATION FOR FINANCIAL PROFESSIONALS

2019 AFP®

ELECTRONIC PAYMENTS SURVEY REPORT

Comprehensive Findings

Underwritten by J.P.Morgan

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J.P.Morgan

J.P. Morgan is once again pleased to sponsor the AFP Electronic Payments Survey. As the industry landscape and business models shift with emerging technology and the need for immediacy, visibility and control, we remain committed to corporate practitioners' needs providing them the latest on industry developments and offering innovative solutions now, while helping them to build a foundation for the treasury of tomorrow.

The 2019 survey offers valuable insight into current usage of paper-based and newer solutions, attitudes about growing trends and the challenges and benefits of moving forward:

- Over 60% of organizations believe faster payments will have a positive impact on their organizations and 60% percent also believe that Business-to-business transactions are seen as benefitting the most from faster payments[1]
- 72% of financial professionals cite the greatest impact to come from new developments in payments is from the use of APIs, followed by Open Banking[2]
- Overall a full 97% of financial professionals continue to use checks to pay their major business suppliers; suggesting that although check usage has been cut in half since 2004, checks won't be eliminated any time soon, just used to a lesser extent alongside newer payment methods[3]

As you read through this report, I encourage you to evaluate your organization, its needs, and where opportunity from industry shifts and emerging technology may lie. As a leader in the payments space J.P. Morgan is fully invested and has restructured its organization to offer an end-to-end solution across the payments continuum.

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 treasury efficiency, take advantage of new business opportunities and reap the benefits of payment innovations.

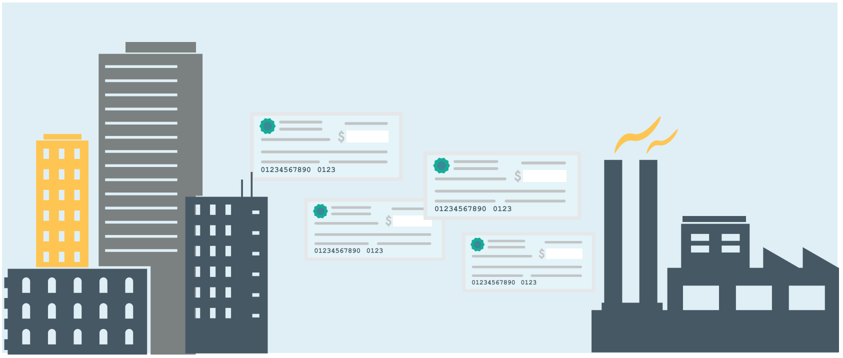
Sincerely,

Joe W Hussey

Joe Hussey
Managing Director
North America Payables and Receivables Product Executive
Wholesale Payments
J.P. Morgan

[1]AFP Electronic Payments Survey page 33
[2]AFP Electronic Payments Survey page 36
[3]AFP Electronic Payments Survey page 10

Key Takeaways

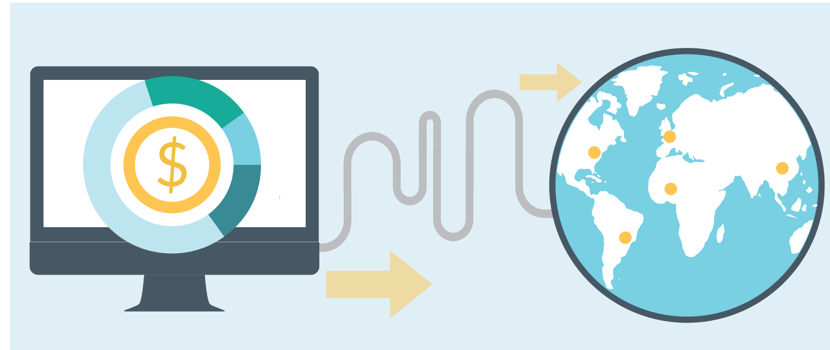


Check Use in Business to Business (B2B) Transactions

Check usage for business-to-business (B2B) transactions is declining. In 2004, organizations made 81 percent of their payments to business customers via checks. Since then, that percentage has decreased by nearly half, with organizations making 42 percent of their business customer payments via checks. In both 2013 and 2016, approximately half of the average organization's payments were made using checks.

The decline is not surprising as checks are slower to process than electronic payment methods and have higher transaction costs. Checks are also highly prone to payment fraud due to the relative ease with which credentials on a paper check can be altered.

However, the 42 percent figure for check use in B2B transactions is still elevated and continues to dominate such transactions. That signals a challenge in terms of changing internal processes. Other barriers organizations face in moving away from checks are increased costs of transitioning to alternative payment methods and lack of IT resources, as well as difficulty convincing business partners to shift towards sending/receiving electronic payments rather than checks. In addition, the relatively high level of integration of checks in corporate accounting systems contributes to their continued usage. Checks are more integrated than electronic payment alternatives. Still, electronic payment methods such as ACH are also being integrated into accounting systems. As ACH integration with accounting systems equals that of checks, organizations may be more encouraged to shift from paper to electronic payment methods.

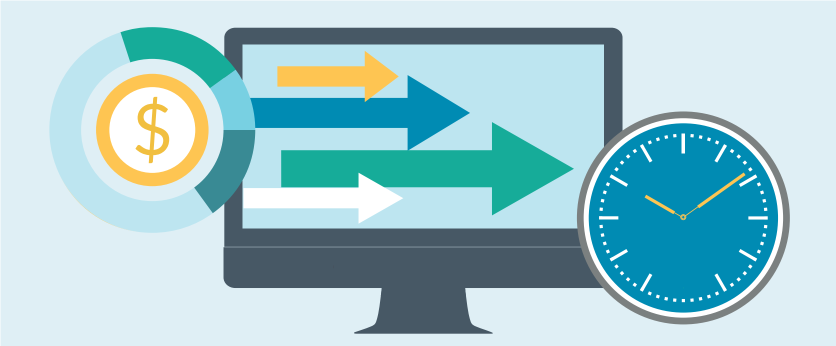


Cross-Border Transactions

Despite an array of new developments, legacy wires (Swift) still dominate the cross-border payments landscape. Sixty-eight percent of organizations' cross-border payments are done via Swift wire transfers. This highlights the challenge in making changes to payments processes even if current systems are inefficient and costly. In comparison, newer technology solutions for cross-border payments are currently used to a very limited extent, even though they promise faster, less expensive and more transparent transactions. The large share of cross-border transactions via Swift wires is probably attributed to Swift's extensive global reach.

Indeed, speed of cross-border payments is considered an important factor when selecting methods for cross-border payments. This is not surprising as speed traditionally has been a concern for corporate practitioners when paying overseas suppliers. Transaction cost and certainty of payment are also considered important factors for cross-border payments.

Considering the many new providers in the cross-border landscape, it is a little surprising that few payments are made through the new channels, particularly those solutions enhancing legacy payments such as Swift gpi for which few, if any, changes are required of corporate end-user systems. Further awareness about cross-border solutions built on technologies such as blockchain, digital currencies and APIs, etc., may be advantageous.



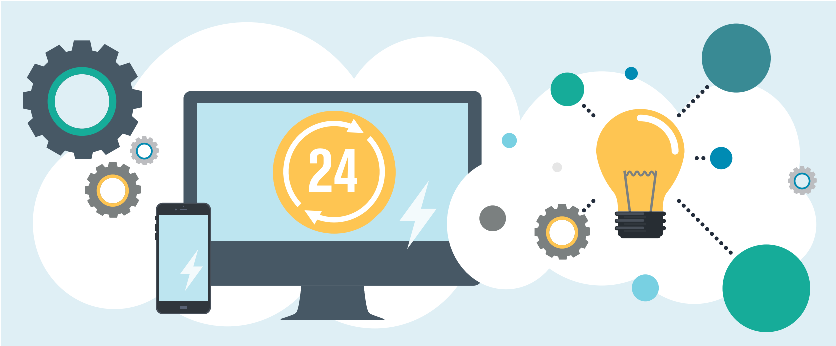
Faster Payments

Over 60 percent of survey respondents believe faster payments will have a positive impact on their organizations. Over one-third of organizations (37 percent) are looking to stay current with new developments and potentially aim for an early adoption to reap early benefits; 24 percent plan to be aware of new developments so they are better prepared.

Even though corporate practitioners believe faster payments will have a positive impact on their organizations, their strategies for faster payments involve staying ahead of new developments in order to be prepared for future adoption. Some also have a "wait-and-see" approach. This is indicative of the somewhat cautious attitude financial professionals have toward changes that do not directly impact their organizations' core business. They also want to avoid investing in faster payments if they are unsure these changes will be sustainable and may possibly require additional investment.

Business-to-business (B2B) transactions are seen as benefitting the most from faster/real-time payments (cited by 60 percent of respondents). This is quite surprising given the complexity of these kinds of transactions. Business-to-customer (B2C) and customer-to-business (C2B) transactions benefit as well, but to a much lesser extent—also surprising given the fairly large number of transactions involving consumers.

The importance of extensive remittance information following a payment is important for faster/real-time payments. Fifty-four percent of practitioners hold this view, an increase from the previous survey and a possible indication of strong demand from corporate end-users to adopt new payment methods.



New Technologies

Despite the array of new developments in the payments industry, the greatest impact is believed to come from the use of APIs (cited by 72 percent of respondents) followed by Open Banking Payment Initiation (60 percent). With Open Banking expecting to have a big effect on payments initiation, it is a clear indication that practitioners see potential benefits in new ways of making payments. The use of APIs will likely become more evident going forward and financial institutions could benefit from competitive advantages in providing open banking tools to accommodate their clients.

Introduction

For the past decade, the payments landscape has undergone significant changes. Various emerging technologies challenge legacy payments structures. Additionally, the Fintech industry is making inroads and capturing market shares from traditional players in the field, and various providers are offering solutions and products to the financial professional end-user. There have also been enhancements to legacy payments systems, such as Same-Day ACH, that have increased the speed of transactions and enhanced processes that for years have been considered slow. However, the actual usage of such enhanced processes is still quite limited as financial professionals seek more information and education and are still not cognizant about how new payments structures will impact their organizations.

As these changes occur, it is also important to realize that changing payments structures is not a small task for treasury and finance professionals. In order to reap the benefits of electronic and faster payments, businesses have to find clear-use cases in which the advantages of using new and faster payments exceed the cost of implementing them. New and faster payments systems are usually a greater challenge for business-to-business (B2B) transactions than for transactions directly with consumers where the demand for faster and more efficient payments is more prominent. In the B2B landscape checks are still a popular payment method; they are ubiquitous, and most businesses are very familiar and comfortable with how they work. Even if an organization is prepared to make the transition to electronic payments, their business partners may not be willing to shift from check transactions—a barrier for enhancing payments efficiency. Few of the new innovations and technical developments in the payments field represent new actual payment rails, but they introduce applications that "ride off" the legacy payments structures. Solutions that claim to be real-time often use traditional rails such as ACH for settling transactions later in the day, while the transactions appear as immediate to the end-user because of the technology used and agreements between the solution providers.

The advancement of electronic payments has so far had a bigger impact on consumer payments for which a large number of smartphone applications and mobile wallets are being used. Several retail-specific mobile wallets have been very successful, while more general mobile wallets such as Apple Pay have had very limited reach. Finally, the concept of "open banking" is still in the early stages of development vis-a-vis payments. This could change as financial institutions become more willing to open up their systems and allow payments initiation through API communication. Indeed, financial professionals may want to watch open banking as it could have a greater impact on the payments landscape in the future.

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 2019. The *2019 AFP Electronic Payments Survey* was designed to identify changes in U.S. business payments practices since AFP's previous electronic payments survey in 2016. 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. The survey results highlight trends, identify best practices and reveal solutions for advancing automation of business-to-business payments.

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 379 responses which are the basis of this report. AFP thanks J.P. Morgan for underwriting the *2019 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.

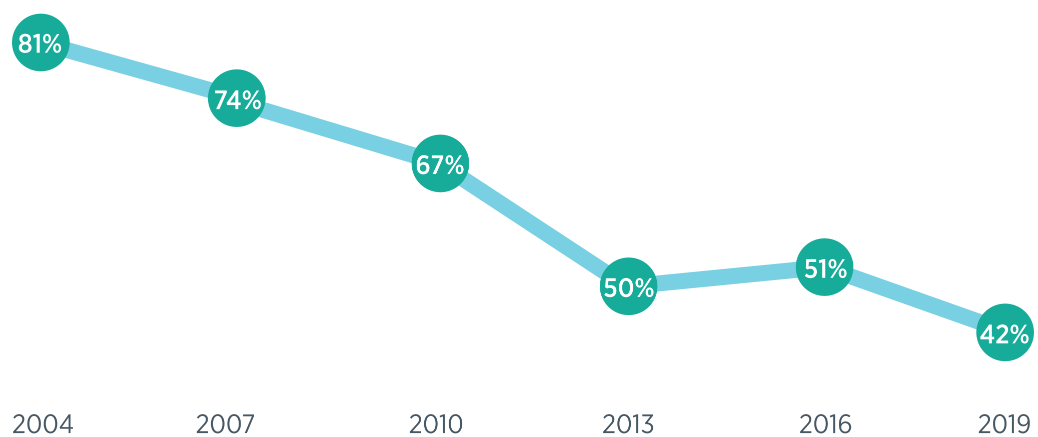
01 BUSINESS-TO-BUSINESS (B2B) DISBURSEMENTS AND COLLECTIONS

Disbursements Made by Checks

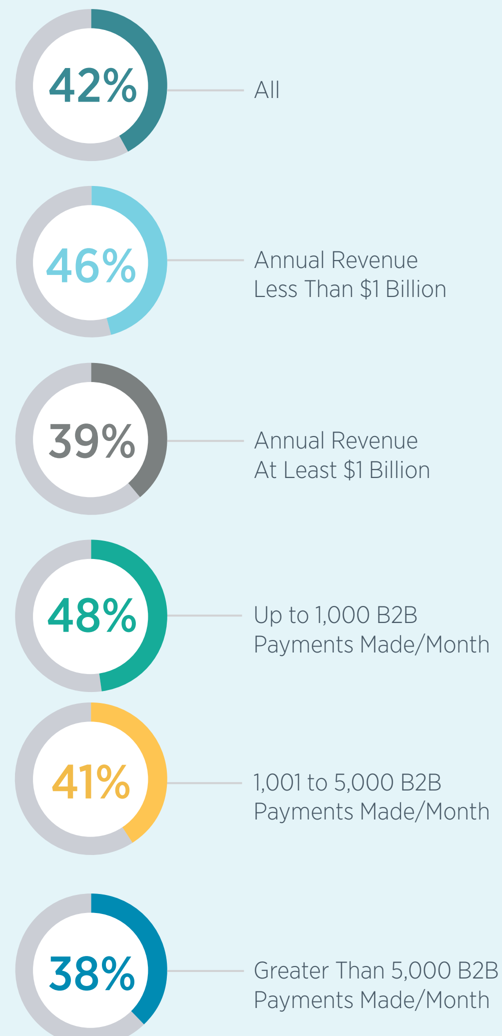
Forty-two percent of organizations' B2B payments continue to be made by check. This is a significant decline from the 51 percent reported in the *2016 AFP Electronic Payments Survey*. Check usage has been declining steadily since 2004. In 2016 we noted a one-percentage-point increase in check usage since 2013—a surprising interruption in the downward trend. But this year's data reveal that the decline in check usage for B2B transactions has resumed. The slight increase in check usage reported in the 2016 report suggested that organizations in the U.S. were still reluctant to fully transition away from checks. This year's survey results, however, suggest companies in the U.S. are more amenable to shifting their payment methods away from checks to electronic alternatives. One reason for this could be the vast array of new solutions and providers whose offerings are more compelling than checks.

Organizations with annual revenue less than $1 billion and those with fewer B2B payments are more likely to use checks for their B2B payments than are companies with annual revenue of at least $1 billion and a greater volume of B2B transactions.

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



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

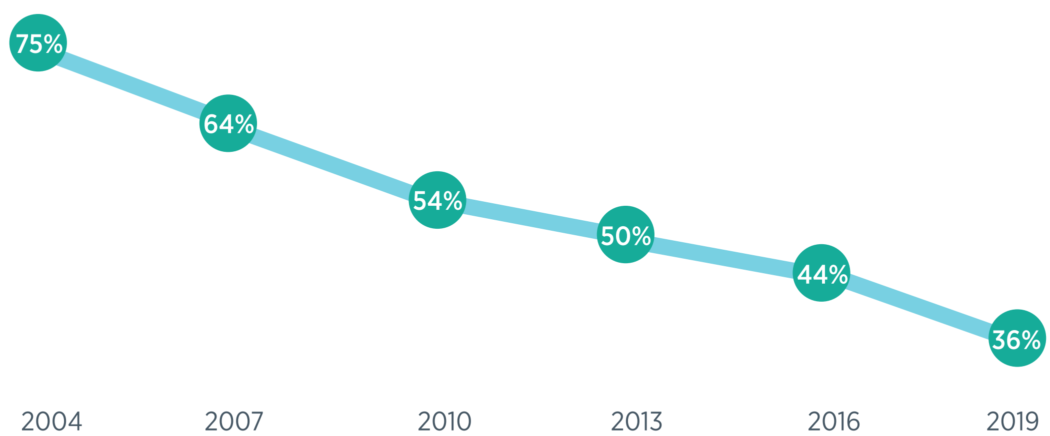


Collections

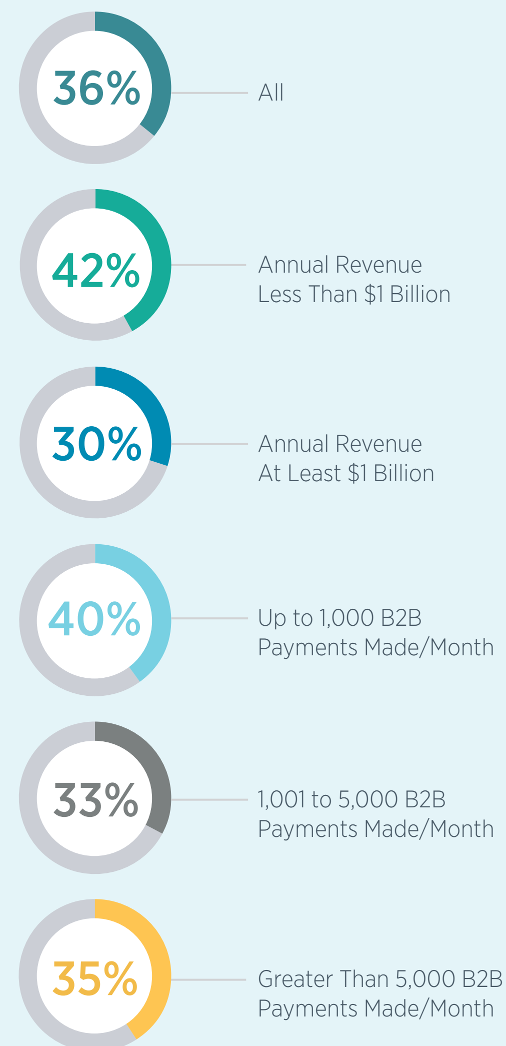
The use of checks by organizations' suppliers is also decreasing. In 2019, 36 percent of organizations receive payments via checks—an eight-percentage-point decrease from 2016 and 14 percentage points lower than the figure reported in 2013. This represents a return to the more substantial decreases seen in the previous decade.

Organizations with annual revenue less than $1 billion and those with fewer B2B payments are more likely to receive checks from suppliers than are companies with annual revenue of at least $1 billion and a greater volume of B2B transactions.

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



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



Payment Methods for Business to Business (B2B) Transactions

A vast majority of organizations **(97 percent) continues to use checks** to pay their major business suppliers. They do rely on other payment methods as well:

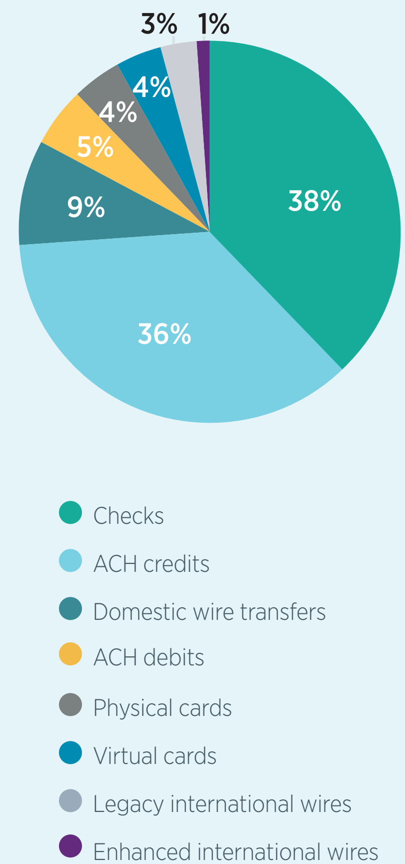
- ACH Credits (cited by 90 percent of respondents)
- Domestic wire transfers (77 percent)
- ACH Debits (54 percent)
- Physical cards (40 percent)
- Virtual cards (29 percent)

These results do not suggest that checks are being eliminated as an important payment method; rather, they are just being used to a lesser extent.

Major Suppliers

The use of checks for paying major suppliers is also on the decline. In 2016, organizations made 41 percent of their payments to major suppliers using checks, down slightly from 43 percent in 2013. Currently, the average organization makes 38 percent of its payments to major suppliers via checks. Thirty-six percent of payments to major suppliers are made using ACH credits, up two-percentage points since 2016. The gap between the use of paper and electronic payments has narrowed to only two-percentage points for ACH credits in 2019, while in 2016 the gap was seven-percentage points. With check usage continuing to decline, it is only a matter of time before electronic payments will overtake the traditional check, something not seen before. Also notable is that nine percent of transactions are done via wire transfer, a decline from 13 percent in 2016.

Payment Method Used to Pay Major Suppliers
(Mean Distribution)



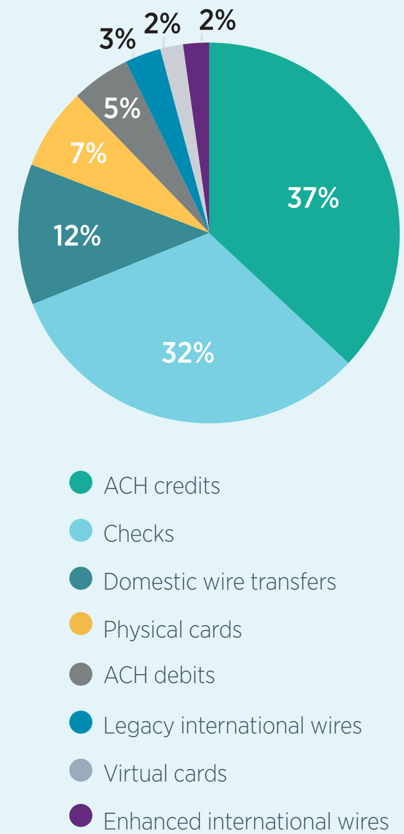
Major Customers

Organizations' major business customers are utilizing a range of payment methods. Thirty-seven percent of all B2B payments received from major customers are via ACH credits, an increase from the 33 percent reported in 2016 and the 26 percent reported in 2013. That percentage is also higher than the 32 percent of payments by checks from major customers collected by the typical organization—a seven-percentage-point decline from the 39 percent reported in 2016, but significantly lower than the 42 percent reported in 2013. In fact, this is the first survey in which an electronic payment method—ACH—is reported as being used to a larger extent than checks by organizations' major customers. Other payment methods used by organizations' major customers are domestic wire transfers (12 percent, compared to 16 percent reported in 2016), physical cards (seven percent) and ACH debits (five percent).

It is clear that ACH credits are increasingly the most popular payment method for customers while the use of checks and wires is declining. Given the overall trend of declining check use, this development makes sense, particularly when dealing with payments from major customers. As major customers perform a multitude of transactions, it is often cost efficient to set up an ACH credit even if ACH onboarding can be complex and tedious.

The continued declining trend in payments via wires could be related to their relatively high cost. Wires are, therefore, often used on special occasions when transactions need to be fast.

Payment Method Used by Major Business Customers
(Mean Distribution)



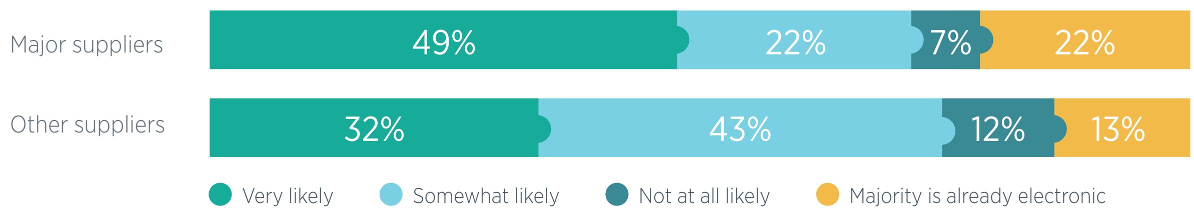
Major Suppliers

Financial professionals *do* anticipate their organizations will be increasing their use of electronic payments in the coming years. Twenty-two percent of organizations currently make a majority of payments to major suppliers via a vehicle other than checks (slightly higher than the 21 percent reported in 2016). Nearly half (49 percent) of survey respondents indicates it is very likely that their organizations will convert the majority of B2B payments to electronic payment methods for their major suppliers in the next three years. This is an increase from the 44 percent reported in 2016. As check usage declines, the share of payments via electronic methods will keep increasing. Another 22 percent of respondents report that it is somewhat likely that their companies would move the majority of their payments to major suppliers to electronic vehicles over the next three years, lower than the 26 percent reported in 2016.

Other Suppliers

Financial professionals are less eager about transitioning from checks to electronic payments for other suppliers in the next three years. One reason is the ease of paying a new or unknown business partner by check without the need to request sensitive financial information in order to process the payment. Less than one-third of respondents (32 percent) reports that their organizations are very likely to move to electronic payment methods to pay their other suppliers, lower than the 34 percent reported in 2013. Forty-three percent are somewhat likely to transition towards electronic payments to pay this group of suppliers and 12 percent don't believe they will make the shift. Only 13 percent of companies have already shifted to electronic payment methods from checks for these transactions.

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



Straight-Through Processing

Straight-through processing (STP) allows information that has been electronically entered by one party to be transferred 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 appealing since it can make the entire payment process more efficient and reduce costs at the same time. For STP to work optimally, however, the payment files need to be in a standardized format that all parties use. Different fields need to be the same on the initiating and receiving sides so they can be fed into the various accounting systems used by different business partners.

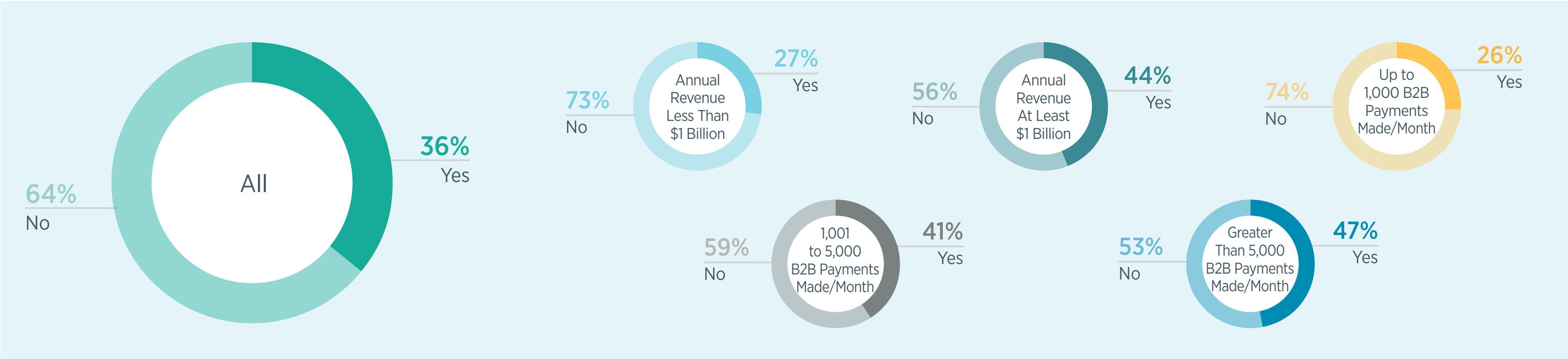
Sixty-four percent of survey respondents do not believe their organizations are capable of handling payables and receivables through STP. This percentage is higher than the share of organizations that indicated they were using STP for payments and receivables in the 2016 survey. It also suggests that using STP may be more difficult in the current environment. As checks are typically integrated with accounting systems to a larger extent than are other payment methods, it is also plausible that the decrease in check use hinders the potential for STP.

Larger organizations with annual revenue of at least $1 billion and those with over 1,000 B2B payments a month are more capable of handling payables and receivables through STP than are smaller organizations with annual revenue of less than $1 billion and those with fewer than 1,001 B2B monthly payments.

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

	PAYABLES	RECEIVABLES
None	24%	21%
1 - 20 percent	20%	13%
21 - 40 percent	9%	12%
41 - 60 percent	13%	17%
61 - 80 percent	17%	17%
More than 80 percent	19%	13%

Capability of Handling Payables and Receivables with Straight-Through-Processing
(Percentage Distribution of Organizations)



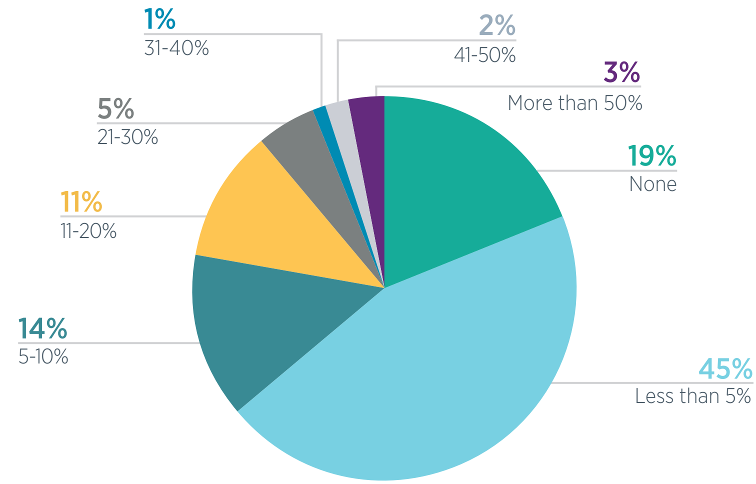
02 CROSS-BORDER PAYMENTS

Cross-Border Payments

Organizations are increasingly more global, and financial professionals often find themselves conducting transactions with business partners, vendors and service providers in other countries. Consequently, many payments are made "cross-border," possibly involving multiple currencies.

It is clear that international trade is increasing. Eighty-one percent of companies make at least some cross-border payments, a larger share than the 76 percent reporting the same in 2016. In addition, for 22 percent of participating organizations more than 10 percent of their total transaction volume are cross-border payments, slightly less than the 24 percent reported in the *2016 AFP Electronics Payments Survey*. As organizations expand their reach to overseas markets, the importance of cross-border payments will continue to grow.

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

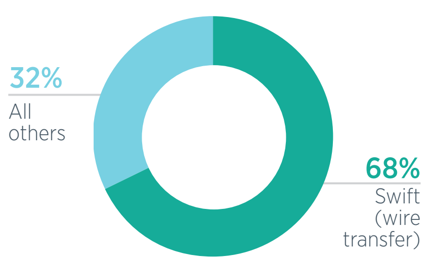


Processes for Cross-Currency and International Payments

Organizations utilize several processes when making and receiving cross-border payments. Since check use has declined globally, organizations are not relying on using U.S. dollar-denominated (USD) checks to pay their overseas business partners. **Indeed, most international transactions are conducted through Swift systems; 68 percent of respondents report they use this payment method**. Organizations with a large number of international transactions may find it convenient and cost-effective to open local bank accounts in countries and regions in which they operate. If an organization does a significant amount of business in Europe, this could prove especially convenient as all SEPA (Single Euro Payments Area) payments are considered domestic within the Euro/SEPA zone. However, opening bank accounts in other countries can be a challenging process; therefore it is important to have a long-term strategy in place.

- Cross-border (ACH, IAT—international ACH transactions) an average of 9 percent of payments made using this method
- SEPA payments (8 percent)
- Checks (7 percent)

Percentage of Cross-Currency and International Payment Volume Sent by Payment Method
(Mean Distribution)



	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
SWIFT (WIRE TRANSFER)	68%	72%	66%	69%	73%	60%
CROSS-BORDER ACH/IAT	9%	8%	7%	7%	10%	12%
SEPA PAYMENTS	8%	6%	9%	6%	8%	14%
CHECKS	7%	7%	7%	8%	3%	9%
TREASURY OPERATIONS IN LOCAL DISBURSEMENTS	4%	3%	7%	6%	5%	—
SWIFT GPI (WIRE TRANSFER)	1%	2%	1%	2%	—	2%
CARDS	1%	1%	1%	1%	1%	1%
OTHER PROVIDERS	2%	2%	—	2%	—	1%

When receiving payments from customers, 68 percent of cross-currency payments are received using SWIFT (wire transfer). The remaining payments are received via various payment vehicles:

— **Cross-border (ACH, IAT)** an average of 9 percent of payments

— **SEPA payments** (8 percent)

— **Checks** (5 percent)

Percentage of Cross-Currency and International Payment Volume Received by Payment Method
(Mean Distribution)

	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
SWIFT (WIRE TRANSFER)	68%	75%	63%	70%	76%	56%
SEPA PAYMENTS	8%	9%	5%	8%	6%	12%
CROSS-BORDER ACH/IAT	9%	9%	8%	7%	5%	16%
CHECKS	5%	5%	7%	4%	3%	9%
SWIFT GPI (WIRE TRANSFER)	3%	1%	6%	2%	6%	1%
TREASURY OPERATIONS IN LOCAL DISBURSEMENTS	3%	—	8%	3%	5%	—
CARDS	2%	—	1%	3%	—	1%
RIPPLE	2%	—	2%	—	—	3%

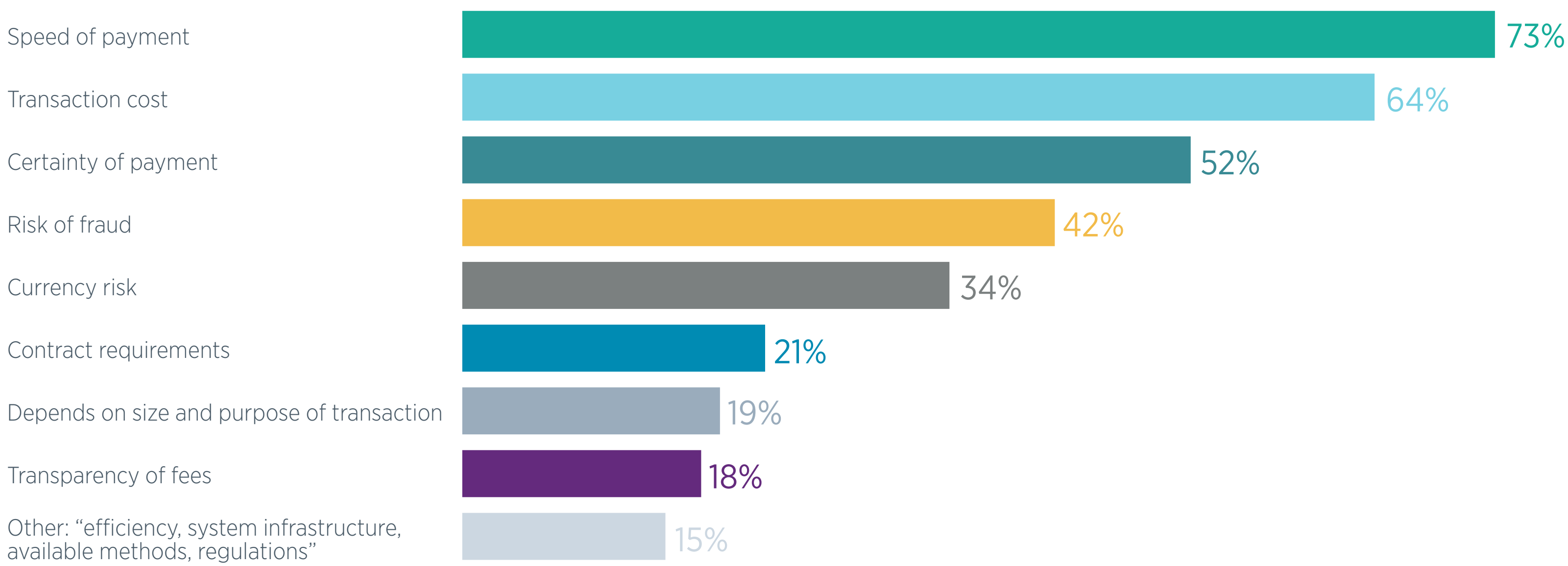
Primary Factors Considered when Selecting the Format for Cross-Border/ International Payments

Financial professionals weigh various factors when selecting a payment method for cross-border transactions. **Nearly three-fourths (73 percent) of survey respondents cite speed of payment as a primary driver in their choice of payment method**. This is not surprising given that traditional cross-border payments are conducted with decades-old technology and correspondent banking through the Swift system. Cross-border payments can take days and there is usually no transparency or certainty of exactly when the payment will arrive since it is dependent on what banks and what route the payment has to follow in order to reach the payee. Cross-border payments are also plagued with high and unpredictable fees that can sometime exceed the agreed-upon total cost, potentially creating friction between business partners. Other factors that complicate cross-border business include currency risk which could be significant depending on world events—something not in the control of financial professionals. Most businesses hedge their foreign currency exposure but that adds another variable to the transactions. As is the case for all payments, there is also the risk of fraud—a major concern when transacting internationally.

Other factors noted by survey respondents:

- Transaction cost (cited by 64 percent of respondents)
- Certainty of Payment (52 percent)
- Risk of Fraud (42 percent)
- Currency risk (34 percent)

Primary Factors Considered When Selecting Methods for Sending Cross-Border Payments
(Percent of Organizations)



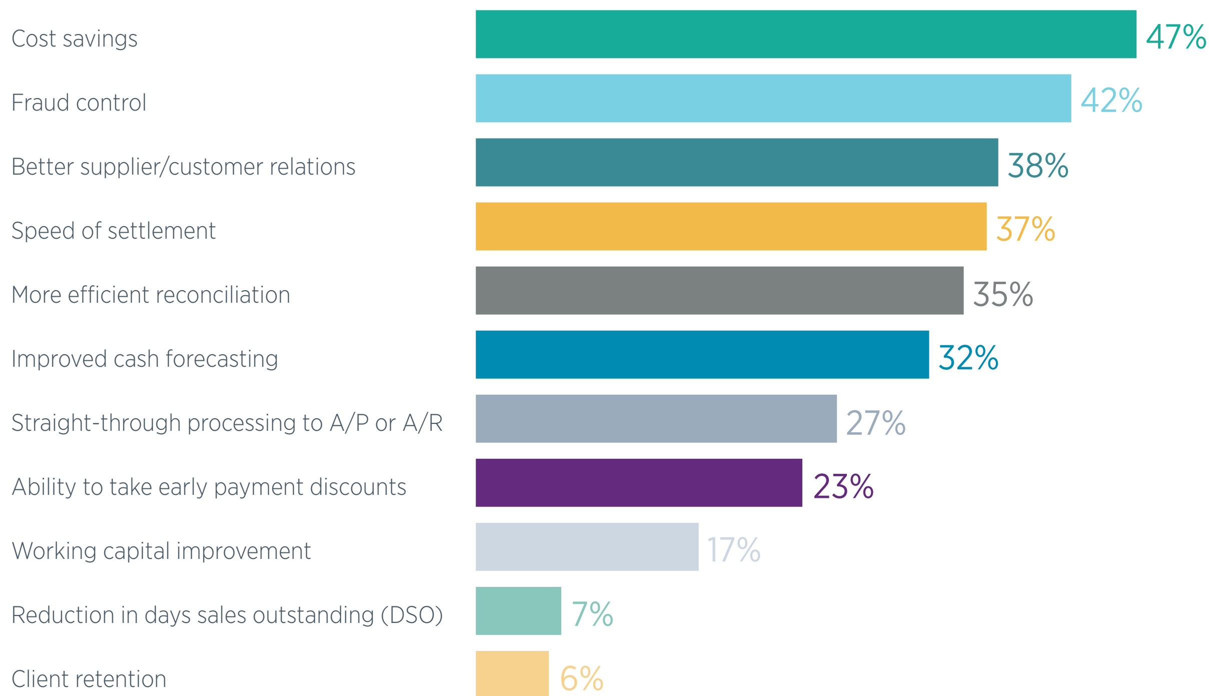
03 ELECTRONIC PAYMENTS

Electronic Payments: Benefits, Barriers and Trends

Primary Benefits of Making Payments via Electronic Payment Methods

As organizations increasingly use electronic payments for their transactions, they are also realizing the benefits of doing so. Cost savings is the top benefit of using electronic payments, cited by 47 percent of respondents, slightly lower than the 51 percent in the *2016 AFP Electronic Payments Survey*. A greater share of respondents from larger organizations with at least $1 billion in annual revenue and with more than 1,000 B2B monthly payments considers cost savings to be a chief benefit of electronic payments. Fraud control is considered a key benefit by 42 percent of respondents—significantly higher than the 35 percent in the 2016 report, indicating a greater awareness of payments fraud in general. This is not surprising since checks are the payment method most subject to payments fraud. With new technologies, fraudsters have an easier time compromising and altering physical check credentials. Switching to electronic payments is an option to guard against fraud attacks as electronic payments are more difficult to alter and therefore more secure. Better supplier/customer relations is the third-ranked benefit of electronic payments, cited by 38 percent of respondents, while speed of settlement ranks fourth—cited by 37 percent of respondents.

Top Benefits of Sending Electronic Payments
(Percent of Respondents Rating Benefit Among Their Top Three)



Primary Benefits of Receiving Payments via Electronic Payment Methods

Over half of survey respondents (53 percent) note that the speed of settlement is a key benefit when receiving payments via electronic methods from customers. Other benefits of receiving payments from customers via electronic methods include:

— Improved cash forecasting (cited by 33 percent of respondents)

— More efficient reconciliation (31 percent)

— Better supplier/customer relations (31 percent)

— Working capital improvement (30 percent)

Top Benefits of Receiving Electronic Payments
(Percent of Respondents Rating Benefit Among Their Top Three)

	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
SPEED OF SETTLEMENT	53%	63%	61%	55%	57%	50%
IMPROVED CASH FORECASTING	33%	37%	39%	33%	35%	31%
MORE EFFICIENT RECONCILIATION	31%	40%	32%	34%	25%	34%
BETTER SUPPLIER/CUSTOMER RELATIONS	31%	35%	35%	32%	29%	31%
WORKING CAPITAL IMPROVEMENT	30%	30%	43%	32%	34%	26%
COST SAVINGS	29%	34%	35%	29%	21%	39%
STRAIGHT-THROUGH PROCESSING TO A/P OR A/R	25%	23%	36%	19%	30%	30%
REDUCTION IN DAYS SALES OUTSTANDING (DSO)	19%	23%	19%	22%	17%	18%
FRAUD CONTROL	18%	20%	20%	19%	18%	18%
CLIENT RETENTION	8%	11%	6%	8%	6%	9%
ABILITY TO TAKE EARLY PAYMENT DISCOUNTS	4%	4%	4%	5%	4%	3%

Barriers to Electronic Payments

With the increasing shift towards electronic payments, organizations do face some barriers. Those barriers are varied, among them customer and supplier acceptance of electronic transactions, scarcity of IT resources and a lack of integration between systems. A majority of survey respondents does not cite just a single major barrier; however, when examining both the major and minor barriers, at least 70 percent of respondents cite the following:

— Difficulty in convincing customers to pay electronically (cited by 77 percent of respondents)

— Shortage of IT resources (76 percent)

— Cost of making changes to existing internal processes (73 percent)

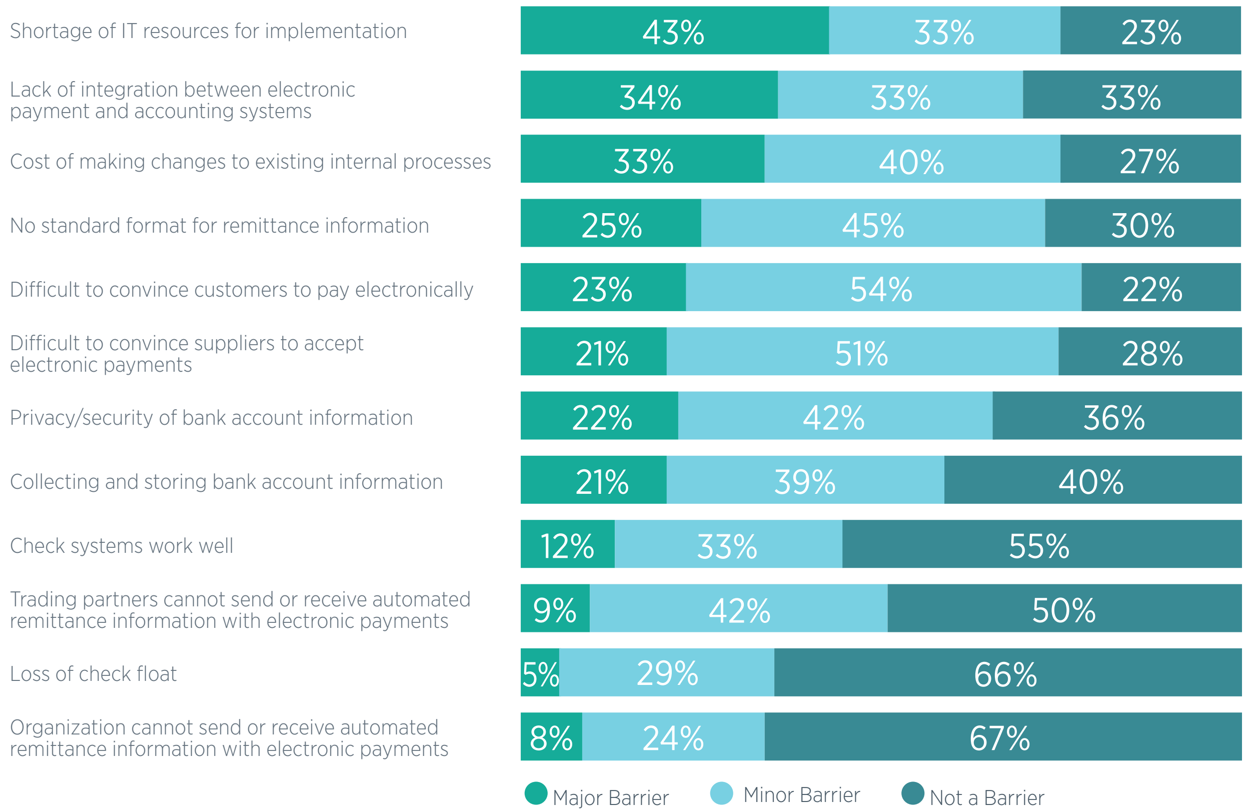
— Difficulty convincing suppliers to accept electronic payments (72 percent)

— Absence of a standard format for remittance payment (70 percent)

The challenges organizations face when transitioning from checks to electronic payments are somewhat unchanged for the past three years. Shortage of IT resources for implementation is the most often cited major barrier—by 43 percent of respondents in 2019 and 38 percent in 2016. Lack of integration between electronic payment and accounting systems and making changes to internal systems is also a notable barrier; indeed, it seems to be a major challenge for more than one-third of respondents. Changing an organization's internal payments infrastructures is costly and it is important to note that investing in these kinds of changes will not increase revenue or market share but have the potential to contribute to cost savings. It may, therefore, be difficult to convince senior management to sign-off on the necessary investment. Building a strong business case to prove that the cost savings from lower transaction costs and greater efficiencies outweigh the investment for implementations of the electronic payment options is necessary. These kinds of projects are time consuming for an organization's IT department, but both the time and costs involved may be worth it—especially if there is a potential for making some of the transactions STP.

Difficulty in convincing business partners to send or receive electronic payments is a major obstacle for almost a quarter of organizations. 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, as reported in *2019 AFP Payments Fraud and Control Report*, 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.

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



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 68 percent of organizations (higher than the 61 percent in 2016). The second-most widely used method is EDI/CTX or EDI/CCD+, used by 31 percent of organizations, while 14 percent use regular mail.

Organizations receive information on ACH remittances in a similar manner as they send it. Sixty-two percent receive remittance information via email (compared to 55 percent in 2016) and 35 percent receive the information by EDI/CTX or EDI/CCD+ transmission (compared to 18 percent in 2016).

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

	SENDING REMITTANCES	RECEIVING REMITTANCES
E-MAIL	68%	62%
EDI/CTX OR EDI/CCD+	31%	35%
MAIL	14%	23%
THIRD-PARTY WEBSITE	12%	21%
CUSTOMER'S WEBSITE	11%	21%
MY ORGANIZATION'S WEBSITE	7%	6%
ISO20022	7%	9%
FAX	5%	14%

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 integrating their cards and wire systems. A vast majority (84 percent) of companies has completed integrating their check payments system and 77 percent have integrated their ACH systems. In contrast, 60 percent have done the same for card payments and less than half (49 percent) has done so for wires.

The capture rate of accounting and payments system integration is similar to the figures reported in the *2016 AFP Electronic Payments Survey Report*: 86 percent of survey respondents indicated their organizations had integrated their check payments systems and 77 percent had integrated their ACH systems. Over half did the same for card payments or wires (55 percent and 56 percent, respectively).

Accounts payable (A/P) systems are more likely than accounts receivable (A/R) systems to have been integrated with electronic payments. A/P is more integrated as it can control payments while A/R is supplier driven. For ACH payments, 75 percent of organizations have integrated their A/P systems, compared to 46 percent that have integrated their A/R systems. For check payments, 81 percent of companies have integrated their A/P systems and 49 percent have done so for their A/R systems.

The share of respondents reporting how their organizations provide remittance information has not changed significantly in the past three years. Thus, one can assume that once certain routines are in place, those processes are not very likely to change. There may be hesitation in changing something that works, even if a change might 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 payment arrives. Another reason email is used to such a large extent is cost—email is (basically) free.

It is noteworthy that in this year's survey, the gap between the frequency of check use and ACH has narrowed somewhat, particularly in the segment for both A/P and A/R integration. Check integration has decreased from 49 percent to 46 percent while ACH integration has increased slightly from 43 percent to 44 percent. This could signify a greater ability to integrate electronic payments with accounting systems and thus could encourage transitioning away from paper checks.

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

	YES A/P ONLY	YES A/R ONLY	YES BOTH A/P AND A/R ARE INTEGRATED	NO NEITHER A/P NOR A/R ARE NTEGRATED
Checks	35%	3%	46%	16%
ACH	31%	2%	44%	23%
Card payments	25%	9%	26%	40%
Wires	14%	5%	30%	51%

Future Use of Electronic Methods for B2B Payments

The use of electronic payments for B2B transactions is desirable for many financial practitioners. The cost of using paper checks for funds transfers is often considerably higher than for electronic alternatives such as ACH. Checks also have other benefits:

- **They are a ubiquitous payment method**; one doesn't need to ask for any sensitive bank account information.
- **The check is just mailed** to an address and in the view of the payer the payment is then completed.
- **Extensive remittance information** can be sent along with the payment making reconciliation easy. It isn't necessary to look up the information in an external portal or wait for a separate email.

Simply said, checks work. Since they have been around for a long time, everyone is familiar with how they work and have processes in place to handle them.

However, the use of checks for B2B transactions is declining. New technologies and developments in the payments industry have changed the landscape; new payments solutions from various vendors have appeared in the past couple of years. The current trend suggests that electronic payments will most likely dominate the payments infrastructure in the long term. In addition, faster and real-time payments are now operational; if they can fill the gap for valuable-use cases they can spur the transition from checks even further. Even given the current downward trend in check usage, it is important to remember that checks are still the most popular payment method for B2B transactions.

Corporate end-users face another challenge: changing an organization's internal legacy payments infrastructure may be more complex and costly than any potential savings from using electronic payments. It is, therefore, very important that financial professionals build strong business cases to convince their organizations' leaders of the benefits of transitioning to electronic payments. Practitioners are operating in an ever-changing payments environment that is constantly bombarded by new developments. In the face of such frequent changes, organizations may prefer to adopt a "wait-and-see" approach rather than invest in a new infrastructure that may soon be obsolete. If they adopt electronic payments gradually, that might allow them to leapfrog to the next generation of payment methods.

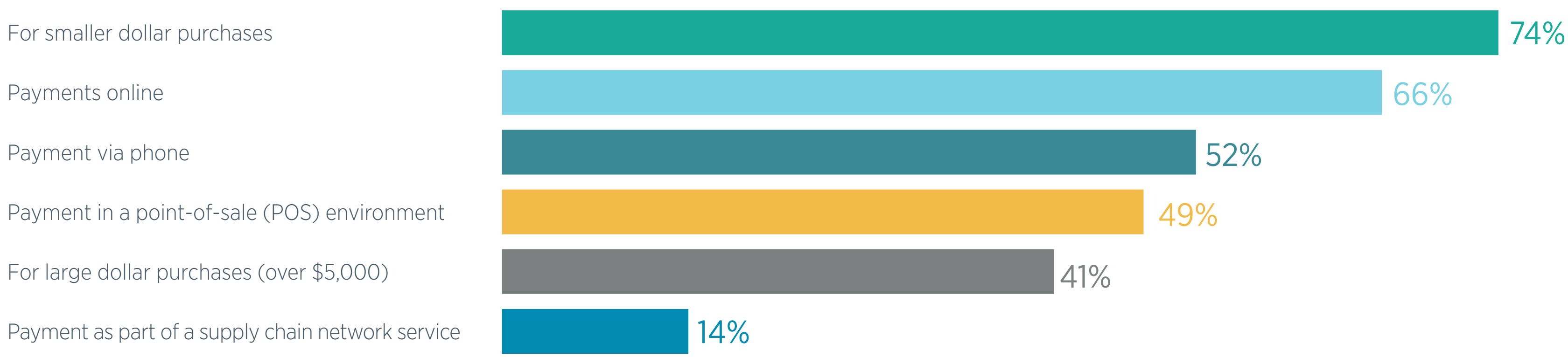
04 CARD PAYMENTS

Accepting B2B Card Payments

Fifty-four percent of organizations accept card payments from business customers, similar to the 54 percent reported in 2016. Sixty-six percent of organizations that accept B2B card payments do so online, 52 percent do so via phone and 49 percent do so in a point-of-sale (POS) environment. In 2016, 68 percent of financial professionals reported that their organizations accepted payments via phone or webstore and 50 percent did so via POS. Currently, 74 percent accept cards for smaller dollar transactions and 41 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 than are those with revenues less than $1 billion and fewer B2B payments.

Purchases Accepted as Card Payments from Business Customers
(Percent of Organizations who do accept card payments from business customers)

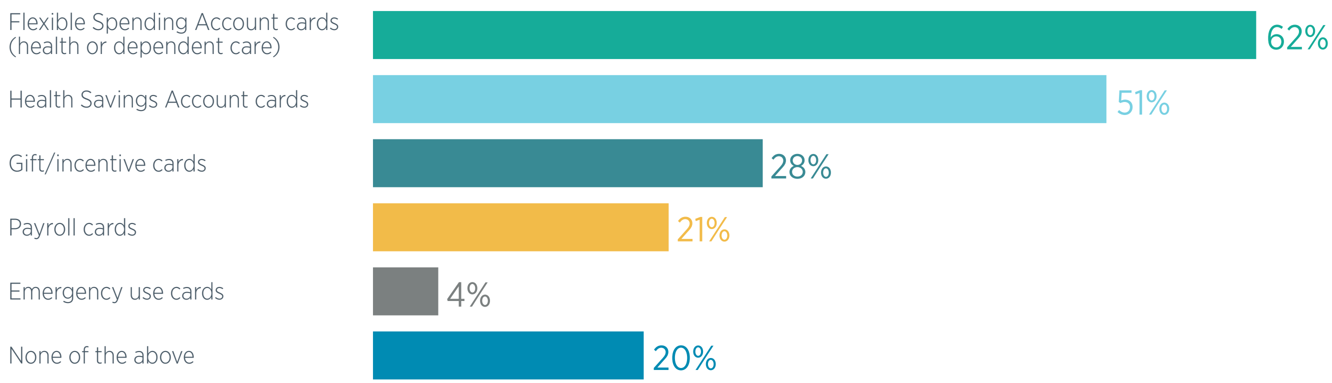


Disbursing Employee Pay and Benefits via Cards

Eighty percent of companies use cards to handle at least some of their employee pay, benefit or reimbursement payments. Sixty-two percent of organizations use cards to disburse flexible spending account payments, while just over half (51 percent) use cards to make payments to health savings accounts. Twenty-eight percent use cards for gifts or incentive payments; 21 percent use cards for some of their payroll payments—a figure virtually unchanged from that in the 2016 report, suggesting there might be a limited use of cards for payroll.

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.

Cards Utilized to Disburse Employee Pay and Benefits
(Percent of Organizations)



05 MOBILE PAYMENTS

Use of Mobile Payments

With rapid technological advancement in the payments area, the use of mobile payments—i.e., the ability to make payments using mobile payment apps to transfer funds either to individuals or retailers—has become increasingly more popular. There are various mobile payment options available. Speed and convenience of mobile payments make it extremely appealing to consumers.

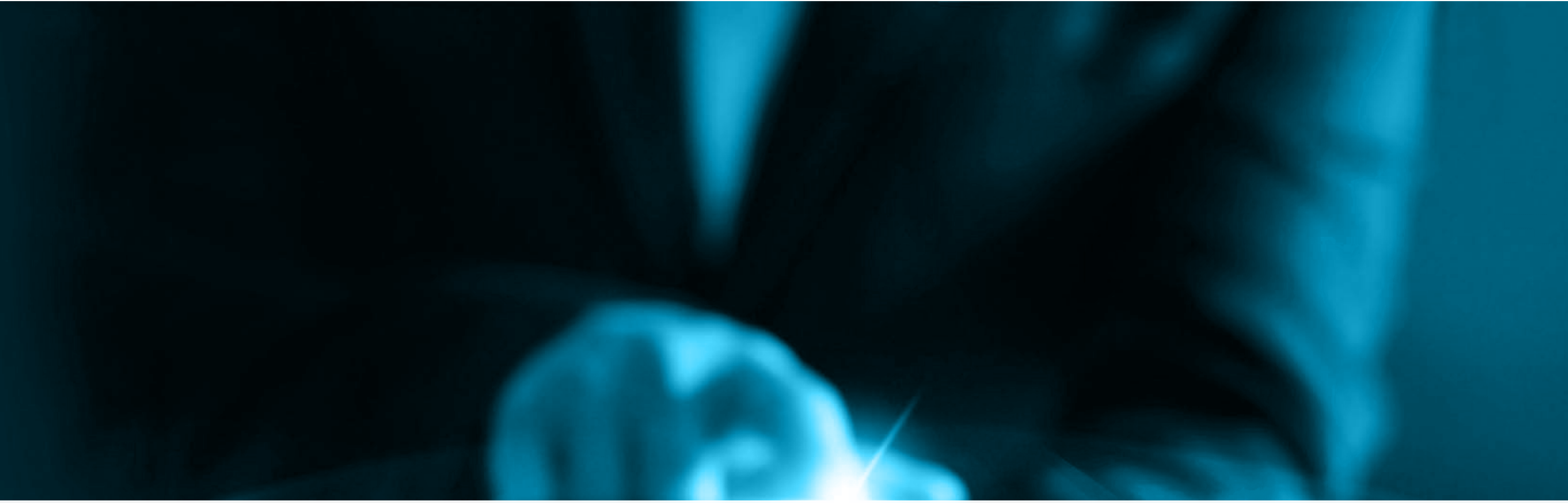
But for business-to-business transactions, the situation is a little different. Organizations' need for the ability to make mobile payments may not be necessary. Connecting to an organization's servers from computers located outside its office may work just as well. There could also be a cybersecurity concern regarding the use of mobile devices for more sensitive actions such as payments initiation. Indeed, only 15 percent of organizations currently use mobile payment tools for payments initiation. Previous electronic payment survey results indicated that respondents were fairly optimistic about using mobile devices for electronic payments when looking ahead. But findings from the current e-payments survey suggest that organizations don't use mobile payments as much as they intended to.

Since 2016—when the previous e-payments survey was conducted—the use of mobile payment options by organizations has increased in some areas. Financial professionals report that their organizations are currently using or plan to use mobile payment options for the following major payment processes:

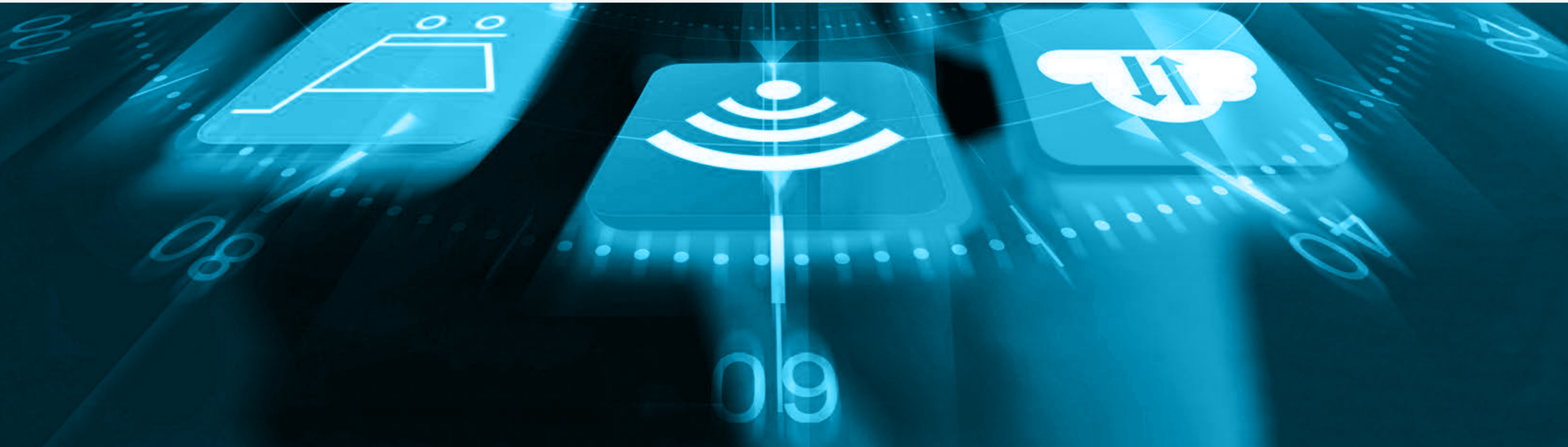
- **Review balance and other payment information**—33 percent of organizations currently use mobile payment tools while another 26 percent expect to do so over the next three years
- **Payment approval**—33 percent of organizations currently use mobile payment tools while another 30 percent expect to do so over the next three years
- **Review payments sent and/or received**—30 percent of organizations currently use mobile payment tools while another 28 percent expect to do so over the next three years

- **Initiate payments**—15 percent of organizations currently use mobile payment tools while another 27 percent plan to do so over the next three years
- **Accept mobile payments from customers**—13 percent of organizations currently use mobile payment tools while another 24 percent expect to do so over the next three years

Compare these results with those from the 2016 survey. The share of organizations currently using mobile payments has increased in the areas of reviewing balance and other payment information (33 percent currently compared to 22 percent in 2016), reviewing payments sent or received (30 percent compared to 21 percent) and approving payments (33 percent compared to 20 percent).



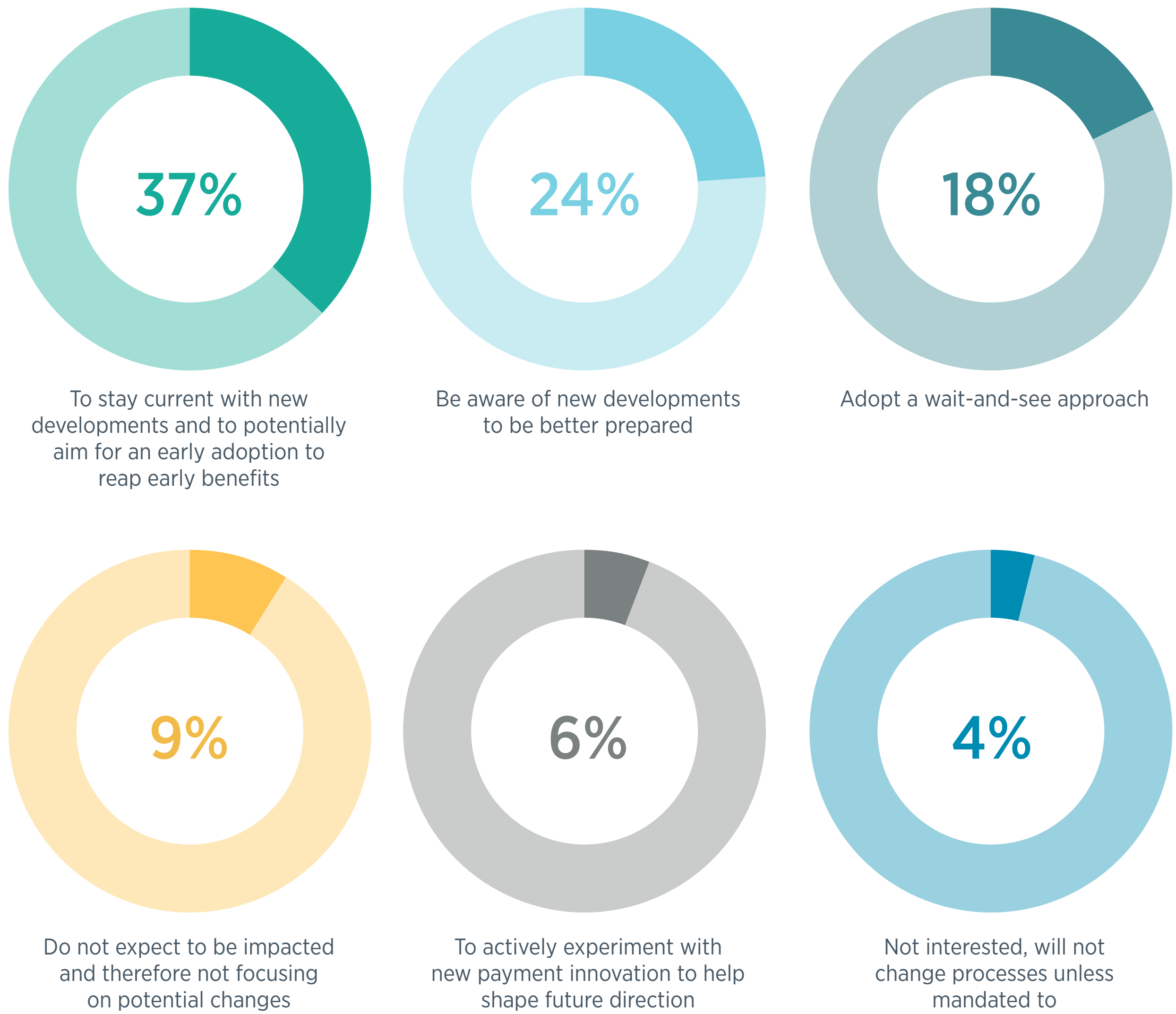
06 PAYMENT TRENDS DEVELOPMENT AND INNOVATION



Strategy to Manage Upcoming Development and Initiatives

A vast majority of financial professionals—over 60 percent—is preparing their teams to be cognizant of new developments in the payments field, and aligning their strategies accordingly so that they are better prepared to manage changes. Thirty-seven percent of respondents indicate their organizations are staying current with new developments and are looking to be early adopters to reap any benefits from those new processes sooner. This is significantly higher than the 15 percent who reported the same in the 2016 survey. Twenty-four percent indicate their strategy is to be aware of new developments so they are better prepared, and 18 percent are taking a "wait-and-see" approach before making any changes to their companies' strategy. Four percent are not interested in developing strategies to manage upcoming changes unless mandated to do so.

Strategy to Manage Upcoming Development and Innovation
(Percentage Distribution of Organizations)



Faster Payments

In recent years, a couple of faster payments initiatives have been conducted. The Faster Payments Task Force[1] and the Secure Payments Task Force[2] completed their work in 2017. They made recommendations for improving the U.S. Payments System and set up the Faster Payments Council (FPC) to continue the work of building use cases and to provide overall support for new and faster payments systems in the U.S. Since then, a number of faster payments and real-time payments systems have become operational in the United States, most notably NACHA's Same-Day ACH and The Clearing House's RTP (Real-Time Payments). In addition, the Federal Reserve System recently announced it intends to develop a "round-the-clock real-time payment and settlement service" called FedNow. In the cross-border area, Swift is operating the Swift gpi which makes funds available the same day, has end-to-end tracking capabilities and greater transparency and predictability of fees. These transfers will also be able to carry rich remittance information together with payments.

These developments are particularly important for businesses in the U.S. as many other countries already have highly enhanced payment systems. The U.K. has had great success with its Faster Payments system. The European Union introduced the Single Euro Payments Area (SEPA) a few years ago and has continued to develop instant payment: SEPA Instant Credit Transfers.

Over 60 percent of financial professionals are optimistic about the impact of faster payments on their organizations, with 12 percent expecting the impact to be very positive and 49 percent anticipating the effect will be somewhat positive.

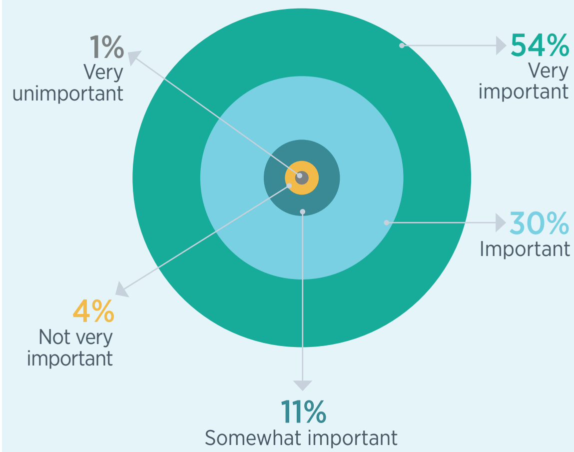
These results are very similar to those in the 2016 survey. Thirty-seven percent of respondents are not expecting faster payments to have any impact, and a very small share (two percent) believes that faster payments will have a negative effect on their organizations' payments strategy.

Faster and more transparent payments will definitely have an effect on treasury departments. With faster payments, timing will be easier to predict and should create benefits in areas such as cash management. There is also potential to save money—for example, being able to pay on the last day of discount availability. Other use cases include emergency payroll and quicker settlement of merchants acquiring proceeds.

There are also challenges. With real-time payments, current routines will have to change to accommodate systems that operate on a 24/7/365 basis. This could mean staffing issues for off-business hours and new procedures for funds that can arrive at any time.

A vast majority of financial professionals (84 percent) indicates that it is important or very important that faster payments are "smart" and are able to carry extensive remittance information; 11 percent feel it is somewhat important. The primary reasons respondents believe that faster payments is important in carrying smart extensive remittance/ information is that it provides more information on payment details which allows for the funds to be applied correctly and assists in tracking delivery of funds and reconciliation. Respondents also suggest that it adds efficiency to the process.

Importance of Faster Payments Carrying Smart Extensive Remittance Information
(Percentage Distribution of Organizations)



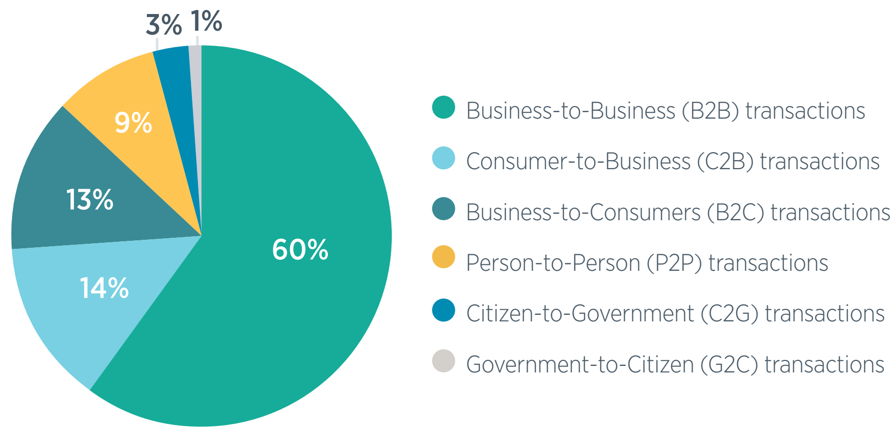
[1] The Faster Payments Taskforce was established in May 2015 by the Federal Reserve System and concluded in August 2017.

[2] The Secure Payments Taskforce was in operation from June 2015 through March 2018 and was established by the Federal Reserve System

Benefits of Faster/Real-Time Payments

Faster/real-time payments are more beneficial to some payments categories than others. Sixty percent of respondents report that B2B transactions will benefit the most from faster/real-time payments, 14 percent believe the same for consumer-to-business transactions, and 13 percent believe that the most benefits will devolve to business-to-consumer transactions. These findings are a bit surprising given the difficulties financial practitioners face in changing their organizations' internal payments infrastructures. However, if financial practitioners present faster and real-time payments solutions from their banking partners with added capabilities—such as the ability to send extensive remittance information capabilities—there should be a number of firm B2B use cases that are attractive enough to consider adoption. This is likely what is reflected in the survey results. For the B2C and C2B transactions dealing directly with customers, there should be even more use cases and less complicated applications for faster and real-time payments. In addition, consumers typically profess greater demand for speed—that should spur the development of applications forward to a larger extent.

Category of Payments that Will Benefit Most from Faster/Real-Time Payments
(Percentage Distribution of Organizations)



Faster Payment Concerns

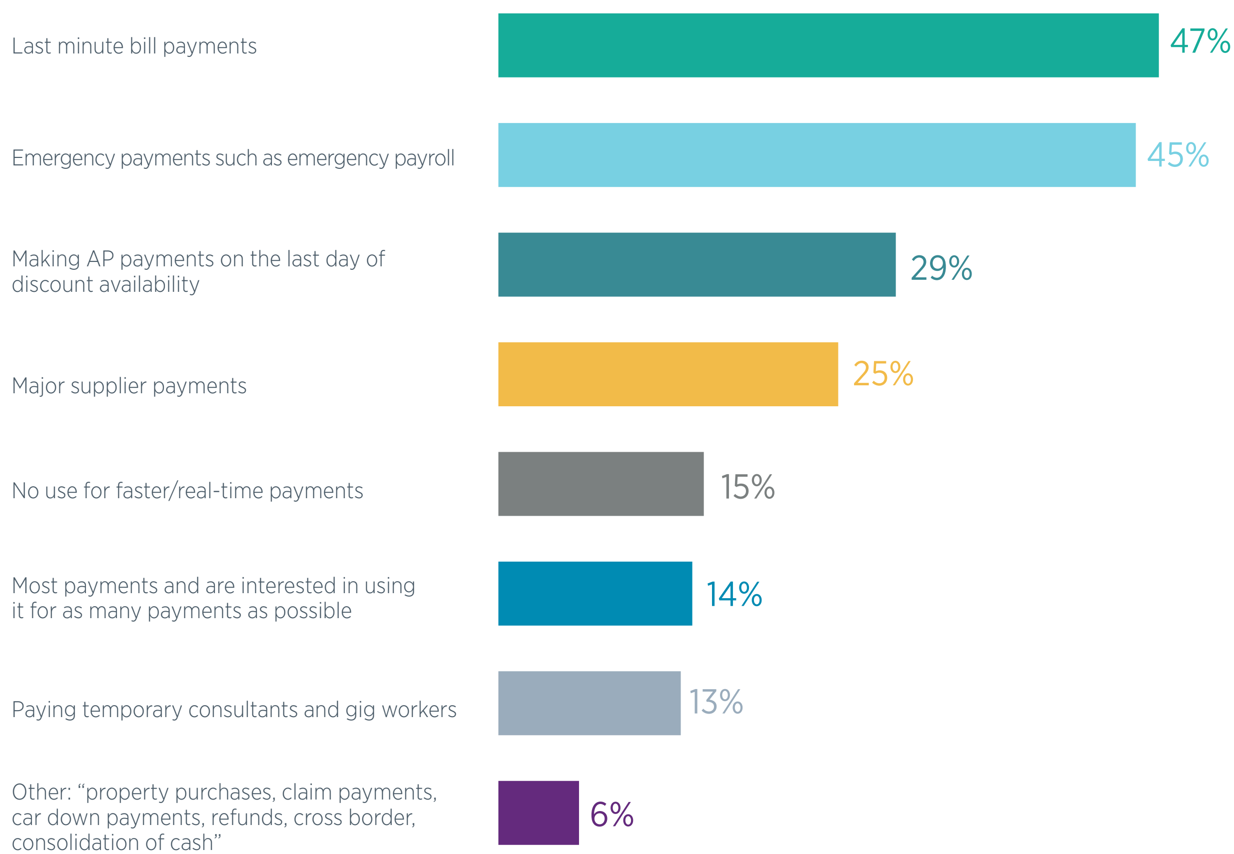
Financial professionals do have concerns regarding faster/real-time payments that could potentially operate on a 24/7/365 basis. The greatest concern is that there could be **more instances of payments fraud as a result of faster payments, 44 percent of survey respondents thought this to be the case**. Potential fraud is a very valid concern with faster and real-time payments; there is less time to discover the fraud until it is too late. This is particularly true for irrevocable real-time, credit-push payments that only take a few seconds to clear and settle. In these cases, it is extremely important that payees are sure they are paying into the correct account. Therefore, account validation services will play a vital role in such payments: there needs to be a greater certainty before a payment is released. As with all kinds of payments fraud, it is also difficult to predict how future fraud may develop. Fraudsters are typically very innovative in coming up with new scams; they usually succeed when financial professionals are not sufficiently vigilant, especially if the scam "method" is new and not prevalent and practitioners are taken by surprise.

Other Concerns Regarding Faster Payment:

- Need to monitor payments outside of business hours (cited by 39 percent of respondents)
- Having to change processes on dealing with incoming funds off business hours (39 percent)
- Implementation challenges (38 percent)
- Faster payments application limited to fewer payment transactions (37 percent)
- Increase in transaction costs (34 percent)

There are some cases that have greater use for faster/real time payments than others. Forty-seven percent of respondents report last- minute bill payments have use for faster/real-time payments, followed by emergency services such as emergency payroll (45 percent). Other cases that have use for these type of payments are A/P payments on the last day of discount availability and major supplier payments (29 percent and 25 percent, respectively).

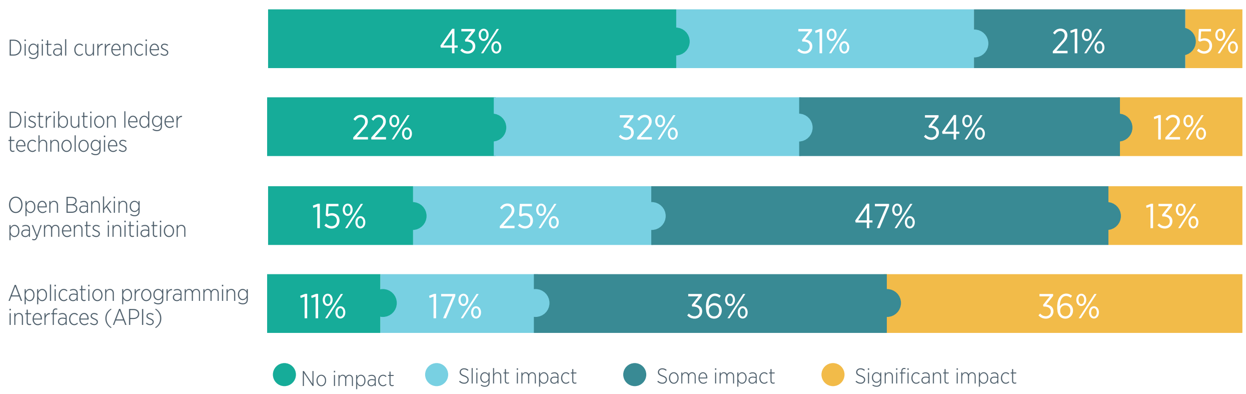
Cases that Have Use for Faster/Real-Time Payments
(Percent of Organizations)



Impact of Emerging Technologies

As emerging technologies continue their foray into the payments world, the question arises: are financial leaders expecting there to be an impact? The answer is yes. Technology advancements over the last 10 years are having a major impact on payments. This is evident not only in the form of new payment methods such as blockchain and digital currencies, but also—and perhaps to a great extent—enhancements in legacy systems in the wake of emerging competition from the Fintech industry. We have already seen advancements in ACH with Same-Day ACH that has been operational for a few years. Payments players realize that legacy methods of conducting payments will not be sustainable in the future when processes move at a greater pace and involve less complexity for the end-user. Other legacy players such as The Clearing House have developed a real-time payments system, and the Federal Reserve is contemplating doing the same. The concept of open banking—in which financial institutions open up their systems and data to third-party solution providers through the use of application programming interfaces (API)—can offer bank customers enhanced services similar to the PSD2 regulation mandated in Europe. While there will be no such mandate in the U.S., Open Banking will, nevertheless, have great implications for the U.S. financial sector. Financial institutions will most likely realize competitive advantages by having external parties creating innovative products that can serve their customers and move forward with this development.

Impact of Emerging Technologies Entering the Payments Industry
(Percentage Distribution of Respondents)



Nearly three-fourths of financial professionals (72 percent) report that APIs will have some or significant impact for the payments industry, with 36 percent of respondents anticipating a significant impact and an equal share predicting there will be some impact. Data, and the collection of data, are very important. In the earlier days of the internet, screen scraping was used to collect available data on various websites; now APIs act as a method of communication. Indeed, APIs have, in the past few years, become the main vehicles for communicating data. Sixty percent of respondents also indicate that open banking payments initiation will have an impact on payments, although only 13 percent anticipate the impact will be significant. The majority does not think digital currencies or distributed ledger technologies will have any impact on the payments industry.

Value of ISO20022

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 ISO20022 payments standard. The ISO20022 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 financial professionals to stay abreast on what this may mean for them and their organizations' internal systems going forward.

When asked to share their views regarding the adoption of the ISO20022 payments standard in a new faster payments system, 42 percent of survey respondents indicate that they were unfamiliar with the standard. This is an increase from the 34 percent reporting the same in the 2016 survey. Respondents from larger organizations (those with annual revenue of at least $1 billion) and those from companies with greater number of payment methods are more aware of the ISO20022 payments standard.

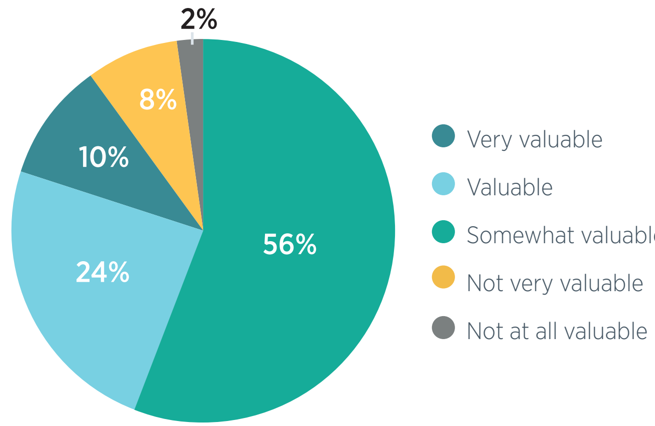
Since ISO20022 has been used in virtually all new payments developments, it is somewhat surprising that the lack of awareness of this standard has increased in the past three years. At the same time, the current survey findings suggest that the value and importance of ISO20022 has increased. Notably, 34 percent of respondents report the payment standard is either very valuable or valuable, while 56 percent indicate it is somewhat valuable. Factors contributing to the value of this payment standard are faster reconciliation improved processes, standardization, increased security and more details. The small share of respondents that believes ISO20022 is not valuable suggests that the customer base is small and that there is a lack of customer diversification.

Payment Methods to Choose From

Forty-three percent of survey respondents indicate they would prefer there be two-to-four different methods for payment needs in order to create competition. In the 2016 survey, 58 percent of respondents indicated they, too, would prefer the option of two to four methods. The 2019 survey results indicate that only 11 percent believe there should be just one universal electronic payment method, a significant decrease from the 23 percent who held the same view in 2016. Fourteen percent would like more than four payment methods that could be tailored for different purposes, similar to the 17 percent who held the same view in 2016. Almost one-third of survey respondents is not concerned about the number of payment methods.

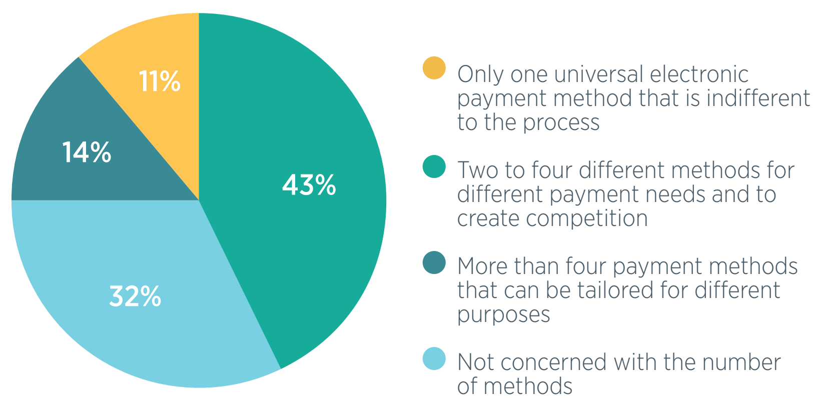
Value of ISO20022 for Organization

(Percentage Distribution of Respondents who are familiar with the ISO20022 Payments Standards)



Number of Payment Methods There Should be to Choose From

(Percentage Distribution of Respondents)

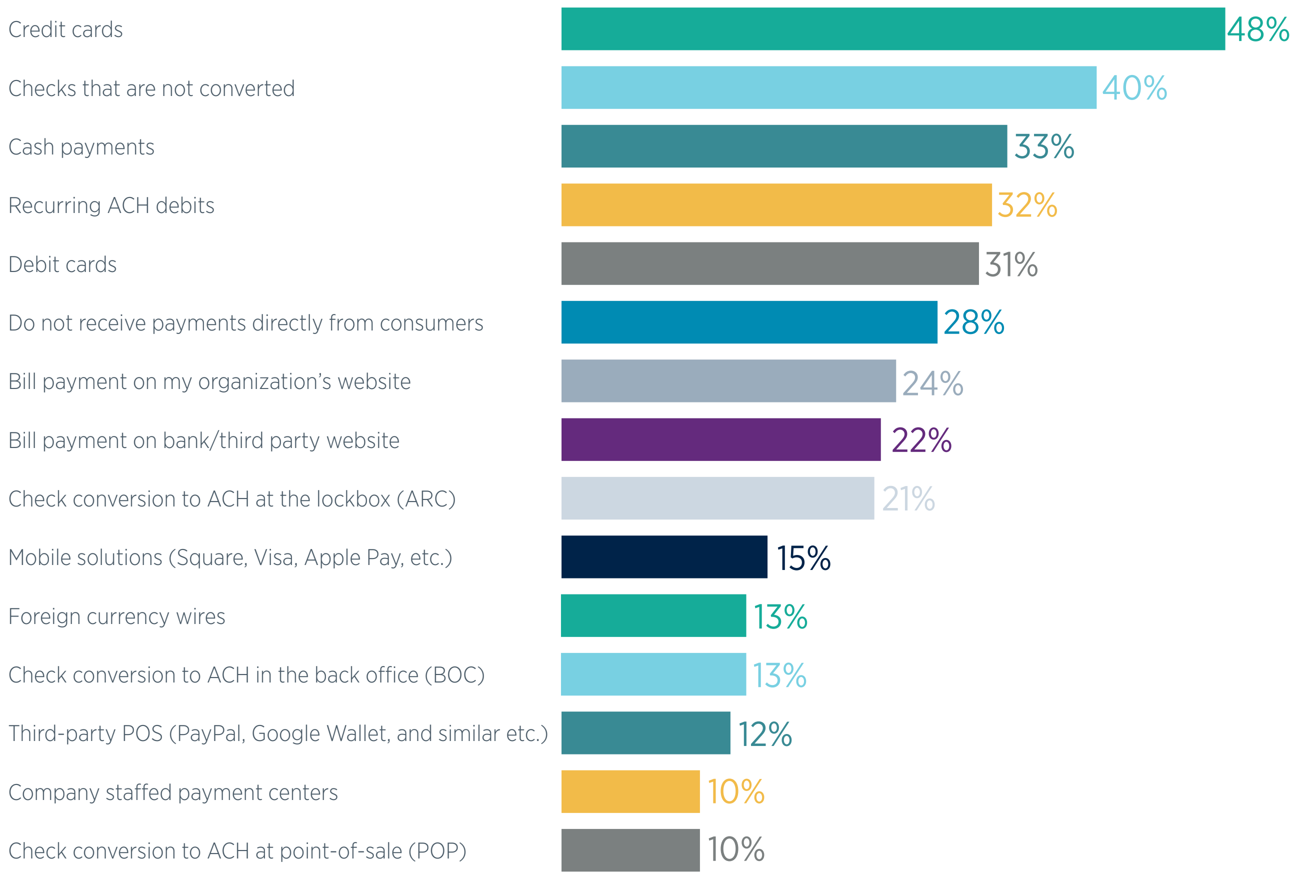


Business-to-Consumer Payments

Seventy-two percent of financial professionals report that their organizations accept payments directly from consumers. Credit cards (accepted by 48 percent of organizations) and non-converted checks (40 percent) are payment methods most often used to receive payments from business customers. Cash payments are cited by 33 percent of respondents, followed closely by recurring ACH debits (32 percent) and debit cards (31 percent).

Organizations with at least 1,000 monthly B2B payments are less likely to receive payments directly from consumers than are 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)



Conclusion

The steady decline in the use of checks for payments continued in 2019 after levelling off in 2016. Check use decreased a full nine percentage points to 42 percent—a record low since 2016. Despite the decline, however, organizations continue to make the majority of their B2B transactions via checks. Similarly, the percentage of companies receiving checks from their business customers is also down significantly from that reported in previous surveys to a new low of 36 percent.

At the same time, the use of electronic payments—such as ACH debits or credits—has increased, particularly payments to major suppliers, and they have become almost as popular as checks. Once set up, electronic payments can offer greater speed, less friction and, in many cases, can outweigh the benefits of using checks, thus making them more viable options in the modern payments landscape.

Over 80 percent of survey respondents report that some percentage of their organizations' total B2B transactions made by cross-border payments are done via Swift (wire transfers) as this method has the greatest reach. Factors viewed as important when sending and receiving cross-border payments include speed of payment, transaction costs and certainty of payment.

Financial professionals believe that within the next three years, a majority of payments to suppliers will be via electronic payments; they feel their organizations will reap the advantages of cost savings from using electronic payments. In addition, they believe using electronic payments will help mitigate the impact from payments fraud. Payments fraud is at an all-time high: 82 percent of organizations were victims of attempted fraud or a fraud attack in 2018 (according to the *2019 AFP Payments Fraud and Control Survey*). There is a myriad of consequences from fraud attacks; although the impact on the bottom-line may not be significant, organizations realize their employees' and customers' information may be vulnerable to hackers. If the use of electronic payments can help minimize fraud attacks, organizations will look to them as an appealing option.

Even though corporate practitioners are well aware of the benefits of electronic payments, there are still challenges to overcome in using these methods, primarily a shortage of IT resources, lack of integration between electronic payments and cost of making changes to internal processes. Weighing the pros and cons of using electronic payments can help company leaders determine the extent to which they want to adopt electronic payments. Often the size of an organization and level of payment activity will play a role in such decisions.

Growth in the advancement of emerging technologies within treasury and finance functions across organizations is poised to have a significant impact on the effectiveness and efficiency of processes, operations and productivity. The costs required to implement such technologies are high, and the pace of adoption by companies is still very gradual. As reported in the *2018 AFP Technology Survey*, implementation of emerging technologies is low at a majority of companies, and many organizations do not have plans to implement them either. Still, the adoption of these technologies could have a significant impact on the speed, efficiency and accuracy of payment processes. Financial professionals indicate that open banking and application programming interfaces (APIs) are the emerging technologies most likely to have an impact on the payments industry than are other technologies.

Will financial professionals be successful in convincing their organizations' senior management that investing in electronic payment alternatives is necessary? If organizations want to be competitive, doing so may be the best route to follow to enhance payments efficiency.

07 RESPONDENT DEMOGRAPHICS

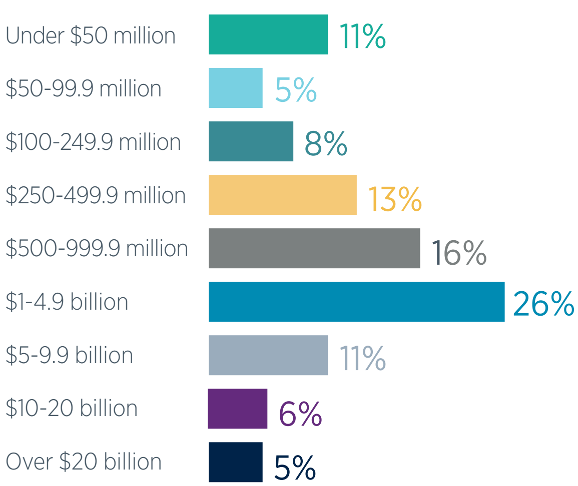
About the Survey Participants

In May 2019, the Research Department of the Association for Financial Professionals® (AFP) conducted a survey on how treasury and finance professionals are taking advantage of payments innovations to accommodate the pace of change in the current complex business-to-business environment. The survey was sent to corporate practitioners with the following job titles: Vice President & Treasurer, Treasurer, Assistant Treasurer, Director Treasury, Manager Treasury, Cash Manager and Treasury Analyst. AFP received a total of 379 responses from its corporate practitioner members and prospects, with 221 of the responses coming from members and 185 responses from prospects.

AFP thanks J.P. Morgan for once again underwriting the *2019 AFP Electronic Payments Survey*. Both the questionnaire design and the final report, along with its content and conclusions, are the sole responsibilities of the AFP Research Department. The demographic profile of the survey respondents mirrors that of AFP's membership. The following tables provide a demographic summary of the survey respondents.

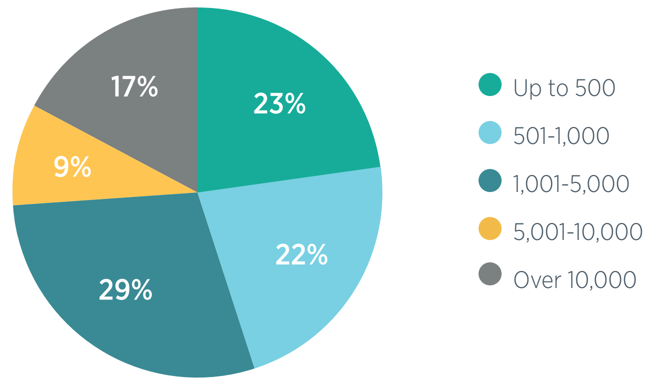
Annual Revenue (U.S. dollar)

(Percentage Distribution of Organizations)



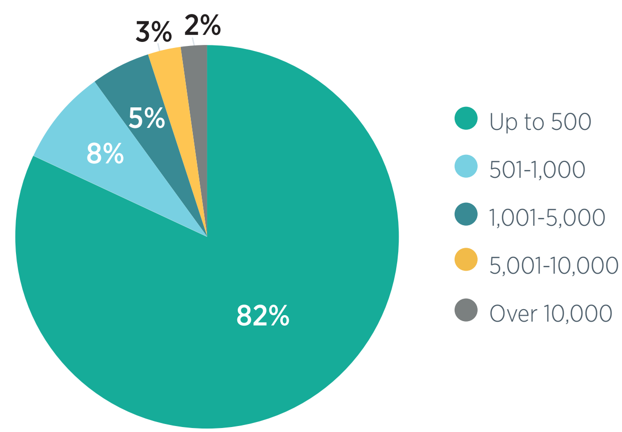
Total Number of B2B Payments Organization Makes Per Month (Domestic)

(Percentage Distribution of Organizations)



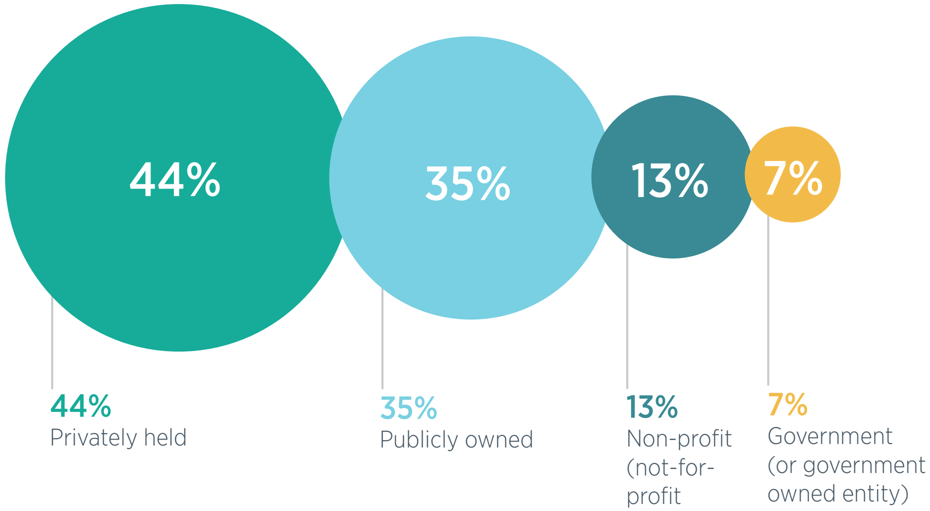
Total Number of B2B Payments Organization Makes Per Month (International)

(Percentage Distribution of Organizations)



About the Survey Participants continued

Ownership Type
(Percentage Distribution of Organizations)



Industry
(Percentage Distribution of Organizations)

Agricultural, Forestry, Fishing & Hunting	1%
Banking/Financial Services	10%
Administrative Support/Business Services/Consulting	2%
Construction	3%
Education	2%
Energy	4%
Government	5%
Health Care and Social Services	11%
Hospitality/Travel/Food	2%
Insurance	8%
Manufacturing	19%
Non-Profit (including Education)	2%
Petroleum	2%
Professional/Scientific/Technical Services	4%
Real Estate/Rental/Leasing	5%
Retail Trade	5%
Wholesale Distribution	3%
Software/Technology	3%
Telecommunications/Media	2%
Transportation and Warehousing	3%
Utilities	4%

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*AFP Electronic Payments Survey-Key Takeaways

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