



# Automating for the Future: The Payments Evolution

Presented to:





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# Overview

- Introduction
- Treasury Perspectives Survey
- Evolving Customer Experience
- Future-proof Your Payments
- PSA: Fraud & Security Controls
- Continuing your Journey: Engage Your Partners



# Treasury Perspectives Survey – Key Findings



## *Economic Outlook*

- Less optimism than in 2018
- Limited impact from tax reform
- Trade conflict NOT a top concern
- Plans to spend despite uncertainty



## *Treasury Operations*

- Manual processes continue to bog down operations
- Payments & forecasting are time consuming
- Over 1/3 cannot perform all duties

# Treasury Perspectives Survey – Key Findings



## Regulations & Compliance

- Regulatory pressure is high and expected to increase
- KYC remains a top concern



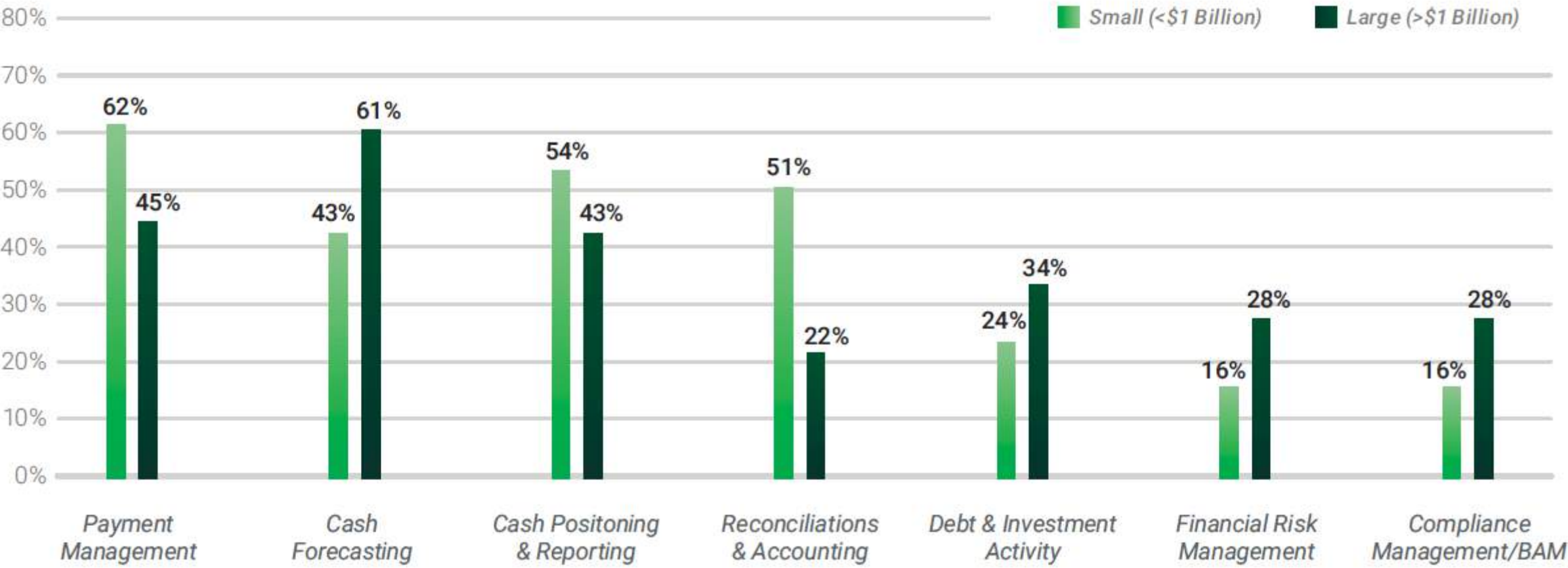
## Technology Use

- Excited about emerging new tech
- Slow to apply new technology



***As Corporates Hold Off on Tech Adoption, Manual Processes Bog Them Down:*** While corporates continue to remain hesitant in adopting new technology, manual processes have been identified as the top operational challenge for organizations in 2019.

# Treasury Perspectives Survey – Peer Responses



# Where does your organization fit in?



Transactional

Strategic

## Products/Service:

- Manual deposits
- Excel based schedules and reconciliation
- Paper based invoices
- Credit card terminal on site
- Checks issued for payments

## Products/Services:

- Treasury Management Solution
- File based information exchange
- Lockbox services
- Remote check deposit
- ACH Originations
- Basic website
- Armored car services

## Products/Services

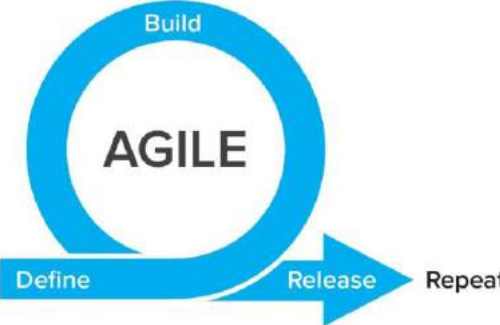
- ERP – Banking – CRM APIs
- Consolidated Receivables & Payables
- Workflow solutions
- Customer Portals with electronic billing and payments
- Alternative payment acceptance
- Contextual AI insights

# Evolving the Customer Experience



Customer Preferences

Change Drivers





# **Future-proof your payables**

Automate Payments, Improve Working Capital, and  
Leverage Electronic Methods

# The State of B2B Payments



**\$315B**

Projected spend with virtual cards by 2021<sup>1</sup>



**24%**

Annual growth rate of virtual card usage<sup>1</sup>



**64%**

Of corporates are using same-day or other immediate payment methods<sup>2</sup>



**47%**

Of corporates indicate that their most important AP/AR initiatives for next year have to do with security<sup>2</sup>



**30%**

Less than 30% of organizations make more than 70% of their payments electronically today<sup>2</sup>

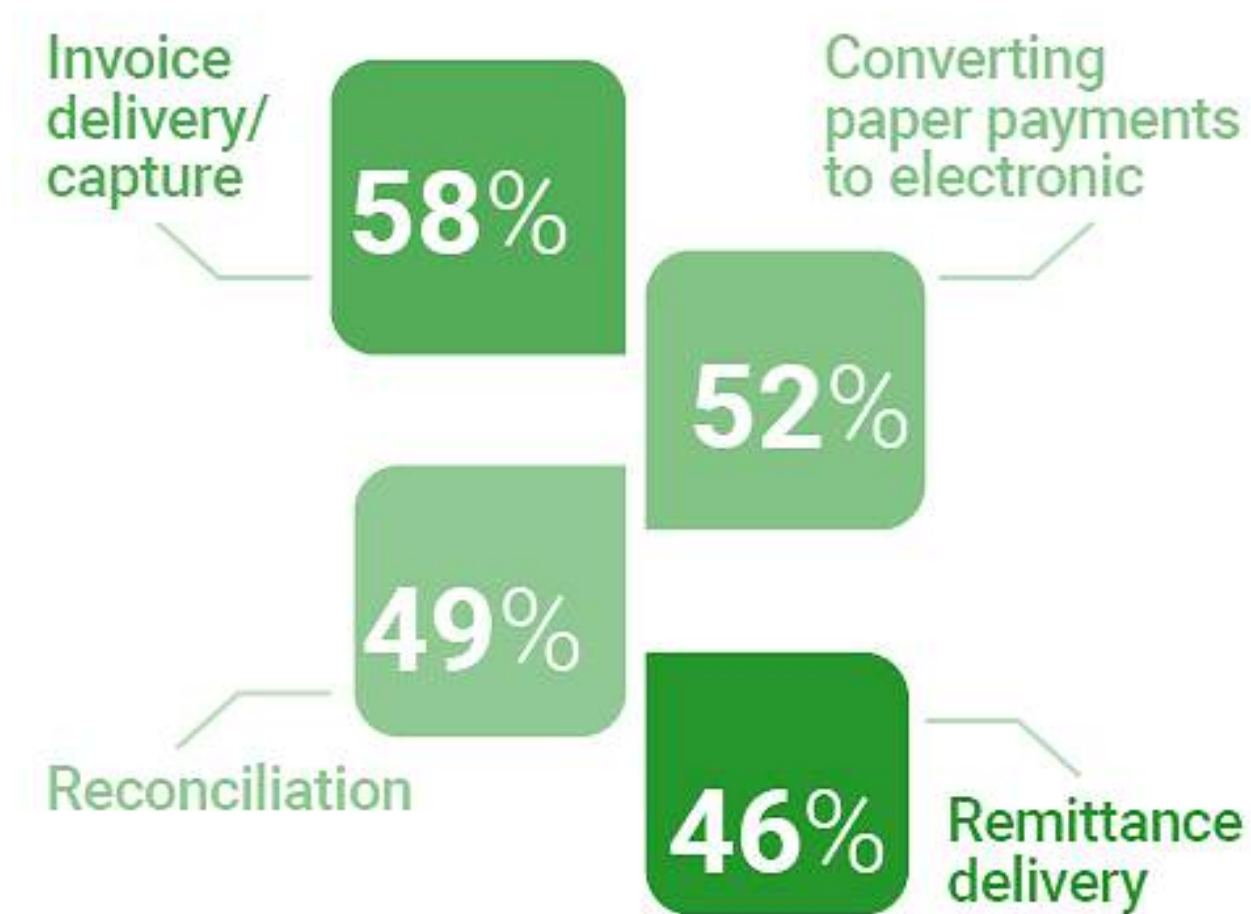


**29%**

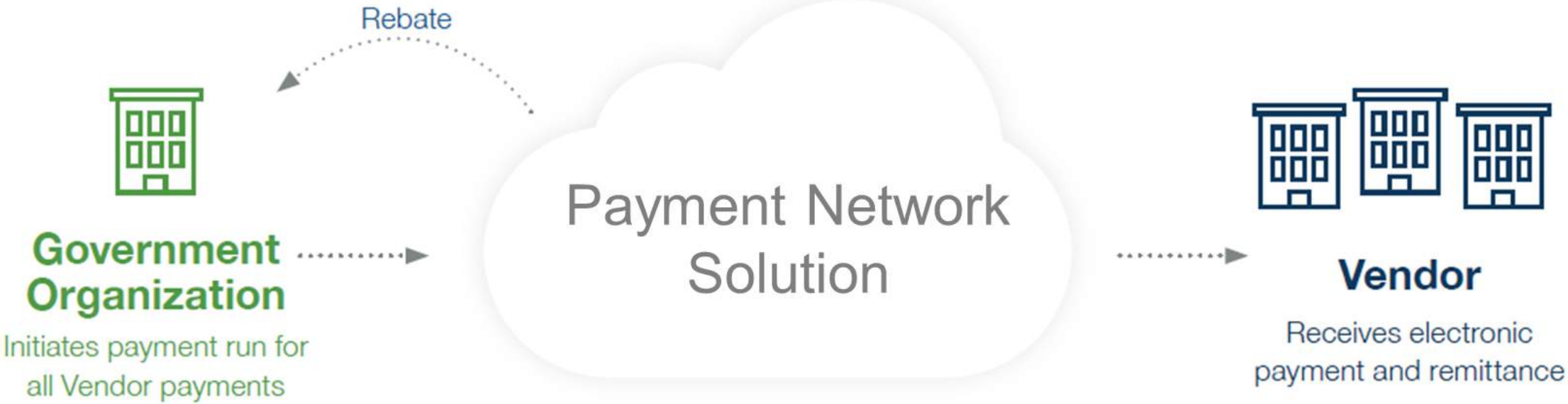
Of corporates say their comfortability with mobile has increased over the last year<sup>2</sup>

<sup>1</sup> Certify AP Trends & Benchmark Survey 2017  
<sup>2</sup> 2018 B2B Payments & WCM Strategies Survey sponsored by Strategic Treasurer, Bank of America Merrill Lynch and Software Technologies

# AP Automation: Top Areas of Focus



# Payment Networks



61%

of organizations have a "payment strategy" calling for different payment methods (AP card, p-card, ACH, check, wire).<sup>1</sup>

<sup>1</sup>RPMG Electronic Accounts Payable Benchmark Survey (2015)

# Payment Networks – why use them?



## Maximize Efficiency & Cost-Savings

- Reduce the time AP staff spends on manual activities; free them up for value-add activities
- Cut down on overall AP payment processing costs and ensure optimal payment methods are used



## Improve Security & Reduce Fraud Risk

- Gather, authenticate, and store vendor payment information in a central, secure location
- Reduce exposure to check fraud with conversion to secure electronic payments.



## Optimize Working Capital & Drive AP Revenue

- Monetize a greater portion of AP spend with rebate opportunity on virtual card and ACH.
- Greater control over payment timing.
- Transform AP to a revenue driver



# **Future-proof your receivables**

Automate Payments, Improve Working Capital, and  
Leverage Electronic Methods

# Treasury is Overworked



## Treasury is Overworked and Strained by Manual Processes

Source: 2019 Treasury Perspectives Survey



57% of practitioners list **manual processes as a top operational challenge** in 2019, above other areas like fraud, staffing, and regulatory change.



54% of practitioners list **payment management as one of the most time-consuming functions to perform**. Cash forecasting follows closely behind.



34% of treasury groups **do not have time to perform all their responsibilities**. Cash forecasting and risk management most commonly fall to the wayside.

# Five Steps to Receivables Automation



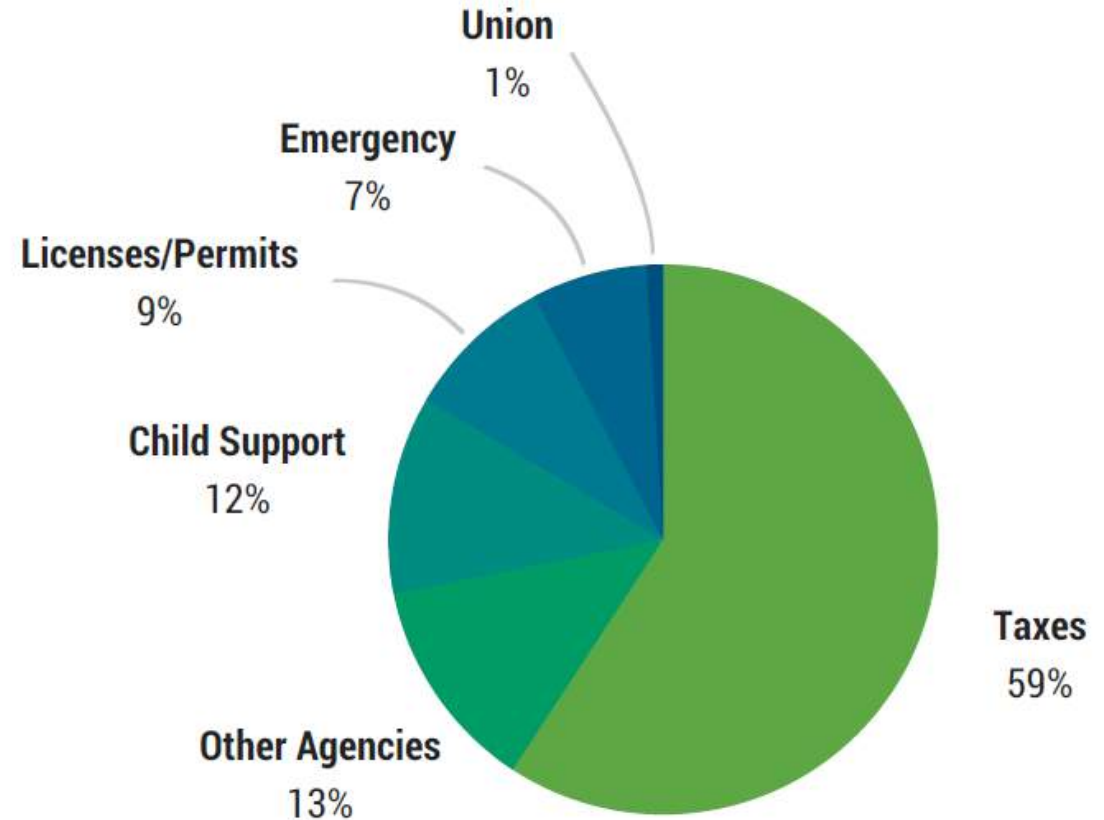
- 1 Analyze Current Payments Mix
- 2 Be Proactive about Electronic Receivables
- 3 Plan for Partial Payments
- 4 Strengthen Data Matching
- 5 Consolidate Data Streams

# Receivables Automation



## TARGET SEGMENTS

- Taxes (personal, property, business, etc.)
- Utilities (water, electric, gas, trash, telecom, etc.)
- Permits & Licenses (liquor, parking, travel, etc.)
- Emergency Services / Ambulance
- Citations
- Public Transportation
- Pension / Retirement Funds
- Unions
- Child Support



# Receivables – Online Billing & Payment



## ■ Business Value

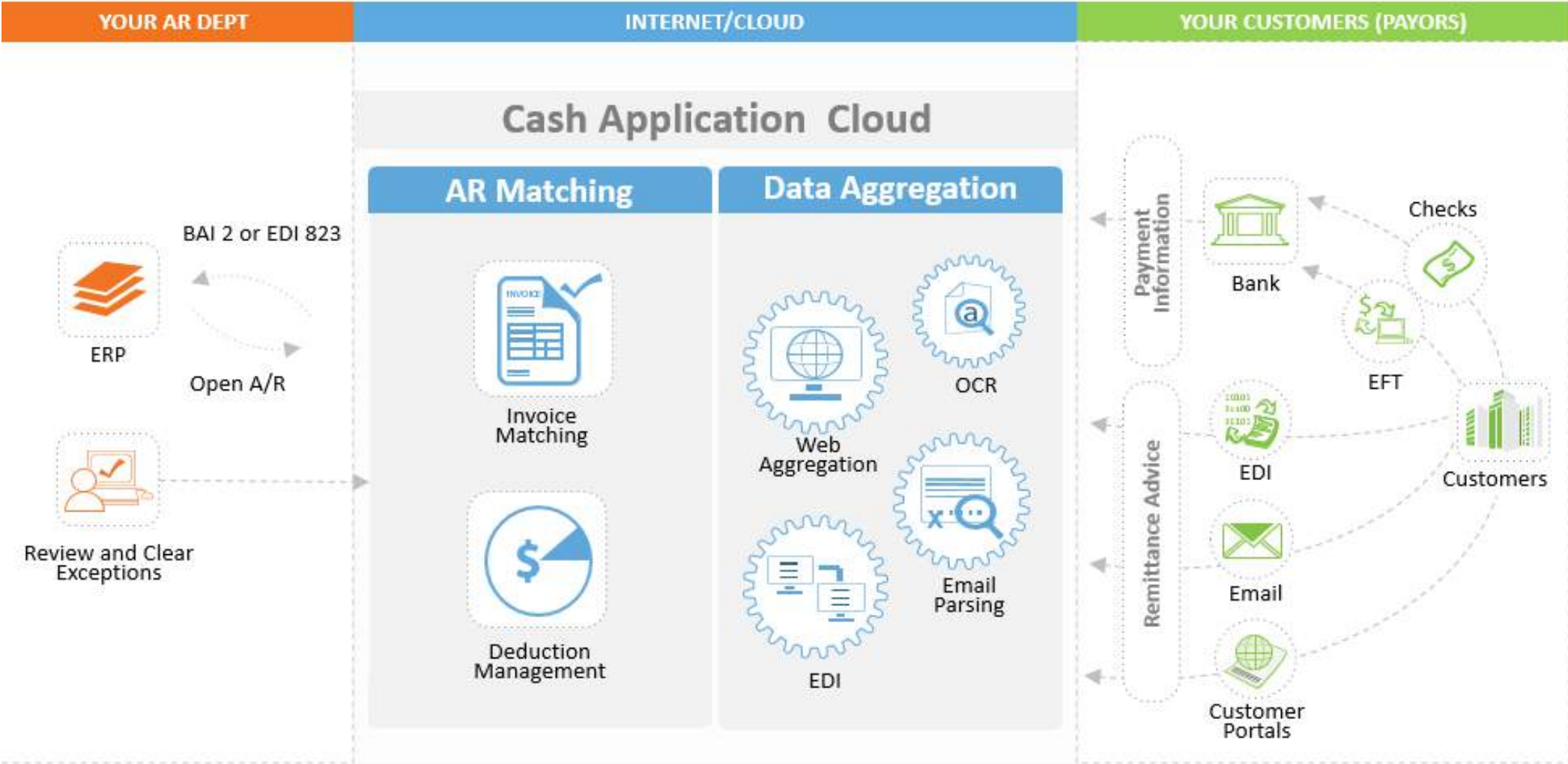
- PDF Bill Presentment
- Hierarchies (Agencies/Departments)
- Secure hand-off via front-end website
- Convenience and service fee model

## ■ Customer Value

- Recurring payments
- Multiple payment channels
- Single sign-on



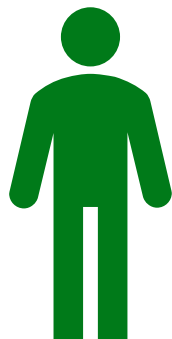
# Receivables – Consolidated Automation Workflow



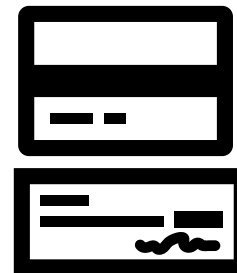
# Contextual AI Capabilities



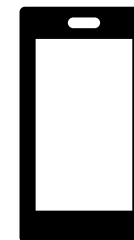
Today



Wire? ACH?  
Check?



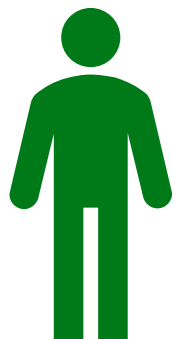
Check or  
Credit?



Near Future



By 2023, 80% of organizations using AI for digital commerce will achieve at least 25% improvement in customer satisfaction, revenue or cost reduction.



AI: Who do you want  
to pay?  
AI: When do you want  
the payment to arrive?



AI: When do you want  
the payment to arrive?





## **PSA: Payment Fraud & Security Controls**

# Treasury Fraud & Controls Survey – Quick Stats



73%

of corporates believe the **threat** of fraud has **increased** in the past year.

64%

of corporates **train** their employees on security at least annually.

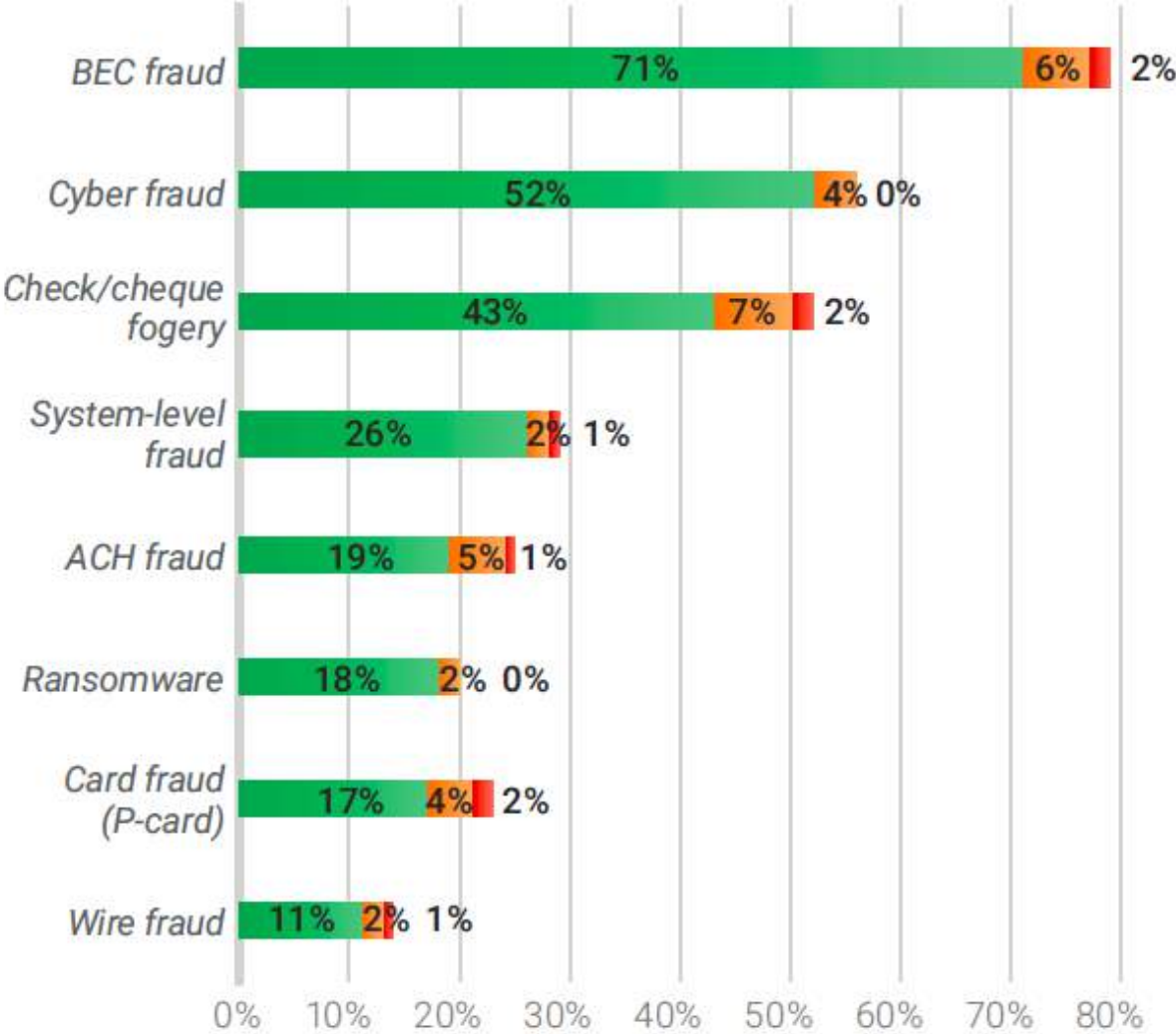
26%

Of corporates **reconcile** 90%+ of their bank accounts daily.

12%

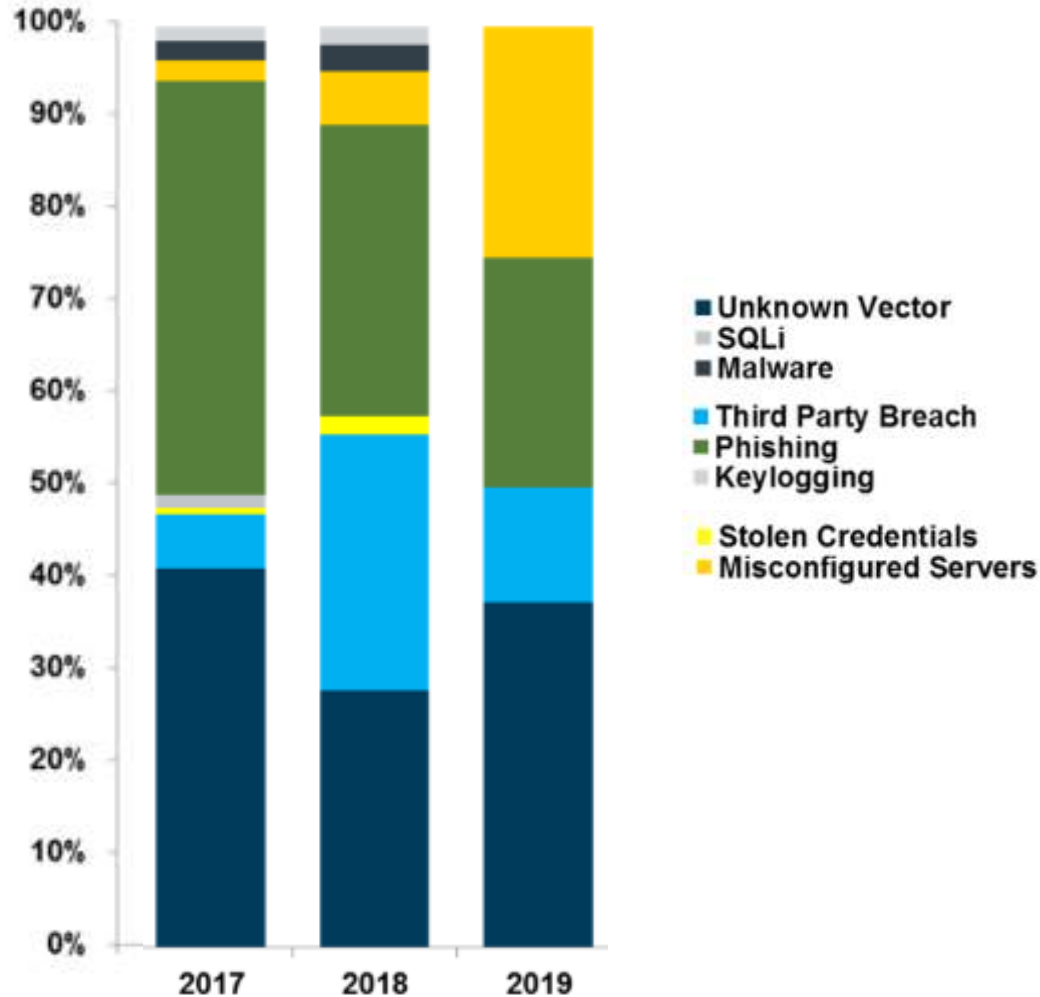
of corporates currently leverage **biometrics** as a form of security.

# Prominent Types of Fraud



- Some attempts, no success
- Yes, we suffered a loss
- Yes, we suffered a loss. At least one person was terminated or let go

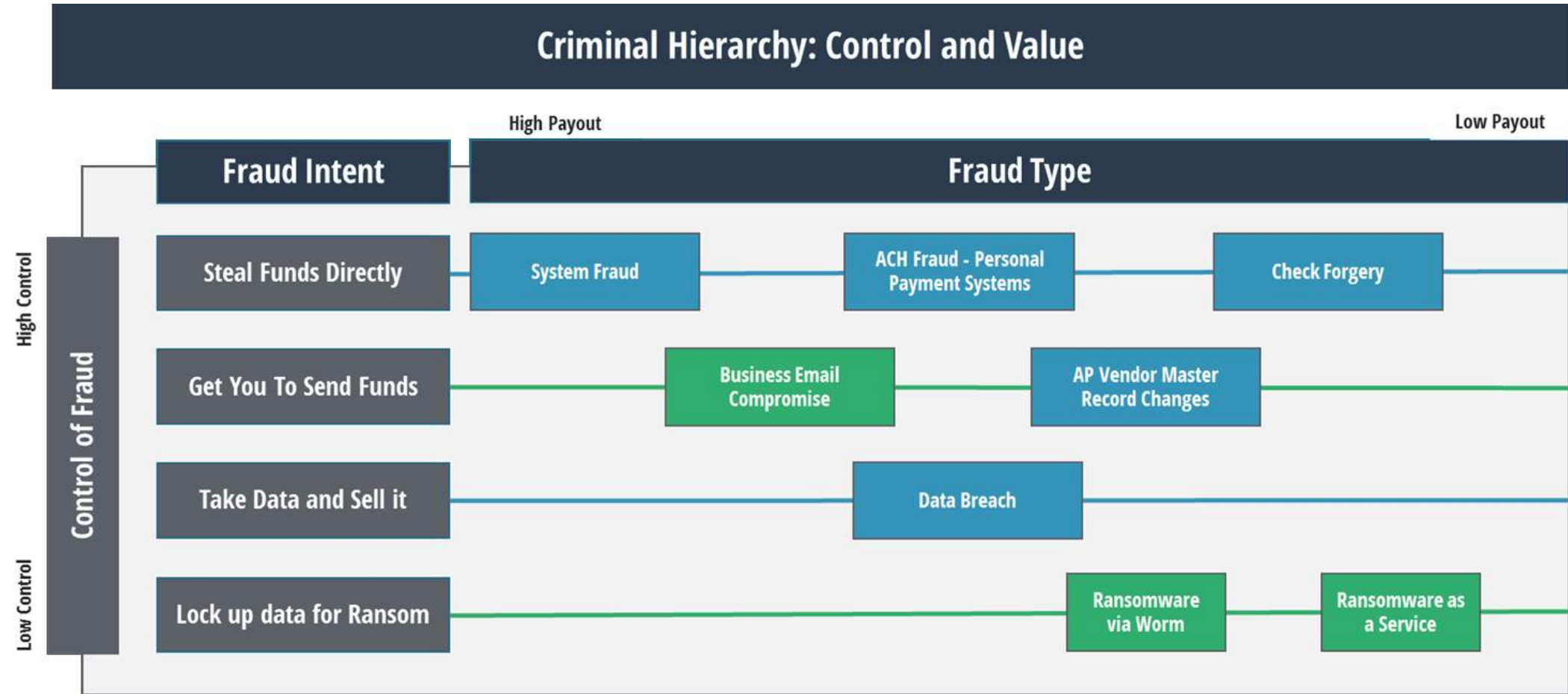
# Government Data Breaches



- Q1 2019 – 36% decrease in reported breaches
- The education sector accounted for 55% of breaches
- Misconfigured servers and phishing accounted for a combined 44% of identified breaches

SOURCE: [www.Clsecurity.org](http://www.Clsecurity.org) MS-ISAC Identified SLTT Government Data Breach Vector Yearly Breakdown

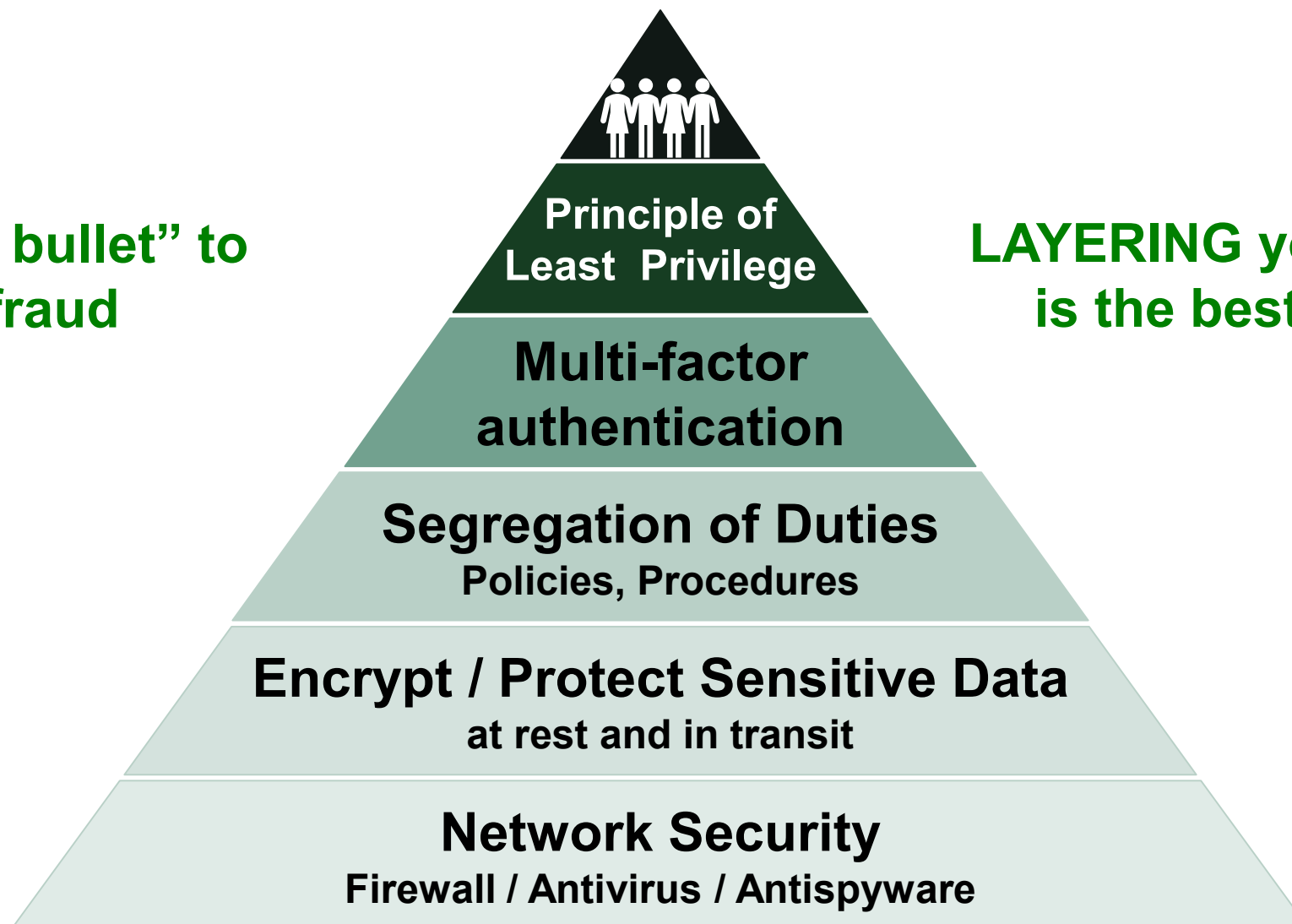
# Threat Actor Playbook



# Fight Back with Security Layers



No “magic bullet” to  
stop fraud



**LAYERING** your defenses  
is the best approach

# Prevention Tips for Prominent Fraud Types



## BEC Fraud

- Use multi-factor authentication on all email/messaging systems
- Train employees how to identify and respond to suspicious emails or requests



## Cyber/Data Theft

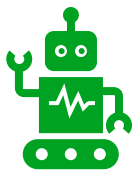
- Encrypt data, both at rest and in transit
- Install and maintain latest antivirus and firewall software
- Employ tools to monitor cloud environments

# Prevention Tips for Prominent Fraud Types



## Check Forgery

- Stop using checks, convert to e-pay methods
- Utilize positive pay and debit filters/blocks for electronic and paper-based payments
- Reconcile accounts daily



## Emerging Technologies

- Biometrics
- Tokenization
- Monitoring Software

# Resources

Resource	Web Address
Federal Bureau of Investigation (FBI)	<a href="https://www.fbi.gov/">https://www.fbi.gov/</a>
FBI's Internet Crime Complaint Center <ul style="list-style-type: none"> <li>About the IC3 (brochure)</li> <li>Schemes</li> <li>Prevention Tips</li> <li>File a complaint (loss reporting)</li> <li>BEC Alert</li> </ul>	<a href="http://www.ic3.gov/default.aspx">http://www.ic3.gov/default.aspx</a> <a href="http://www.ic3.gov/media/IC3-Brochure.pdf">http://www.ic3.gov/media/IC3-Brochure.pdf</a> <a href="http://www.ic3.gov/crimeschemes.aspx">http://www.ic3.gov/crimeschemes.aspx</a> <a href="http://www.ic3.gov/preventiontips.aspx">http://www.ic3.gov/preventiontips.aspx</a> <a href="http://www.ic3.gov/complaint/default.aspx">http://www.ic3.gov/complaint/default.aspx</a>
TD Bank Security Center	<a href="http://www.tdbank.com/popup/cm_secure_notify.html">http://www.tdbank.com/popup/cm_secure_notify.html</a>
Strategic Treasurer <ul style="list-style-type: none"> <li>2019 Treasury Fraud &amp; Controls Global Survey Report</li> </ul>	<a href="https://strategictreasurer.com/2019-treasury-fraud-controls/">https://strategictreasurer.com/2019-treasury-fraud-controls/</a>
Association for Financial Professionals (AFP) <ul style="list-style-type: none"> <li>2019 Payments Fraud and Control Survey</li> </ul>	Request a copy from your presenters
Center for Internet Security	<a href="https://www.cisecurity.org/white-papers/security-primer-business-email-compromise/">https://www.cisecurity.org/white-papers/security-primer-business-email-compromise/</a> <a href="https://www.cisecurity.org/wp-content/uploads/2018/07/MS-ISAC-Security-Primer-Spear-Phishing.pdf">https://www.cisecurity.org/wp-content/uploads/2018/07/MS-ISAC-Security-Primer-Spear-Phishing.pdf</a>

# What's Next?



## ■ Self Assessment

- What gaps exist in your current process?
- How many manually processes do you have?
- Are there further opportunities for automation?
- Do you have the visibility into key operations and financial data?



## ■ Develop a Roadmap

- Where do you want to be in one, two, three years?
- Remember it will take time "Rome wasn't built in one day"



## ■ Continue your journey, engage your partners!



# Thank You

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