



ASSOCIATION FOR  
FINANCIAL  
PROFESSIONALS

# Real-Time Payments for Corporates and Businesses: Will They Actually Adopt?

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**Faster Payments Council**  
Wednesday, May 29th

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AFP



# B2B Challenge!

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## Change of Payments Infrastructure

- **Currently Working - Improvement?**
- **Business Partners**
- **Takes Investment**
  - **Time**
  - **Money**
  - **People**
- **Does Not Help the Mission of the Company**
  - **Does Not Increase Market Share**
  - **Does Not Increase Revenue**
  - **Potentially Reduces Cost!**



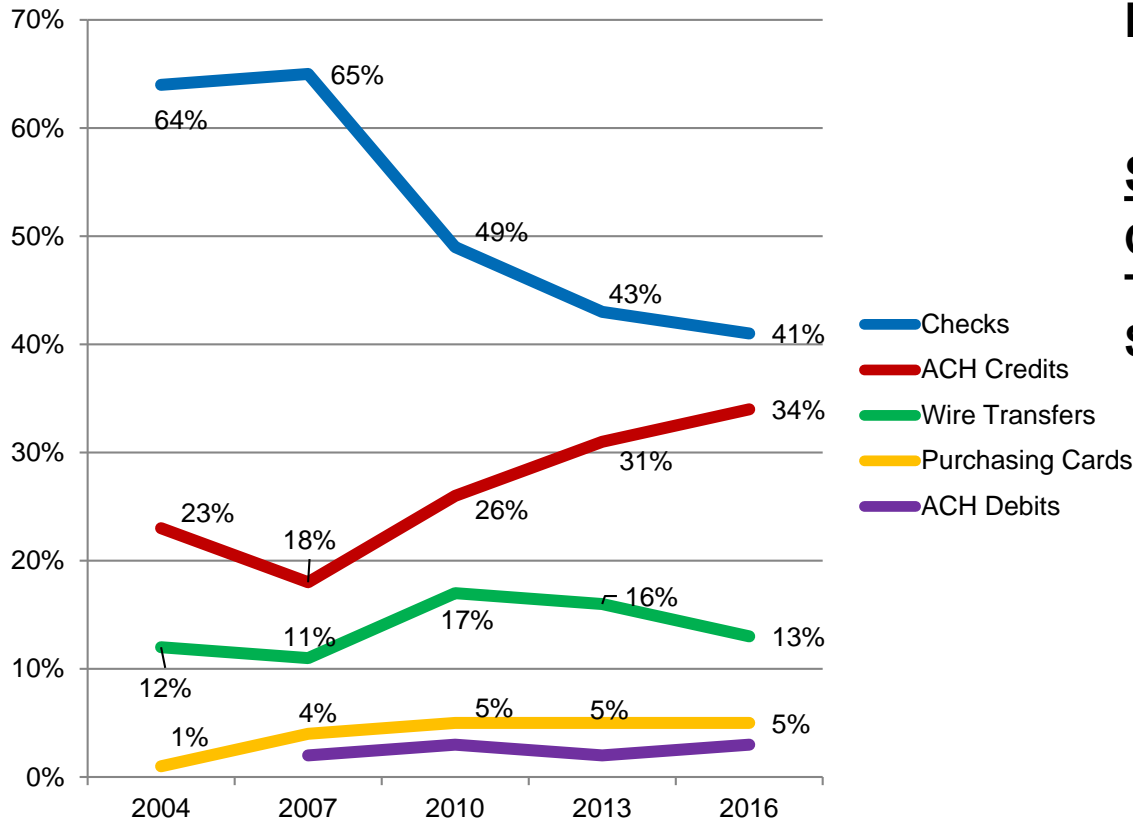
# Comparison to SEPA

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- **New, Faster and Cheaper Payments System making all Euro Denominated Cross-Border Payments Domestic for 28 Member States**
- **Authorities: No Reason not to Convert - No Mandate**
- **Changes Included**
  - Bank Account Number Conversion to IBAN
  - BIC
  - ISO20022
- **Nothing Happened!**
- **Why?**
  - Status Quo Works
  - Change is Costly
  - Remittance Size
  - Business Case?
- **Authorities: Mandate!**

# Current U.S. Situation: B2B: Paper vs. Electronic!

Payment Method Used to Pay Major Suppliers



## Why is this Relevant to Faster and Real-Time?

- Similar Challenges

## Status:

### Overall Check Use for B2B Transactions in the United States is Around 50%

- “Checks Work”
- Familiarity
- Easy
- No Need to Store Sensitive Information
- Change is Difficult

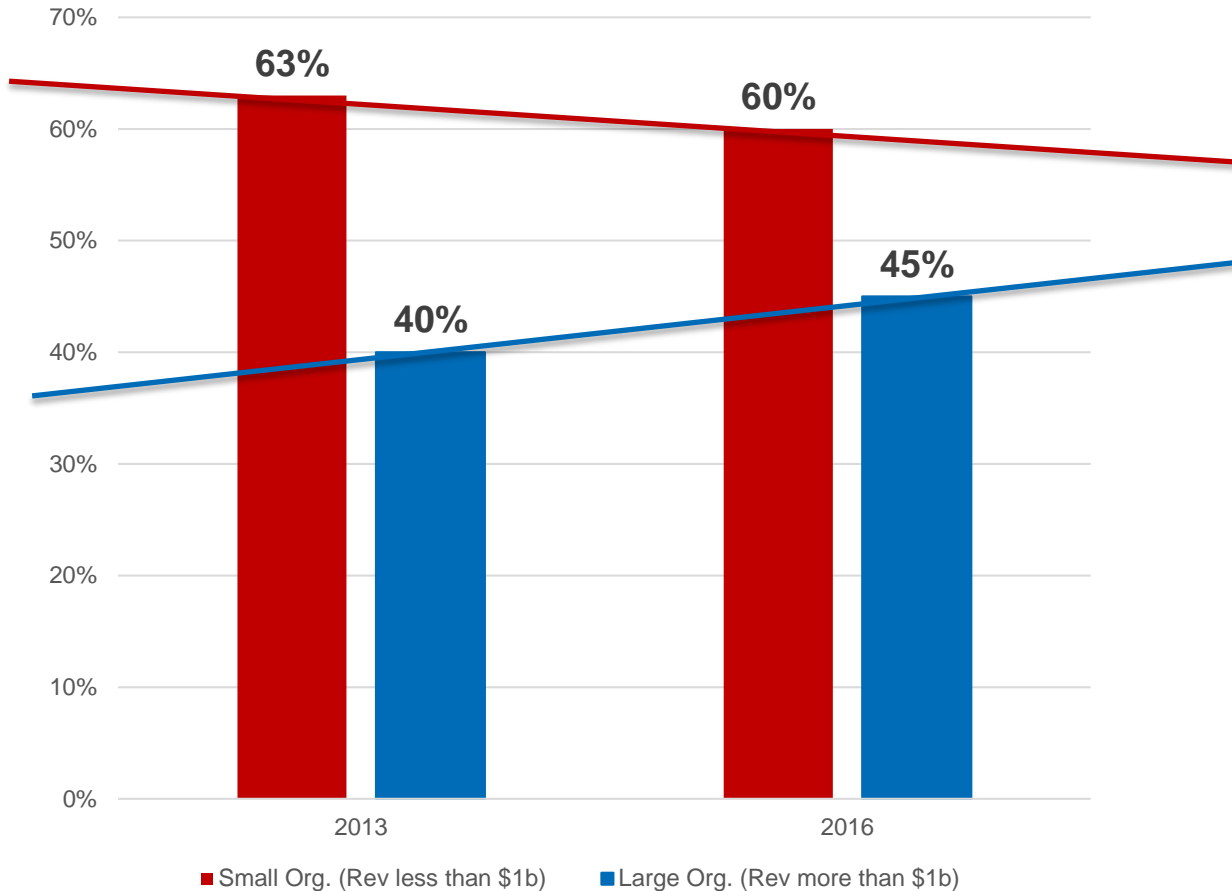
### ACH is Growing in Popularity

Source: 2016 Electronic Payments, Association for Financial Professionals



# AFP Electronic Payments Survey: Percentage Check Use by Organization Size

(Percentage of B2B Payments Made by Organizations)



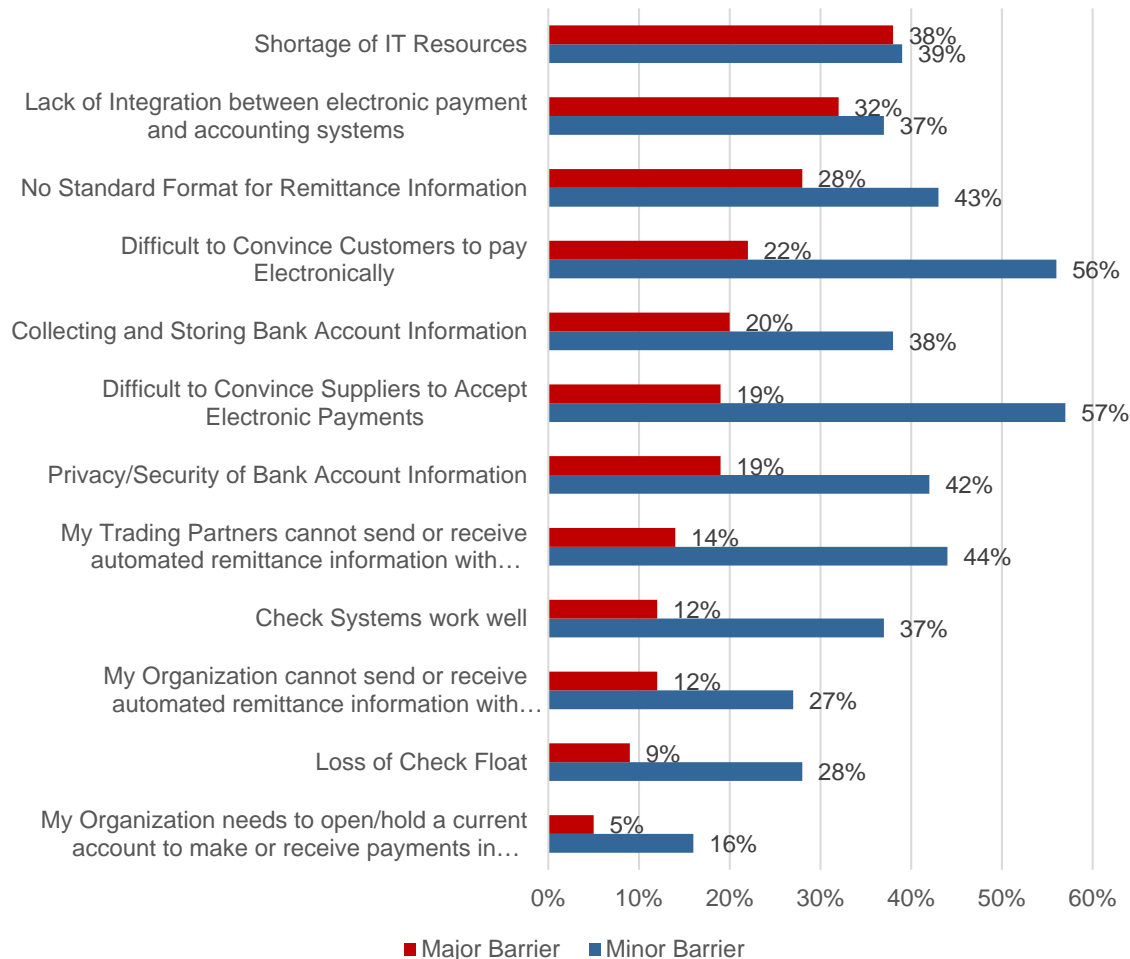
**Smaller  
Organizations  
Decrease Their  
Check Use**

**Larger  
Organizations  
Increase Their  
Check Use**

Source: 2016 Electronic Payments, Association for Financial Professionals



# AFP Electronic Payments Survey: Top Barriers of Transitioning to Electronic Payments (Percent of Organizations)



## In Addition:

### Barriers Cited By 2/3 of Respondents:

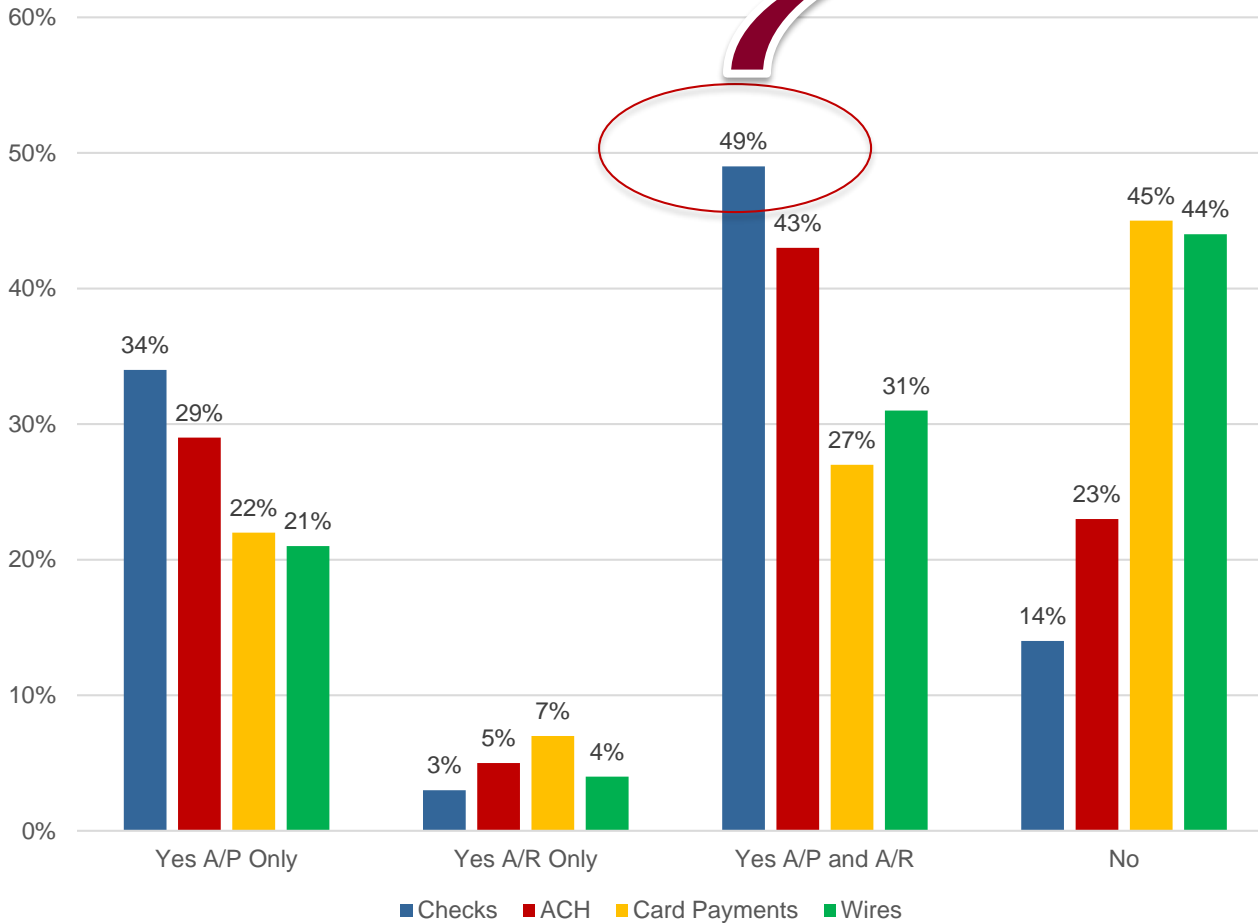
1. Difficulty Convincing Customers to Pay (78%)
2. Shortage of IT Resources (77%)
3. Difficulty Convincing Suppliers to Accept (76%)
4. Absence of Standard Formats for Remittance (71%)
5. Lack of Integration payment and accounting systems (69%)

Source: 2016 Electronic Payments, Association for Financial Professionals



# AFP Electronic Payments Survey: Integration of Org's Different Payment Methods with the Accounting System

(Percentage Distribution of Organizations)

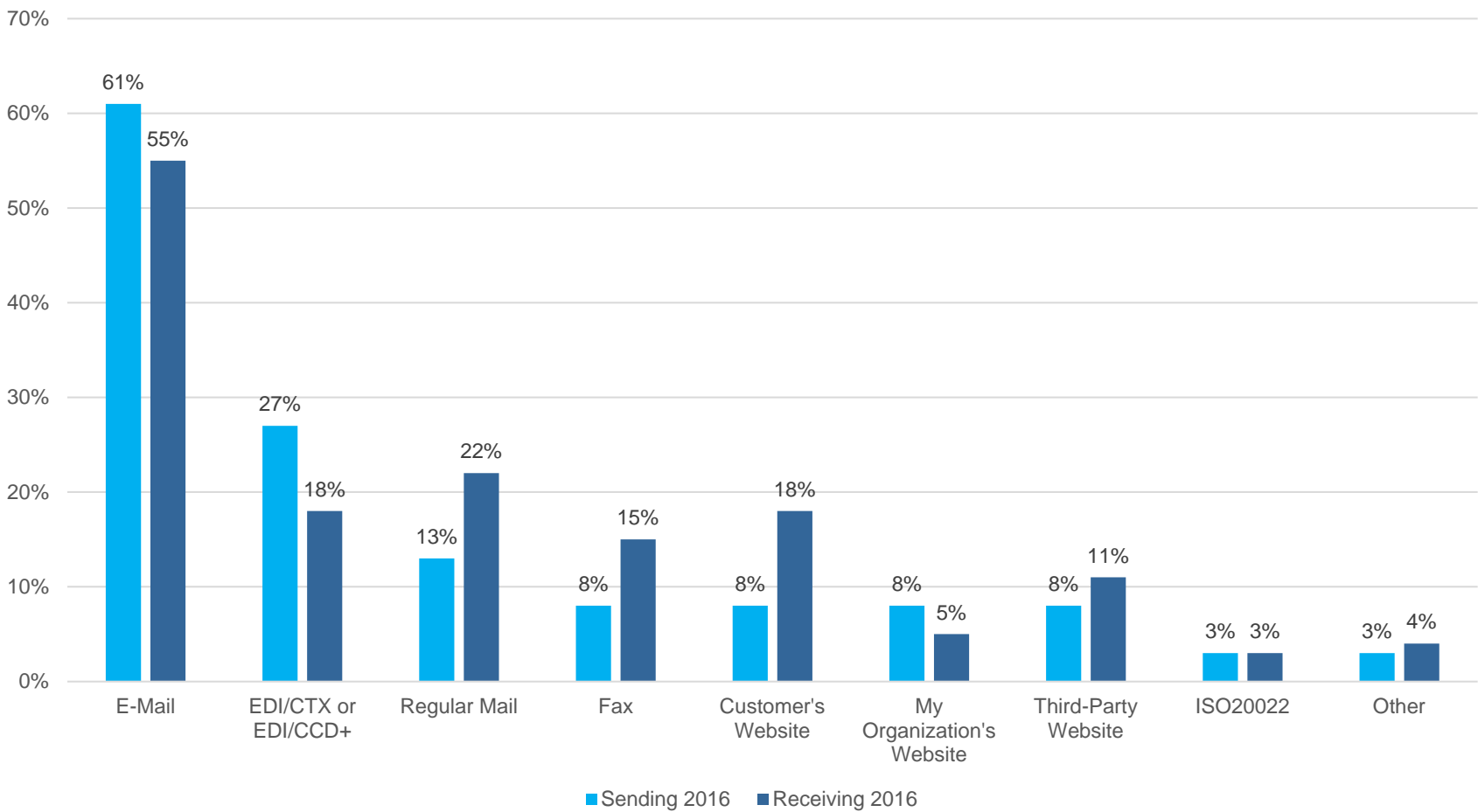


Reason Why  
Check Use  
is Still High?

Source: 2016 Electronic Payments, Association for Financial Professionals



# AFP Electronic Payments Survey: Organizations' Methods of Sending and Receiving ACH Remittance Information (Percentage Distribution of Organizations)



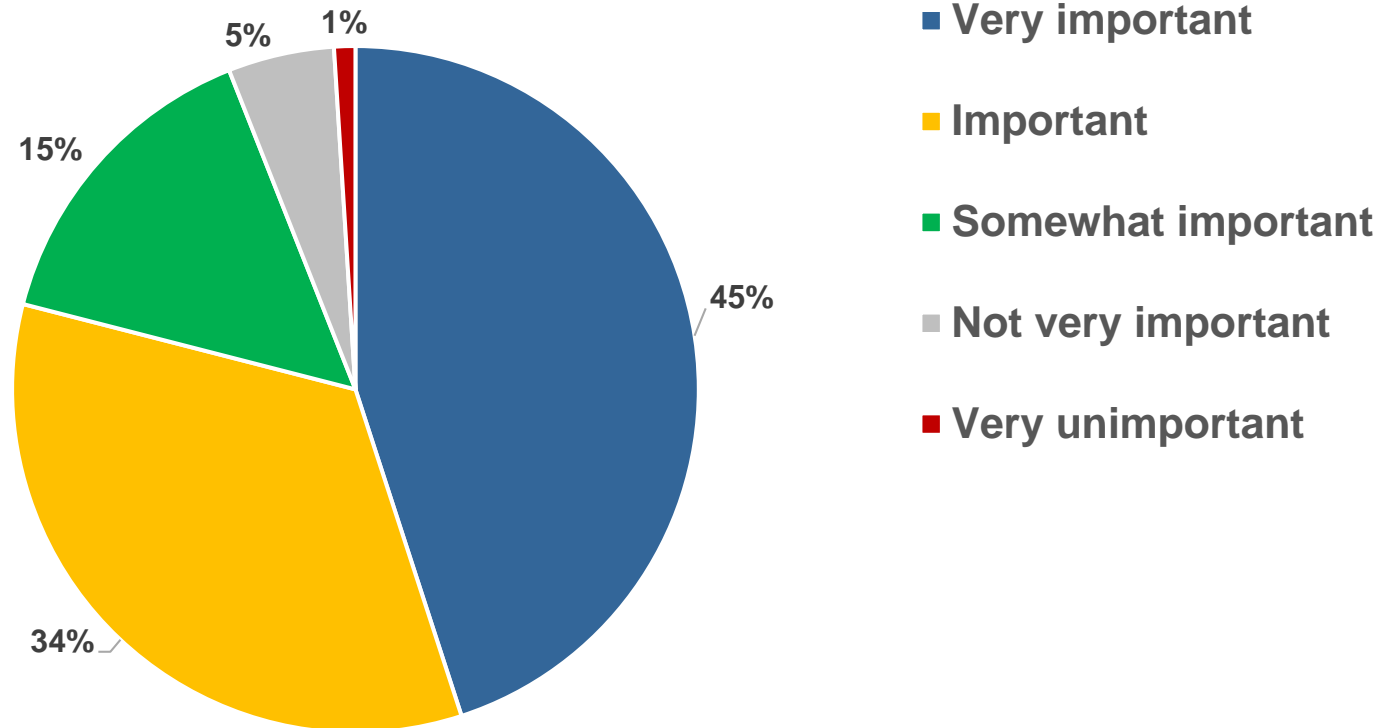
Source: 2016 Electronic Payments, Association for Financial Professionals





# AFP Electronic Payments Survey: Faster Payments – Importance, Remittance Information

(Percentage of Organizations)

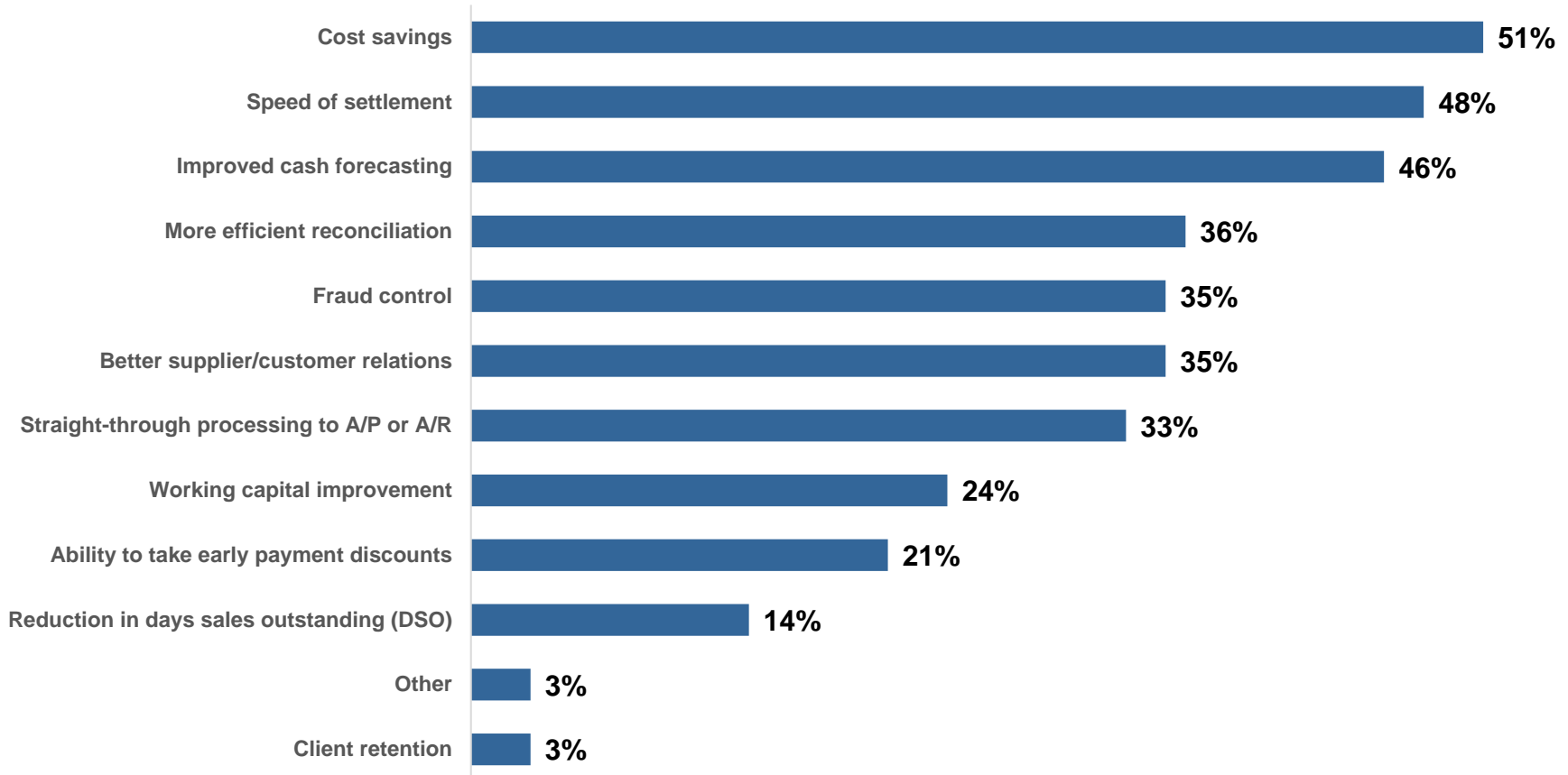


Source: 2016 Electronic Payments, Association for Financial Professionals



# AFP Electronic Payments Survey: Top Benefits of Transitioning to Electronic Payments

(Percent of Organizations)



Source: 2016 Electronic Payments, Association for Financial Professionals



# What do Corporates Need?

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- **Business Case(s)**
- **Use Cases**
- **Easy Adoption and/or Transition from Existing Infrastructure**
- **ERP Systems**
- **Remittance Information**
- **No, or High Dollar Threshold**
- **Paper to Electronic – An Opportunity!**
- **Account Validation**
- **Sustainability**
- **Education**



# Opportunity?

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- **Speed**
- **Remittance Information Capabilities**
- **Replacement of Paper Checks**
- **Substitute for Wires**
- **No or Small Changes Required**



## Contact Information

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Access more information on the 2016 AFP Electronic Payments Survey at <https://www.afponline.org/epayments>