



Payment Automation

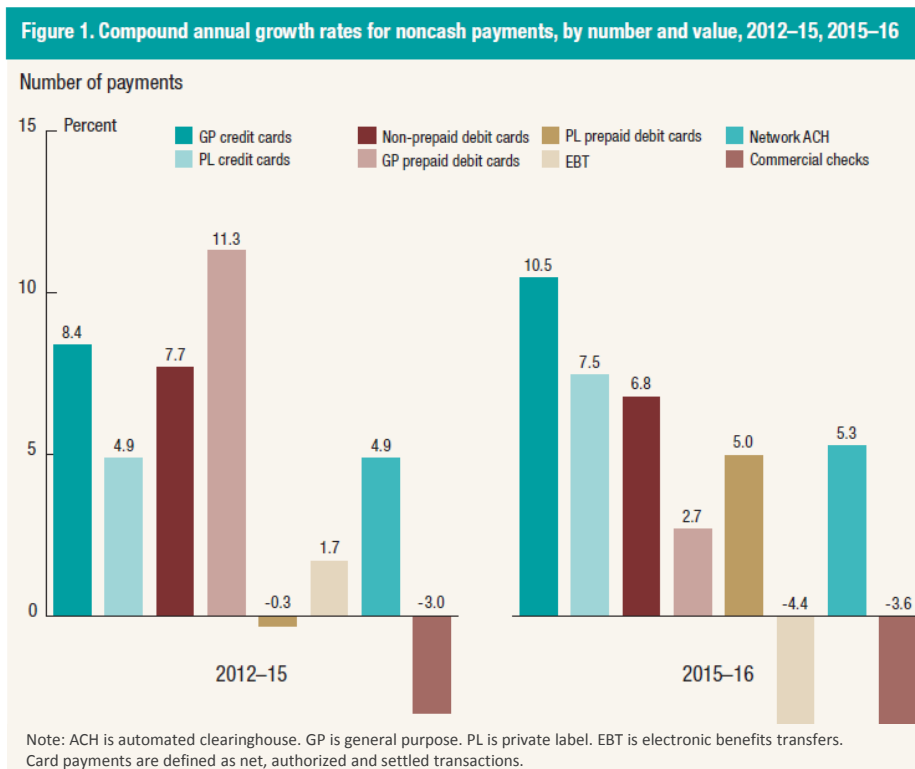
Driving Efficiency, Reducing Risk
& Controlling Cost



Electronic Payments Continue to Rise

The Federal Reserve System conducts a triennial Payments Study¹ to estimate trends in noncash payments in the U.S. They most recently learned:

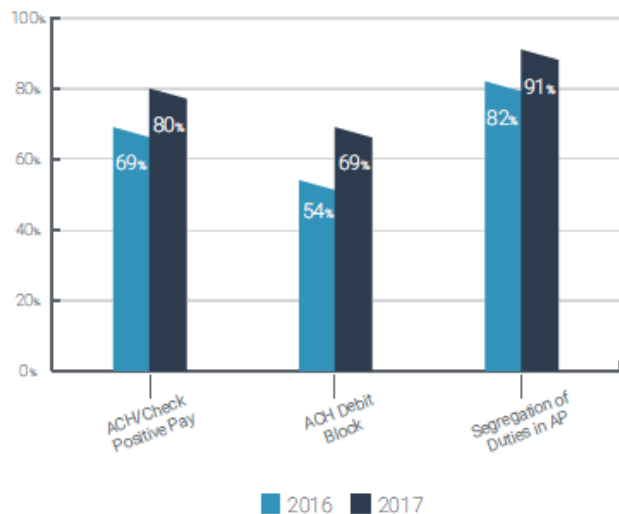
- Payment card transactions have continued growing rapidly, increasing from 103.5 billion in 2015 to 111.1 billion in 2016
- Growth in the number of ACH network credit and debit transfers accelerated in 2015 to 2016, increasing at rates of 5.2% and 5.3%
- Total commercial checks paid decreased 3.0% from 2012 to 2015



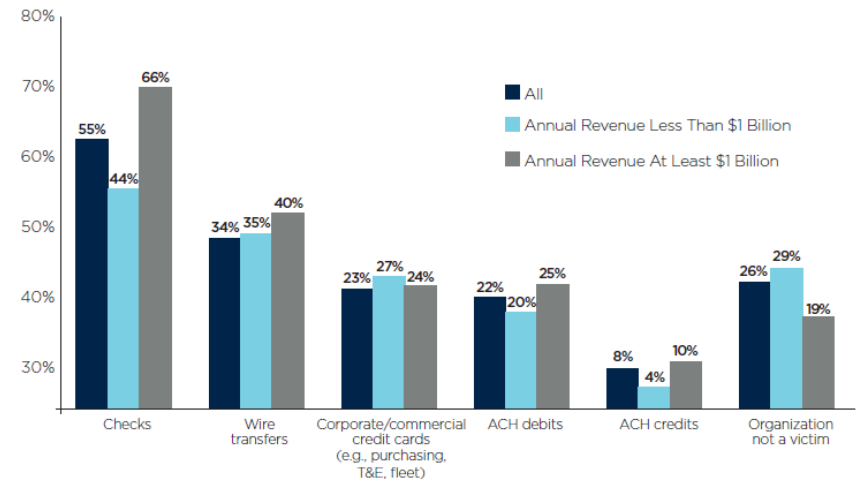
Electronic Payments Reduce Risk for Fraud

Companies continue to implement processes and tools that help mitigate the risk for fraud.³

- Use of Debit Block tools climbed this year to 69% of companies, however 30% of businesses are still at risk.
- Use of ACH and Check Positive Pay services in 2017 increased to 80% of companies.
- In 2017, 91% of companies have begun implementing segregation of duties in their AP Department to combat fraud.



Payment Methods that Were Targets of Attempted and/or Actual Payments Fraud in 2016* (Percent of Organizations)



*This chart also includes data for organizations that had not experienced attempted/actual fraud

Incidents of Payment Fraud continue to rise and all CFOs are concerned.³

- In 2016 74% of finance Professionals reported that their companies were victims of payments fraud.
- Checks are the most frequently targeted form of payment fraud
- 75% of the organizations that experienced fraud in 2016 were victims of check fraud.

What strategies have you employed to mitigate the risk of payment fraud?

What Does It Cost to Initiate a Payment?

AFP analyzed internal and external costs of each payment instrument, based on payment and organization size.²

Initiating Wire Transactions

- Estimated External Cost \$8.00
- Estimated Internal cost \$6.42

Initiating Paper Checks

- Estimated Median cost \$3.00

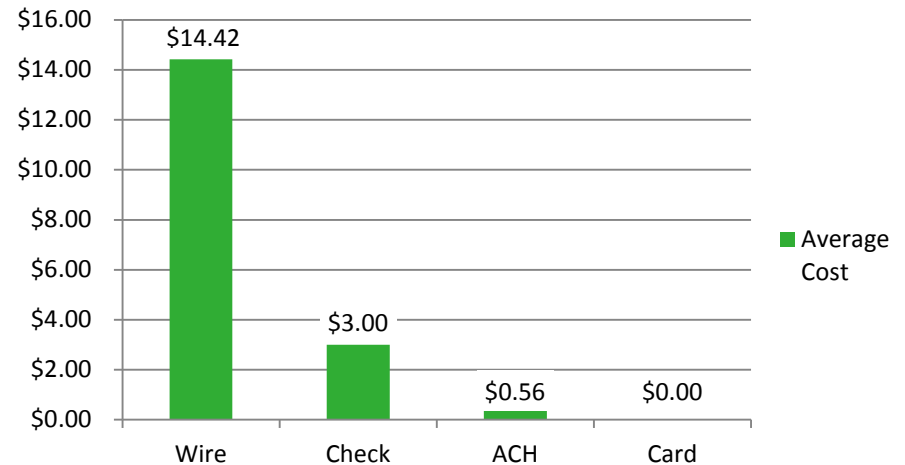
Initiating ACH Transactions

- Estimated External Cost \$0.27
- Estimated Internal Cost \$0.29

Initiating Card Transactions

- Earn a Rebate by using Card for Accounts Payable Purchasing
- Estimated Rebate 0.75%

Cost By Payment Type



Based on the average number of monthly payments calculated in the same survey businesses spend:

- Wires \$3,605 per month
- Checks \$3,150 per month
- ACH \$280

So, an average company spends \$7,035 a month manually processing payments.

That's nearly \$85,000 a year.

**Internal costs include personnel (compensation and benefits), systems, overhead.*

Improved Efficiency and Reduced Cost Drive Change



Results from the Association of Financial Professionals 2017 Payments Cost Benchmarking Survey show...

- Nearly 80% of organizations are currently in the process of transitioning their B2B payments from paper checks to electronic payments.
- A vast majority of finance professionals (88%) cite improved efficiency as the primary reason for transitioning to electronic payments from paper checks.

What would your entity do with more time & money?

How Does It Work?

