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Researched and written by

**Lipis Advisors**

# *The Future of Corporate Payments*

PAYMENTS INNOVATION ALLIANCE

WHITE PAPER

# About “The Future of Corporate Payments”

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This white paper was developed by the Payments Innovation Alliance, a NACHA program, in collaboration with Lipis Advisors. It addresses the effect mobile payments, real-time payments, evolving data standards and payment product development will have on the future of corporate payments.

## About the Payments Innovation Alliance

The Payments Innovation Alliance brings together diverse, global stakeholders to support payments innovation, collaboration, and results through discussion, debate, education, networking and special projects that support the ACH Network and the payments industry worldwide. The Alliance brings together content and focus across all payment areas, including emerging payment technologies, electronic billing and presentment, mobile, payment security/risk, check conversion and global payments. Membership includes organizations of all sizes and spans the payments industry spectrum.

## About Lipis Advisors

Lipis Advisors is a leading strategy consultancy specializing in the payment sector. Lipis Advisors are experts on payment systems and services, as well as the underlying technologies that support a payment infrastructure. Lipis Advisors advises on all forms of payment, including ACH payments, card payments, cheques, credit transfers, direct debits, online payments, and RTGS/wire payments.

<http://www.lipis.net>

## About NACHA – The Electronic Payments Association

NACHA manages the development, administration, and governance of the ACH Network, the backbone for the electronic movement of money and data. The ACH Network provides a safe, secure, and reliable network for direct account-to-account consumer, business, and government payments. Annually, it facilitates billions of Direct Deposit via ACH and Direct Payment via ACH transactions. Used by all types of financial institutions, the ACH Network is governed by the fair and equitable NACHA Operating Rules, which guide risk management and create payment certainty for all participants. As a not-for-profit association, NACHA represents more than 10,000 financial institutions via 17 regional payments associations and direct membership. Through its industry councils and forums, NACHA brings together payments system stakeholders to foster dialogue and innovation to strengthen the ACH Network. To learn more, please visit <http://www.nacha.org>, <http://www.electronicpayments.org>, <http://www.payitgreen.org>, and <http://direct.nacha.org>.

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# The Future of Corporate Payments

## PAYMENTS INNOVATION ALLIANCE

### WHITE PAPER

#### Introduction

Picture this. You are a corporate treasurer in 2014 at a company with \$50 million turnover. You have recently updated your financial management software to the latest version. Owing to the company's recent expansion abroad, your payment patterns have evolved to include a significant number of international payments. The day-in, day-out financial management, including payroll, tax payments, cash management, accounts payables and receivables, runs smoothly, but a few things are not quite right: speed, ease of use, and integration are lacking. You have a good relationship with several banks, however the complexity of integrating payment flows across multiple banks, currencies, technical channels, and formats is frustrating.

At home, many things are easier. Consumers have benefited from more rapid payment innovation that has made electronic payments easier and safer to use and delivered faster and more transparent services. Corporate needs for greater controls, increased security, regulatory compliance, and integration of technologies get in the way of consumer level convenience. Corporate innovation in payments has focused on efficiency – moving from a paper-intensive environment to a less costly electronic infrastructure and enabling corporates to engage in international commerce. However, payment services and technology advances have primarily occurred through early adopters and remains an opportunity for improvement.

*Banks offer corporates features that cannot be replicated in business models of non-banks*

At the same time, banks offer corporates features that cannot be replicated in business models of non-banks. Deposits, for example, are a significant source of funding activity for banks and one that both banks and corporates rely on to finance transaction accounts for their daily activities. The relationship between banks and corporates is symbiotic. Corporates supply funds to banks, and enjoy the guarantees that only regulated financial institutions can offer. Banks pay interest or supply an earnings credit on balances and provide essential loans and other banking services.

Banks could see the mismatch of need to product and services offered as an opportunity to help their corporate customers, but few have actually done so. Given the important role that corporate business plays in a bank's financial portfolio, what is preventing banks from offering more modern, customer-driven service?

Banks serve corporate customers successfully in many ways, and yet challenges remain. Banks have the resources to modernize their corporate relationships but many rely on old practices, perhaps due to regulatory compliance or more pressing priorities. These practices include a lack of transparency to customers, lack of certainty of outcome, and a slower than desirable processing time.

*Regulatory compliance is one of the major strengths that banks bring to corporates*

Despite these deeply ingrained and mutually beneficial opportunities, banks face a legacy of having chosen silos over integrated solutions, and integrating in half measures using strung-together platforms across payment types. Additionally, regulation is a double-edged sword. On the one hand, it plays a role in preventing banks from offering a wider, more innovative range of services. On the other hand, regulatory compliance is one of the major strengths that banks bring to corporates. As corporates and banks face more regulations across all regions, banks have the opportunity to utilize their reputations as trusted institutions; ensuring corporate payments are in good hands. This task is more important than ever, and requires farther-reaching regulatory compliance than ever before as corporates seek out international partners. It is paramount that banks keep up to date on all major regulations impacting payments.

But keeping up with regulatory requirements is not enough to keep corporate business. Non-bank payment processors have expanded their offerings to compete with banks and are having considerable success in this arena due to their flexibility and use of technological trends. The attitude of corporates is converging with that of modern consumers. In order for banks to maintain relationships beyond the corporate settlement account to a broader service offering, they will have to bridge the gap between old practices and new technologies.

## CORPORATE NEEDS

USER EXPERIENCE AND INTEGRATION			
Standardized data formats	Integration with modern IT platforms	Easy electronic payment initiation and receipt	Ease of return processing
Payment and invoice reconciliation	Certainty of outcome	Speedy and straight through processing	Flexibility to use multiple service providers
Secure payment options	Transparency	Low cost	Seamless user experience across multiple channels

*Corporate customers are aligning their retail expectations with corporate banking*

### **Corporate payments in historical context**

The evolution of cash management has developed significantly over the last 50 years. Prior to the 1970s, corporate treasury was based on a trusting relationship between a bank and corporate. Somewhere between the invention of the calculator and the personal computer, the landscape changed considerably. Banks improved their products and services, and financial data became a valuable asset in and of itself. The first treasury workstations were introduced and evolved to become critical elements of corporate treasury management thus paving the way for modern enterprise resource planning (ERP) systems.

Corporate treasury and cash management have transformed at a rapid pace over the past generation. Major milestones have included the shared service center for corporations, which replaced a far less efficient system of spreading payment processing across all corporate locations, and the movement away from cheques and paper-based technology toward electronic methods. These advances in corporate treasury practices have allowed for the strategic application of information to generate and monitor liquidity as well as mitigate risks.

Another area that has taken off in recent history is the commercial card for corporate payments. Cards, which have long been favored by corporates to support employee travel and entertainment purchases, are beginning to facilitate larger transactions. This has led to both large and small companies using cards for functions such as procurement.

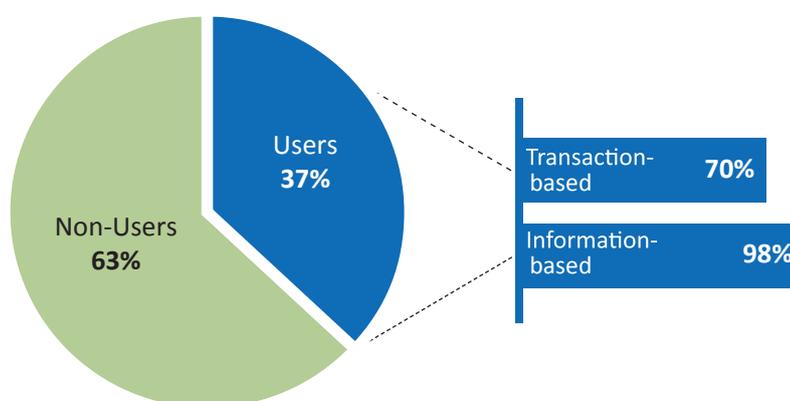
### **Recent corporate payment developments**

The prominent role that corporate payments play in the overall payments ecosystem means that corporates and banks are exposed to a number of inherent challenges in terms of regulatory compliance, risk management, and constant pressure to lower costs while increasing service. At the same time, new technologies are creating payment innovation in the corporate space at a rate that was unimaginable just a decade ago. Similarly, the market for providing corporate services has also expanded to include players in addition to traditional financial institutions. Choosing a bank that delivered the most in-depth products and services to suit their needs once marked banking expectations for corporate customers. Today however, corporate customers are aligning their retail expectations with corporate banking and are increasingly selecting individual services from multiple banks and providers to suit their needs. This behavior will become more pronounced as the next generation of corporate treasurers—those that were born with smart phones in their pockets—move into senior roles.

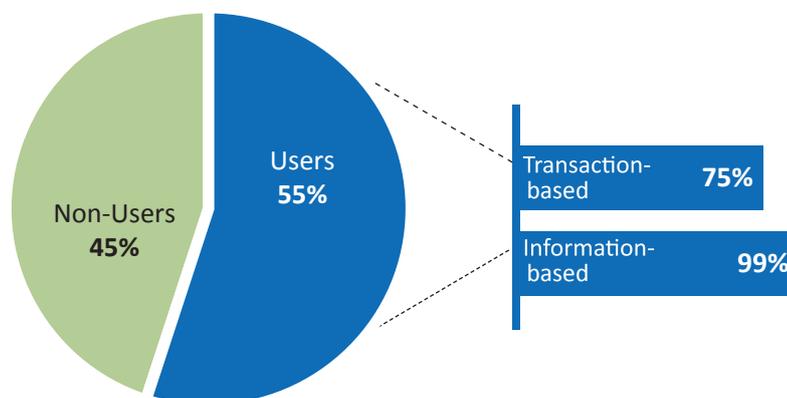
## Mobile B2B

Despite reports that corporate mobile banking is gaining momentum, adoption among corporates is not happening as quickly as it has on the consumer side. Security concerns are the main hurdle that corporates (of all sizes) face as they consider the value of mobile technology. A 2013 survey by Greenwich Associates for Capital One Bank, addressed the question of how corporates use mobile payments. The sample of respondents was pooled from the AFP (Association for Financial Professionals) and broken down into two distinct brackets; lower-end middle market businesses, those with a revenue ranging from \$10 million to \$100 million and large middle market businesses, those with a revenue ranging from \$100 million to \$500 million. According to the study, “Over a third of lower-end middle market businesses and over half of large middle market businesses use at least one type of mobile banking and/or payments service.” Mobile banking is the more prevalent use case and it is driven by information rather than transactions.

### Mobile banking and payment among lower-end middle market businesses (\$10MM to \$100MM)



### Mobile banking and payment among large middle market businesses (\$400MM to \$500MM)



Base – Total Middle Market Businesses Using Mobile Banking and/or Payments (n=229)

Note: The data above is used with permission from Greenwich Associates and Capital One. It is from the study US Commercial Middle Market Payments Insights (2013) from the section on Mobile Banking and Payments Adoption.

Greenwich Associates further analyzed the services utilized by businesses to determine how much of mobile usage by corporates is purely information-based and how much is transactional. The study found that, “similar to the adoption trends experienced in the nascent stages of business online banking, businesses tend to use information-based functionality as a precedent to transacting using a mobile device.”

Security was cited as a major hurdle for corporates to conduct transactional business using a mobile device. Sixty-six percent of all AFP (Association for Financial Professionals) respondents cited security challenges as the primary barrier to widespread adoption of corporate mobile banking. But security is not the only reason that mobile banking at a corporate level is lagging. Many corporate transactions require more information and interaction with other systems than a mobile device can provide. Unlike consumers, corporates cannot simply click “approve or deny” when it comes to most payment files. For this reason, tablet devices are favored over mobile phones. Tablets provide screens that are large enough to convey more information and the computing power and technical interfaces for appropriate security measures, making them more suited to the functions useful to corporate treasurers.

Despite these disadvantages, some major banks have begun to hone corporate mobile applications. RBS’ AccessMobile and Wells Fargo’s CEO Mobile are examples of relatively sophisticated offerings. Both platforms offer users the chance to make and approve payments, deposit cheques via mobile, monitor accounts, and view reports. Deutsche Bank’s Autobahn platform recently expanded its electronic foreign exchange trading functionality to incorporate smart phones and tablets. The following chart depicts some of the current corporate use cases for various technology, including mobile, tablet and Internet.

*Many corporate transactions require more information and interaction with other systems than a mobile device can provide*

### Corporate mobile banking possibilities

	Accounts payable	F/X	Capital markets trading	Account info. & statements	Cheque deposit
<b>INTERNET</b>	✓	✓	✓	✓	✓
<b>MOBILE</b>	X	X	X	✓	✓
<b>TABLET</b>	✓	✓	✓	✓	✓

At this point in time, the prominent service model for mobile payments is an abridged version of corporate internet banking and very little is offered beyond the basics. Whether mobile banking for corporates is simply in its infancy or a technological mismatch, only the future will decide.

## *Real-time payments will succeed for corporates, when the right tools are in place*

### **Real-time**

Beyond mobile, there are a number of products and services made possible through real-time platforms, including corporate, B2B, and consumer bill payments. Real-time has many advantages for corporates including: a simpler process, greater transparency, and a reduction in the cost of cash and cheque processing. Real-time payments enable corporates to improve their proposition to customers by offering services or goods at a rate that matches consumer and business expectations. Corporates can also improve their working capital by accessing funds posted in real time rather than having delays related to the clearing of slower payment types.

All of these advantages are significant but the business case for many banks and corporates to invest in real-time still lacks clarity. The cost of implementing real-time IT is significant and although B2B and C2B use cases are evident, they are not the most frequently cited use cases for real-time payments. In many countries, corporates have other methods in place to facilitate faster payments, such as card-based transactions and RTGS payments. Moreover, the majority of payments are scheduled and do not require real-time execution. Innovation is required in order to move the current applications for real-time payments away from P2P toward a business landscape. However, there are a number of developments that indicate that real-time payments will succeed for corporates, when the right tools are in place within corporate's own IT billing, and invoice systems to post, receive and report the payments, as well as in banks integrated systems that surround payments.

The integration of online banking and real-time payments is key for enabling account holders to pay for goods from their bank account. Models exist already for offering payment guarantees in real-time, such as iDeal in the Netherlands, the Euro Banking Association's (EBA) MyBank, and Secure Vault Payments in the United States. These services add value to existing payment infrastructures, and allow flexibility to create services, as real-time environments become the standard. In the UK, the Faster Payments service has seen robust growth from businesses making one-off payments to other businesses and to individuals. For example, insurance companies often use Faster Payments to settle customer claims. The use of Faster Payments in this context creates a faster and more convenient alternative to cheques and slower payments using batch systems.

Real-time systems are introduced at different rates. In Singapore the introduction included the 14 major financial institutions from the outset. In Poland and Sweden, change is happening more slowly. Banks need to be prepared and remain flexible to upcoming changes no matter how real-time develops globally. Banks may also need to find an outsourcer for stand-in processing if their current systems are not capable of 24/7 operation. Corporates also have to be ready to make and receive and account for payments in real-time if expected to do so by their trading partners or customers.

# Data standards for corporates

## Data remittance standards for corporates

In addition to faster service, expanded service requirements, and product differentiation, corporates are also increasingly in need of user friendly, internationally interoperable messaging standards. The variety of data standards in payment systems around the globe creates a complex environment for corporates who operate internationally. While conversion services exist to ensure compatibility across multiple standards, there is a clear trend toward a decreasing reliance on national or proprietary standards. For corporates, the standardization of interfaces across multiple banks would improve automation and alleviate the burden of having to manually input data for proprietary bank interfaces.

There are a number of developments that utilize either ISO 20022 or XML standards, which seek to provide cross-border or global standardization in different business areas. The Common Global Implementation - Market Practice (CGI-MP) is an initiative that provides a forum for banks and non-banks to discuss issues related to C2B messaging using ISO 20022. It aims to simplify and standardize C2B ISO 20022 implementation in the payments space on a global level. The CGI workgroup produces a set of common ISO 20022 payment initiation messages for corporate-to-bank (C2B) communication to promote wider acceptance of ISO 20022 globally.

Many corporates rely on banks or third-party providers to transmit those messages with payments, but SWIFT has introduced a number of direct corporate treasury management tools. Services include a bank on-boarding solution that lets corporates integrate multiple banks with complex messaging standards, a service that connects corporates directly to the SWIFT network, and a transformation application that allows corporates to convert messages to their back office system, regardless of what system they have.

The real challenge in corporate connectivity is enabling trade and increasing efficiency, not just facilitating payments. According to a survey in 31 countries completed by Lipis Advisors in early 2014, 47% of respondents reported significant pressure to increase the amount of remittance data that a payment can carry. Although the ISO 20022 standard allows for theoretically unlimited amounts of remittance data, nearly all the interbank payment systems that have implemented it have limited the amount of data that can be transmitted, and have done so in different ways by country. In doing so, banks lose the opportunity to help corporates connect to each other and risk relegating themselves to simply moving money, which is far less valuable than moving information.

*The real challenge in corporate connectivity is enabling trade and increasing efficiency, not just facilitating payments.*

# Bank challenges & opportunities

## Banking for SMEs

The banking industry is struggling to find the best way to serve the SME (Small to Medium Enterprise) segment. Using annual revenue or loan size as a criterion is one method to distinguish this group but it disguises the needs of a company that may have revenue within the normally targeted bracket, but one that operates very differently from a large corporate. It would behoove banks to differentiate product offerings for the three distinct business segments: consumer, small business, and corporate, but many banks do not have the cross-product flexibility or the customer base knowledge to do so.

Consumers and large corporates have clearly defined product needs but that distinction in product offerings is not easily available for the small business segment. SMEs fall somewhere between consumers and corporates and each SME customer requires slightly different services. Generic products for SMEs are loans, leasing, merchant acquiring (card processing), corporate credit and debit cards, cash management facilities, trade finance and commercial real estate financing but these categories break down relatively quickly and banks are left with fewer options to serve this growing market segment. For example, in certain geographies, lending to an individual for a commercial purpose qualifies as commercial lending, a distinction that comes with its own risk profile and regulations, and often rules out the small businesses that need them most.

A number of countries have introduced government-based services that address the needs of small businesses. In the United States, Small Business Administration Loans have been specifically designed as a product offering to the US SME market to combat this problem. In Germany, the KfW (Kreditanstalt für Wiederaufbau or Reconstruction Credit Institute) is a state bank that specifically offers loans to individuals, small businesses, and public authorities. Similarly, the UK's government based program, Small Business Grants, aims to help start-ups by offering assistance and grants. Government led programs alleviate some of the burdens SMEs face but do not improve the bank to SME relationship.

Banks often suggest that it is difficult to serve the SME segment profitably and there are a number of reasons this segment is particularly costly and difficult to serve. Risk management for SMEs requires assessment and management in a manner that is more expensive, more strict, and more time consuming than for consumers but does not deliver the yields that large corporates promise.

## ***Consumers and large corporates have clearly defined product needs but that distinction in product offerings is not easily available for the small business segment***

The SME segment requires tailor-made risk evaluations somewhere between a consumer's credit score-driven assessment and the significant due diligence procedures required for large corporates. Similarly, managing the SME segment must fall somewhere between a portfolio basis and monitoring on an individual basis, which is far too costly for SME returns.

Bank practices around SME management range from designating a single unit for consumers and small businesses, to managing small businesses as part of the larger corporate banking segment. Some banks separate SME business from consumer and corporate management but the most common practice for this model is to assign one manager to handle a significant number of SME customer accounts which often leads to a lack of individual attention and customer dissatisfaction.

Usage of banking systems for the SME segment varies from bank-to-bank as well. Larger banks have begun to target smaller businesses and are able to offer more robust payment services to smaller corporates. Services include targeted SME loan origination systems and customer interfaces developed to serve the SME segment. These practices pose a threat to regional and smaller banks, which have traditionally served SME customers, and generally originate SME loans either through the consumer loan origination system or through the corporate loan origination system.

The current bank model for offering services to SMEs is to define a set of needs and develop a platform to suit them. This model has not worked as well for SMEs because their needs are more varied than other market segments. In business arenas outside of banking, this concept is being inverted such that the customer is offered a wide array of products and services and given the freedom to customize to suit individual needs. Retooling bank products and services, as well as regulatory reporting practices to allow mass customization for SMEs may provide a solution to the lack of flexibility currently found in SME solutions.

### **Revolutionizing STP**

Treasury services are a pillar of the banking industry and have proven to be a resilient and flexible base for bank growth. Treasury services cover a complex set of cash management services for corporate customers including liquidity, payments, payables and receivables, and trade finance. At the same time, the expectations of corporate customers for their banks to provide more transparency, interactivity, and innovation is driving the future of products and services and banks will have to respond quickly and intelligently to keep customers satisfied.

## *As corporate expectations for speed and proficiency in transaction processing become the norm, banks will need to look beyond current STP practices toward value added services in information management*

Developing solutions to minimize the impact of inefficient practices is one of the key ways that banks can modernize alongside their corporate customers. One area that has seen improvement but still requires work is bank-to-corporate (B2C) Straight Through Processing (STP), which eliminates the need for manual processing and speeds up the flow of funds and information in corporate transactions. This also enables STP in the corporate-to-corporate space, with banks acting as the key intermediary between corporates. As corporate expectations for speed and proficiency in transaction processing become the norm, banks will need to look beyond current STP practices toward value added services in information management.

Continued volatile market conditions and evolving regulations require improved information management and reporting capabilities. The next generation of STP will need to harness payment information and digital technology to create more intelligent payment processing. Software that recognizes a transaction as part of a larger chain and provides relevant information to corporate treasurers is one possibility for the future. One of the major sticking points for reshaping STP is the lack of standardization amongst payment formats and clearing systems. Until there is a common language amongst banks and payment systems globally, harnessing the data in ways that can be commercialized will be very difficult.

### **Utilization of ACH payments in a corporate context**

Many advanced economies have deliberately encouraged electronic payment methods in a corporate context, although the pace is slower in the US due to the high number of cheque-based payments at a corporate level. In Europe, especially SEPA and the Nordic countries, electronic-based corporate payments have become the norm and early adoption of innovative products marks the landscape.

The popularity of low-value, ACH-based corporate payments varies significantly across the globe. In Europe, electronic payments have long been a popular choice for corporates who can now utilize SEPA credit transfers and direct debit products across countries that would previously have required costlier cross-border payment methods. In other parts of the world, ACH payments are a less popular option. Many corporates feel that the sensitive bank account information suppliers are required to provide makes them vulnerable to fraud. In the US, Canada, Australia and elsewhere where cheques are still used as a prominent corporate payment method, using the ACH eliminates the majority of costly resources associated with that payment type.

*A significant demand for multi-currency payment clearing services among financial service providers is becoming evident*

### **International products and models**

Corporate and bank practices stem from a variety of internal and external catalysts. Regulation has played a significant role in shaping corporate payment practices, as has payment system modernization and the introduction of new payment channels. Promotion of one product at an ACH or bank level can also have a large impact on corporate adoption. This section explores notable recent products and payment models that have transformed corporate banking.

### **Alternative international channels**

International payments have always been a complex process for corporates. For large corporates, correspondent banking has adequately served most needs, despite being costly. As more SMEs become global players, however, a significant demand for multi-currency payment clearing services among financial service providers is becoming evident. While large banks have deeply-rooted correspondent banking practices in place, for smaller and medium-sized institutions, the desire to accommodate international corporates without depending on correspondent banking or outsourcing, has led to a number of cross-border payment innovations outside of traditional banking channels.

A number of non-bank service providers have begun targeting markets for international low-value payments that are not being serviced by current correspondent banking practices. Earthport, a UK-based company that specializes in cross-border payments, is working with banking partners to offer an international web-based settlement platform that can handle high volumes of cross-border payments in 60 countries and territories. Western Union has also focused some recent development in the corporate cross-border space. They maintain bank accounts in most major economies to act as a middleman for the clearing and settlement of corporate payments. Worldclear, a New Zealand-based startup, recently launched a new payment-clearing platform for corporates and financial institutions with expanded payment methods and currencies. These companies are focused on expanding the number of payment methods, geographies, and currencies to increase their attractiveness to smaller financial institutions and non-financial corporates with cross-border activities.

Beyond cross-border corporate accounts, the US-based company Ripple Labs has developed an open-source, distributed payment protocol for the payments industry. The protocol enables free and instant payment exchange

in any currency — including dollars, yen, euros, Bitcoins, and even loyalty points. Financial institutions of any size are able to settle transactions in real-time and accelerate the movement of money. While digital currencies have long represented a potentially significant technical development, they have remained on the sidelines and have only been adopted by the most risk-hungry and adventurous. The Ripple protocol has the ability to simplify current technical and business models, offering an alternative message routing and settlement layer for payment networks. This could enable them to become faster, cheaper, and more interconnected. Utilizing digital currencies could be particularly attractive for facilitating cross-border payments, where values are linked to stable national currencies and quickly exchanged.

### **SEPA for corporates & B2B direct debits**

The lead up to full SEPA migration was not ideal for many European corporates. The high cost of implementation led to a compressed SEPA direct debit migration schedule for banks and clearing houses. As a result many payments and collections were delayed or returned and complexity was increased due to lack of one common ISO 20022 implementation.

Post migration, SEPA represents a strong business opportunity for corporates. The common process for all 34 SEPA countries eases payments and collections across multiple markets. SEPA provides innovative and pan-European collection services including reduced collection costs, full STP, and automated reconciliation. It also promises increased competition among financial institutions and a wider pool of providers to draw from, now that domestic payment processing is no longer driving customer choice.

The use of direct debits for SEPA corporates creates a seamless, end-to-end invoice to collection model that only requires manual intervention to manage exceptions. The cost reduction and improvement in cash flow are benefits, as is the improved financial control over other payment types.

### **E-invoicing**

Electronic invoicing (e-invoicing) is one of the key areas to cut down on paper product use and familiarize corporate customers with electronic platforms. A number of countries offer e-invoicing solutions but few have developed widespread adoption without regulation. In Brazil and Mexico, the governments have mandated e-invoicing for all bank to government invoices. Both governments chose a standardized XML-based data format for these invoices and though migration was a difficult process, the resulting simplification and cost savings have been met positively. These services

remove many inaccuracies and cut down processing time for supply chain management.

In Finland, the banks decided not to wait for regulation to force the issue and instead communally developed a common format for electronic invoices known as Finvoice. The service speeds up circulation, verification and approval, and virtually eliminates the need for manual added information. Due to its ubiquity and simple interface, the service is widely used by Finnish corporates and has virtually eliminated paper-based invoicing.

The Euro Banking Association (EBA) has also organized a financial sector initiative around e-invoicing. In addition to the e-invoice working group, set up in 2006 to explore ways in which the EBA and its community of members could contribute to pan-European solutions in electronic invoicing, there is also a proof of concept group where financial sector stakeholders have joined forces with non-bank e-invoice service providers.

## **Conclusion**

A number of recent developments, including the promotion of STP, the rise in real-time payments, and corporate use of mobile payment technology (among others), have led to corporates proactively seeking new products and services from banks and other payment industry participants. The key themes across current B2B payment development include maximizing control over payments, increasing flexibility and security to help smaller corporates move from paper to electronic payments, and updating banking infrastructures to support the development of global rules, standards and practices. The aim is in is to assist corporates with payments in an increasingly international world while maximizing the exchange of valuable trade data and minimizing the impact of compliance with regulations. It is a tall order indeed.

Post financial crisis, corporates are seeking relationships with multiple banks and service providers, and selecting the best services from each. Banks have responded to this challenge and are actively competing to serve corporate customers by expanding their service offerings, creating more back-office flexibility, partnering with non-bank service providers in specific areas, and competing with each other more than ever before to bring differentiated services to market.

## Strategic questions

There are a number of implications identified in the preceding analysis. The following questions represent an attempt to develop the dialogue around bank-to-corporate payments, and though it is by no means exhaustive, banks would be well served to evaluate and develop strategic responses.

### Strategic questions for mobile payments

- How have corporate customer expectations and behaviors changed as a result of mobile services?
- What new products can you build on a mobile platform that could not have been built before?
- What will mobile change about your operational platform? What will need to change? What can be eliminated?

### Impact of real-time on corporate banking relationship

- Are corporates more likely to make account-based payments if they can be done in real-time? Will their systems be ready to accept payments in real-time?
- What innovations are needed to make B2B real-time payments more imperative? What is holding back the business case?
- Are there card products that currently fill the real-time gap for corporates? How would real-time change that model?
- Can FIs offer a better real-time value proposition to customers than non-FI payment providers? Do corporates care who is providing the service?

### Third parties and corporate payments

- Are the services third parties offer competing with banks? Can banks partner to increase co-opetition?
- Are current correspondent banking practices inhibiting innovation for international corporate payments? Which practices are most inhibiting?
- Do current third-party based corporate banking products favor a small segment of payment initiators? How can non-banks expand offerings in a beneficial way?
- Would lower cost cross-border payments encourage more corporates to expand internationally? Would it encourage a wider network of international trade partners?