

Visa Commercial Pay

Digital Acceleration for Supplier Payments

Visa Commercial Pay B2B

Leverage virtual payables in a
Straight-Through Process



VISA

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Overview

Enhancing the Value Proposition of Commercial Cards for Business Payables

In today's fast-paced, data-led world, traditional business payment methods are cumbersome, costly and often risk-prone. Signing and exchanging physical checks is no longer efficient in the ever more digital payments space. Legacy payment methods come with their pain points; invoices and payment instructions pass through many hands until they are processed.

This manual data-matching creates a back-and-forth between buyer and supplier, causing unnecessary delays in payments, and increasing the risk of mistakes in manual processes.

All buyers are suppliers, and all suppliers are buyers; any delay in payment inevitably has a knock-on effect, with the consequences being felt along the supply chain. Such delays cause friction in buyer-supplier relationships and stifle liquidity and access to working capital.

The Business Payment Context Today

Buyers Are Seeking More Efficient Ways to Pay Suppliers and Preserve Working Capital

Introducing commercial cards to payment flows improves liquidity for buyers, freeing up more working capital for corporate treasurers.

Key factors driving the pace of change in business payables include cost, cashflow and the growing prevalence of remote working.

For many, the working environment is moving out of the office and into the virtual office space. With industry leaders forecasting a near 70%* increase in the number of employees working remotely, providing employees with the tools they need to make secure payments has never been more critical.

Payment cards and other card products have seen increased uptake in B2B payments, with AP process automation cited as a primary catalyst. The administration cost of a traditional check could be as high as \$20**. This is particularly inefficient for the long tail of lower value, infrequent or one-off purchases, where the admin cost of processing payment can often exceed the value of the payment itself.

The commercial card network is capable of carrying vast quantities of rich data. Adding commercial cards to supplier payment options automates the reconciliation experience for Accounts Payable and Receivable.

What's Stopping Supplier Adoption of Cards?

Card-based products have many virtues when compared with legacy payment options, but are not without their own challenges, slowing down the rate of adoption. Suppliers may not have the Point of Sale (POS) infrastructure to accept card payments, and those that do may levy surcharges to offset the cost of POS hardware. Sensitive card data often still requires manual extraction for input into a supplier's payment flows, with an increased risk of human error or misuse, which all adds time and cost to a supplier's Accounts Receivable processes.

Cards & Cashflows

Legacy payment methods are slow and require intervention at multiple stages from both buyer and supplier.

After procuring goods and services from a supplier, the buyer receives an invoice and initiates payment. In some cases, this might be by check, which requires printing and signing, before being sent to a supplier and then deposited at the bank. In other cases, it may involve payment via ACH or wire, 30, 60 or 90 days following the receipt of invoice. This manual process inevitably creates delays in the supplier receiving payment.

Whilst late payments have always been a handy tool for buyers to preserve working capital, any delays will have a negative knock-on effect. The more widespread the practice, the more acutely the effects are felt across the supply chain.

According to the FT*, an estimated 50,000 small businesses cease trading every year in the UK alone due to late payments. For those that do survive, suppliers spend an estimated £4.4bn to collect outstanding payments each year. Solutions are needed to improve cashflow management and process efficiencies for businesses.

Commercial cards allow buyers to accelerate supplier payments whilst extending their Days Payable Outstanding by leveraging existing credit lines. Boosting the liquidity of the supply chain frees up cash for suppliers to invest further in their own products, services and personnel.



Difficulties of Enablement

Traditional commercial card products have provided buyers with a useful payment tool, centralizing spend across certain segments of their supplier base. There are, however, other segments of spend where buyers would love the convenience of paying suppliers with a commercial card.

P-cards or corporate cards may invoke bad memories for buyers due to a lack of controls, non-adherence to policy and poor data reconciliation. These factors can discourage corporates from maximizing the benefits of commercial card programmes, or even adopting commercial cards at all.

Supplier enablement initiatives are often required to convert suppliers into card-accepting merchants. Some suppliers are deterred by manual processes, or the perceived cost of card acceptance, frustrating issuers attempting to access more spend on commercial cards.

Accelerating Business Payables

A seamless process designed to enable accelerated payments to suppliers without any manual hassle while capturing all the benefits of virtual payment

Payment Sent Directly to the Supplier's Bank Account

STP transforms the way that buyers make payments and how suppliers receive them. It enables commercial card payments directly to the supplier's bank account without any action required from the supplier. Virtualizing existing card technology removes the friction of manual processes, when combined with STP and does away with the need for suppliers to store and extract sensitive card data from payment instructions. There is no expensive

POS infrastructure required after a simple, completely-online supplier onboarding process; suppliers are ready to receive commercial card payments using STP.

Making payments with STP is intuitive and straight-forward. When a payment is required, the intuitive user interface (UI) guides buyers through the process, the user simply selects the desired supplier, enters the amount, and confirms the payment with the click of a button. Behind the scenes, a virtual card is created. Instead of a single-use card number being sent to the supplier, all Processing is handled automatically, and the payment is deposited directly into the supplier's notified bank account.

The creation of virtual cards for STP payments can also be initiated in bulk via a file upload from their Enterprise resource planning (ERP) system, or made available in their preferred procurement workflow through integrations with Procure-To-Pay or Treasury Management Systems.



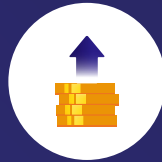
Transforming Business Payables



Quick onboarding and improved experience for buyers and suppliers



Intuitive UI and ERP integration



Direct funds transfer



Automatic payment processing and reconciliation



No plastic, instant issuance, one-time use



Set for specific invoice and purchase, amount, MCC and date

Virtual Payment definition

Virtual Payments are an extension of the purchasing card (P-Card)- single-use, for specific invoice and purchase only, with MCC and date restrictions - generated virtually and plastic-free.

STP definition

Commercial card payment delivered directly into a supplier's bank account, without any action required by the supplier, utilizing virtual payment technology and automating the process, removing the need to manually extract card data.



The Buyer Perspective

Give commercial card clients a next-generation payment experience for business payables

The Ultimate Working Capital Management Solution

Broaden the scope of suppliers payable by card, maximizing the benefits of the buyer's commercial card programme. Free up cash to invest in other areas of their business, whilst simultaneously strengthening relationships with suppliers.

Supplier Onboarding & Management

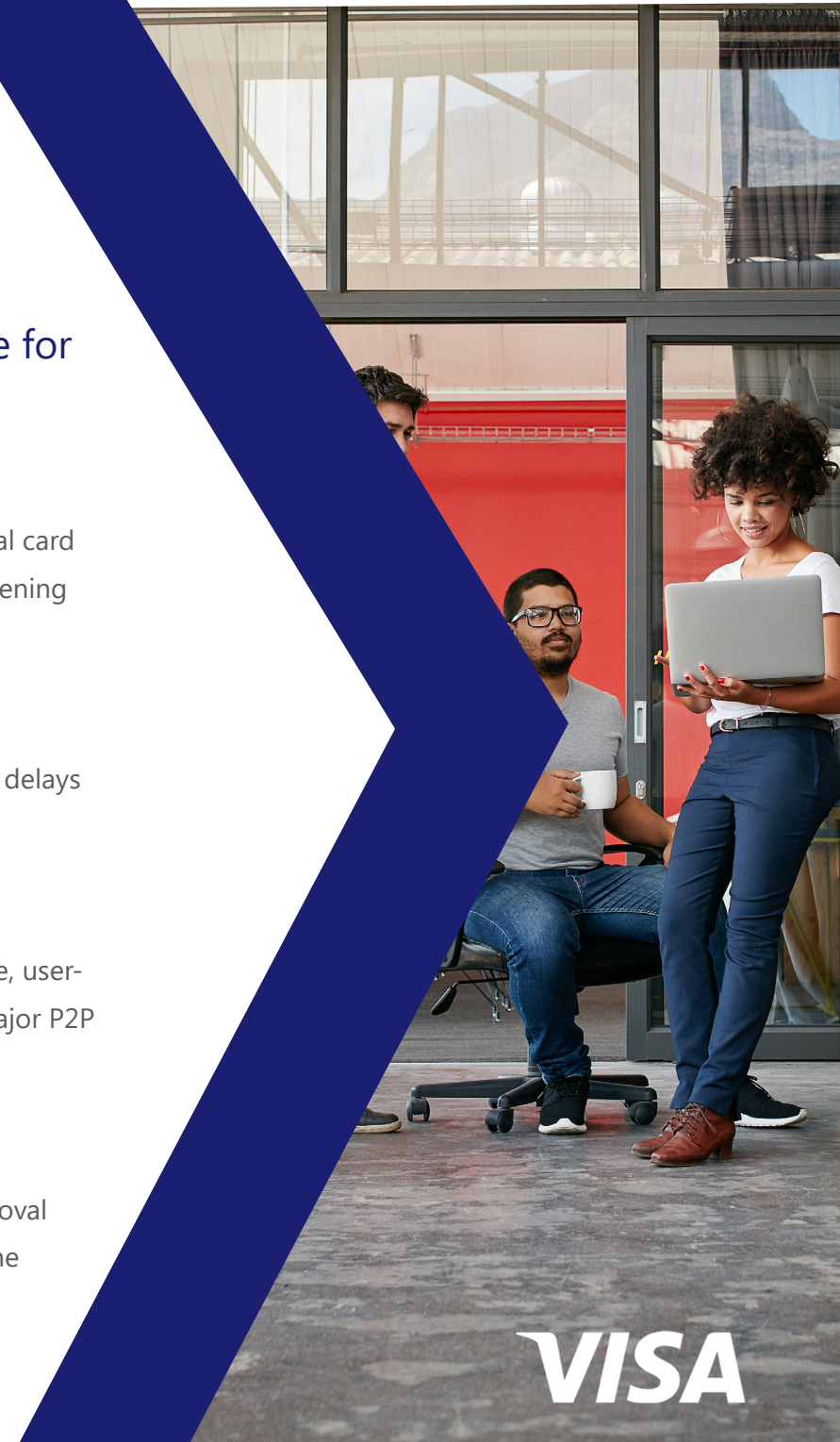
Complete supplier onboarding in days with an online-only process by eliminating the friction and delays caused by manual processes.

UI & ERP Integration

Reduce the process of making payments to a few simple clicks, initiate payments using an intuitive, user-friendly interface, with additional support for direct file transfers from ERPs, or integration with major P2P platforms.

More Control & Automation

Fully customizable payment controls, allowing for the setting of transaction limits or seeking approval for transactions above a pre-defined value to remove the risk of card misuse, whilst automating the reconciliation of payment data.



Buyer Benefits

- ✓ Onboard suppliers easily and provide them with a fast, reliable payment option.
- ✓ Configurable controls determine when, where and how payments are authorized.
- ✓ Prevents exposure of Primary Account Number (PAN) to suppliers, protects against potential misuse or fraud.
- ✓ Enhances data simplifies reconciliation & reporting for better cashflow forecasting.
- ✓ Significant admin cost savings over traditional payables processes.
- ✓ Increases Days Payable Outstanding (DPO)

Making and receiving commercial card payments using STP ensures that payment flows are fully aligned with the digital workspace. Speed, efficiency and cost-saving are integral to virtual card payments, and STP is the evolution that removes risks associated with other commercial card products.

By enabling more suppliers for card acceptance with STP, buyers can strengthen key supplier relations by making quicker payments, whilst gaining working capital efficiencies. Buyers also get invaluable access to enhanced data and dynamic reporting, for smarter cashflow forecasting and greater insight into their supplier spend.

The Supplier Perspective

Transforms Accounts Receivable Processes and Boosts Working Capital

Reduced Days Sales Outstanding (DSO) to Boost Working Capital Management

The combination of virtual cards and STP enables suppliers to access working capital benefits of commercial cards, without any of the perceived cost, manual process, or data security pitfalls associated with other payment methods.

Automation of Accounts Receivable with Direct Funds Transfer

Manage Accounts Receivables without costly POS infrastructure. STP enables suppliers to receive card payments directly to their bank account - there's no need to input any card data into POS hardware or software.

Elimination of all Manual Processes, Optimizing Resource Utilization

Resources that would typically be engaged in processing payment data can now be allocated elsewhere. Automated matching and enhanced card data further remove the labour cost of reconciling payments.

Reduced Exposure to Data Breaches

Removing the need to store card data or other payment information reduces the risk of exposure to data breaches. Reducing the number of layers that sensitive data is passed through to zero means there is no risk of mistyping information.

Supplier Benefits

- ✓ Automation of receivables with direct funds transfer
- ✓ Elimination of all manual handling, optimizing resource utilization and costs
- ✓ No need to store PANs, reducing exposure to data breaches
- ✓ Remittance data allows for improved back end reconciliation and reporting
- ✓ Accommodates buyer payment preferences and accelerates inbound payments from buyers
- ✓ Reduces Days Sales Outstanding (DSO)

Accommodating buyers' desire for simpler, more secure payments with STP brings suppliers' accepted payment solutions into the digital age. Onboarding can be either buyer or supplier initiated and is a quick and easy online process, where outdated forms of payment can often take weeks to set up.

Accommodating a buyer's preferred payment method may also be a differentiator when considering competing suppliers. Recognizing the convenience of virtual cards for buyers is an opportunity for suppliers to win new clients and generate more sales from existing clients.

STP reduces the risk of exposed data and manual errors and speeds up the receiving of payments by removing all the time-consuming manual steps typically required. Buyers leveraging their existing credit accounts to accelerate payments using STP also reduce their DSO, improving cashflow without impacting buyer-supplier relations.

The Issuer Perspective

Enhance the Commercial Card Proposition

Expand and Enhance Buyer Experience by Providing Holistic Solutions

Virtual Card technology improves efficiency and security over traditional payment methods, and broader adoption unlocks greater spending through card products. A seamless payment experience for both buyers and suppliers fosters better relations and the digitization of legacy payment processes, aligning payments with the shift to virtual working environments.

Solve the supplier challenges around card acceptance

STP lifts key barriers to entry of card acceptance. Removing the manual processes involved solves potential delays, the need for expensive POS hardware, and the associated training.

Removing the security and fraud challenges

Virtual Cards already feature improved security over their traditional counterparts. Using STP further improves this by removing access to sensitive card data. No need for transmitting PANs and other data as STP sends payment via virtual card directly into the suppliers' bank accounts.

No visibility or storage of sensitive card data removes the risk of abuse and exposure to data breaches.



STP is perfectly positioned to increase supplier acceptance of card products, by entirely removing the key pain points preventing adoption. Increasing supplier acceptance provides buyers with flexible payment options, unlocking commercial card spend for a significantly broader range of supplier payments.

The winning combination of virtual cards and STP empowers issuers to overcome any reticence to adopt commercial cards. For their clients, all concerns about controls and data reconciliation are removed. For their client's suppliers, worries about the perceived cost of card acceptance and manual processes are alleviated, whilst issuers themselves do not have to conduct supplier enablement campaigns on behalf of their clients.

The route to market is made easy by building on existing processes and technology whilst further improving security and reducing risk. Integrating virtual cards and STP into customers' preferred procurement workflows provides clients with a truly digital payment solution, providing issuers with the rapid scale of commercial card spend and solving for dynamic changes in their client's working environments.

Issuer Benefits

- ✓ Increases supplier acceptance
- ✓ Unlocks more commercial card spend
- ✓ Quick route to market built on existing processes and integrations
- ✓ Integrates virtual cards into buyers' preferred procurement workflows
- ✓ Empowers your clients with a 100% digital payment solution
- ✓ Highly secure solution to significantly reduce commercial card misuse

