**The Changing Landscape of
Consumer Receivables Management**

Oscar Fricke
Manager, Cash Management
Toyota Financial Services

Thokozile Mkwanazi
Senior Manager, Cash Management
Nissan Motor Acceptance Corp.

Mohit Joshi
Vice President
Global Payments & Cash Management
HSBC Bank USA, N.A.

Truth, Complete Truth & Statistics

- Did you know…

  – online usage levels top 75% of all US households?[1]

  – the number of online payments in the US grew by 53% in the last ten years while check payment volume in the US dropped by 57%?[2]

  – 33M consumer households pay bills online at their bank's site in 2010 compared to 5M in 2000?[3]

  – only 33% of bank online bill pay users also receive at least one e-bill at the bank site?[3]

[1]2010 Billing Household Survey: Consumer Survey of Offline and Online Billing and Payment Practices. Fiserv 2010.

[2]Broadband Adoption and use in America – Federal Communications Commission, February 2010.

[3]Changes in the Consumer Billing and Payment Marketplace 2000-2010, Fiserv, Inc.

Association for Financial Professionals®

Presentation Agenda

- ## Straws in the Air

  Changes in the Environment

- ## Survival through Evolution

  Ways to Adapt

- ## The Game Plan

  Recommendations

- ## ARC on my mind

  Wish List of Treasury Practitioners

- ## Open Session

Straws in the air
Lifestyle & Demographics

- Use of internet and mobile services

- Use of payment cards

- Pre-paid payments

- Kiosk payments

Association for
Financial Professionals®

Straws in the air
Business Technology

- The three-letter words
  - ARC
  - POP
  - BOC

- Connectivity with banks

- Online bill pay concentration

Association for
Financial Professionals®

Straws in the air
Market Dynamics

- Multiple non-bank firms vying for various pieces of value chain

- Consolidation among lockbox providers

- Cost / availability of financing

Association for
Financial Professionals®

Survival through Evolution
Ways to Adapt

- Understanding the efficiency dynamics behind each payment type
  - Challenges of electronic payments – consumer-initiated payments vs. biller-initiated debits
  - Costs to facilitate processing of different payment types
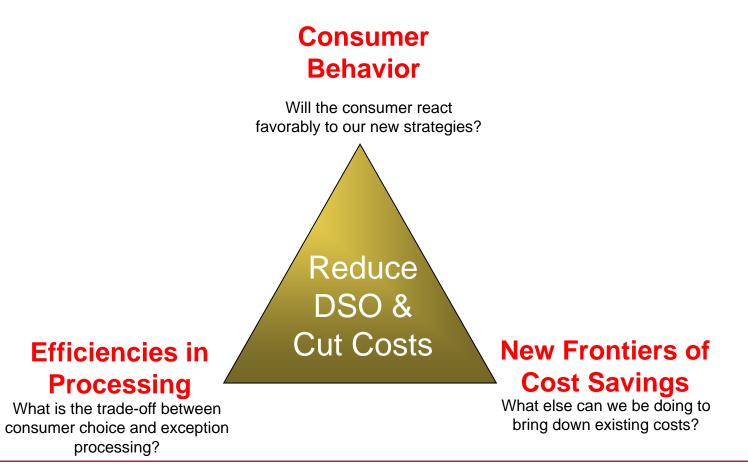 - Multiple originators vs. consolidation with a concentrator

Survival through Evolution
Ways to Adapt

- New Frontiers of Cost Savings
  - Statement suppression
  - Connectivity models with banks (SWIFTnet vs. multiple channels)

- Understanding consumer behavior
  - Use of credit cards for payments – interchange fees vs. consumer convenience
  - Carrot or Stick to drive e-bills
  - Differences in behavior across industry verticals

Survival through Evolution
Bringing it Together

Consumer Behavior

Will the consumer react favorably to our new strategies?

Reduce DSO & Cut Costs

Efficiencies in Processing

What is the trade-off between consumer choice and exception processing?

New Frontiers of Cost Savings

What else can we be doing to bring down existing costs?

The Game Plan
Recommendations

- Strategic dialogue necessary with internal stakeholders

- Choose providers carefully

- Choose an e-billing model carefully

- Offer choice but incentivize efficient behavior

ARC on My Mind
A Treasury Practitioner's Wish List

- Robust mobile applications for consumer online banking

- Rationalization of merchant interchange rates to promote credit card as a payment mode

- Critical mass on an integrated billing network

- IT vendors to focus on business continuity and preservation of knowledge

Association for
Financial Professionals®

Questions?

Oscar Fricke
Manager, Cash Management
Toyota Financial Services
Ph: 310-468-0314
Email: oscar_fricke@toyota.com

Thokozile Mkwanazi
Senior Manager, Cash Management
Nissan Motor Acceptance Corporation
Ph: 615-725-8576
Email: thokozile.mkwanazi@nissan-usa.com

Mohit Joshi
Vice President
Global Payments & Cash Management
HSBC Bank USA, N.A.
Ph: 201-386-7209
Email: mohit.joshi@us.hsbc.com

AFP® Annual Conference

This presentation was jointly created by employees of Toyota Financial Services, Nissan Motor Acceptance Corp and HSBC Bank USA, N.A. for presentation at the AFP conference. Each of these companies endeavors to ensure that the information in this document is correct and does not accept any liability for error or omission. This presentation is not for consumer use, and only for educational purposes. Any opinions expressed are those of the speakers and not their employer institutions.