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Building a Full Value Global Payments Program

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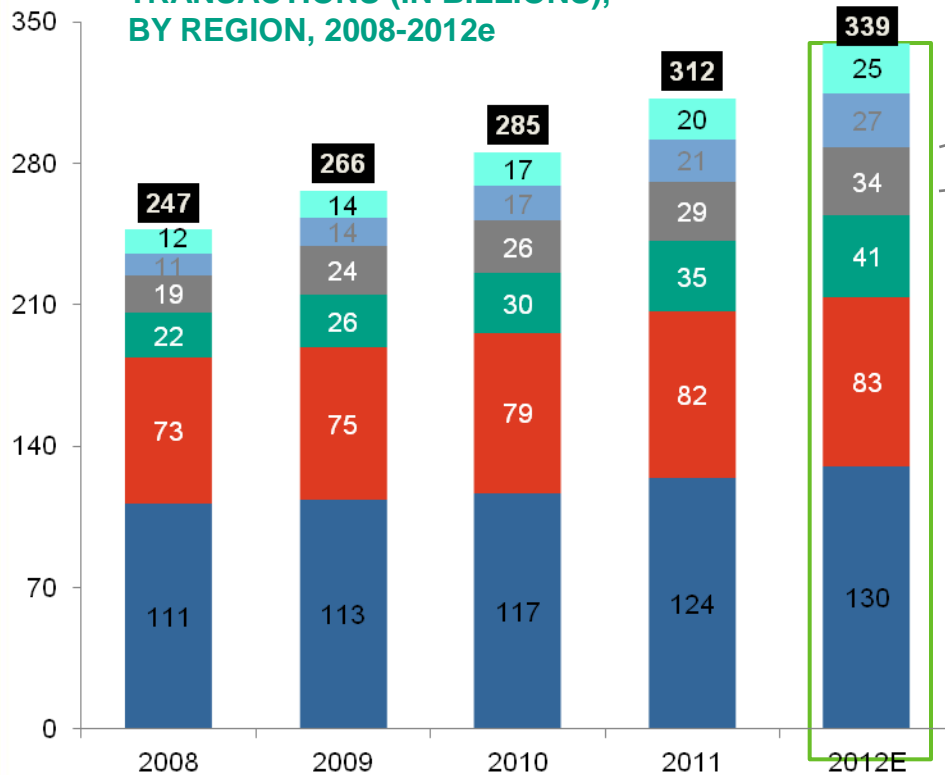
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Agenda

- **Global Payments Market Today**
- **Overview Global Payment Methods**
- **Making Full Value Wire Payments**
- **Case Study – Low Value Full Value Wire Payment Program**

Global Payments Scope

NUMBER OF WORLDWIDE NON-CASH TRANSACTIONS (IN BILLIONS), BY REGION, 2008-2012e



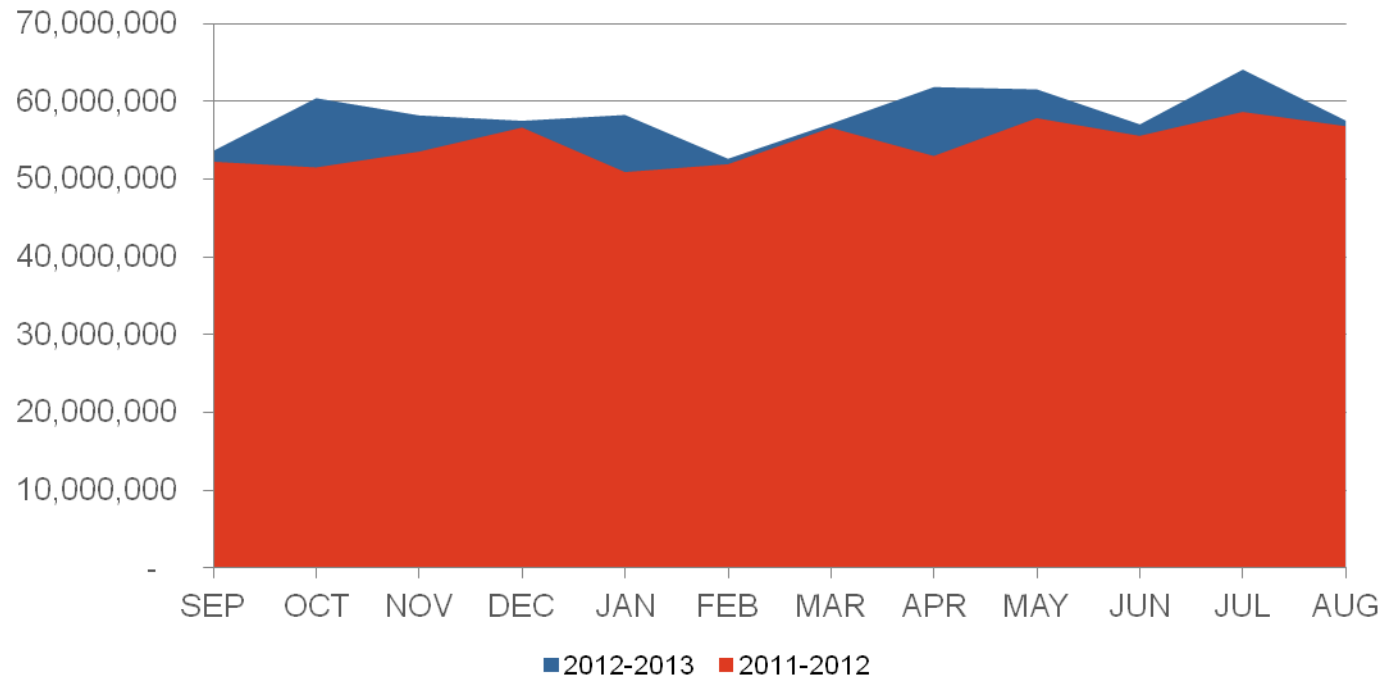
REGION	CAGR ('08-'11)	CAGR ('11-'12e)	GROWTH ('11-'12e)
GLOBAL	8.1%	8.8%	20.6%
REST OF ASIA	19.7%	24.4%	
CEMEA	26.3%	25.5%	
LATAM	15.8%	14.3%	
MATURE APAC	16.5%	16.8%	
EUROPE (INCLUDING EUROZONE)	4.3%	1.3%	5.4%
NORAM	3.7%	4.8%	

Source: Capgemini Analysis, 2012; ECB Statistical Data Warehouse, 2010 figures released November 2011; Bank for International Settlements Red Book, 2010 figures released December 2011; Central Bank Annual Reports, 2010

Commercial Payment Flows

SWIFT MT103 GLOBAL SENT VOLUMES

(ROLLING 12 MONTHS VS. PREVIOUS 12-MONTH PERIOD)



6.8%

YoY Increase in Volume

Source: SWIFT Watch, August 2013

Commercial Payment Flows

TOP 10 SWIFT MT 103 SENDING COUNTRIES

COUNTRY / 2012 RANK	YTD 2013 VOLUME	
1. United States (1)	80,106,767	↑
2. Germany (2)	46,167,988	↔
3. United Kingdom (3)	46,032,419	↑
4. Russia (5)	23,331,577	↑
5. France (4)	16,261,891	↔
6. Hong Kong (7)	14,056,484	↔
7. Netherlands (6)	10,954,035	↓
8. Italy (8)	10,796,651	↔
9. Belgium (9)	9,468,148	↔
10. Australia (10)	9,001,917	↑
TOP 10 TOTAL	266,177,877	↑

TOP 10 SWIFT MT 103 RECEIVING COUNTRIES

COUNTRY / 2012 RANK	YTD 2013 VOLUME	
1. United States (1)	75,906,256	↑
2. United Kingdom (2)	64,393,360	↑
3. Germany (3)	44,493,010	↔
4. Russia (6)	21,554,055	↑
5. China (4)	18,676,534	↔
6. France (5)	16,297,207	↔
7. Hong Kong (7)	15,314,026	↑
8. Italy (8)	12,389,162	↔
9. Belgium (9)	9,845,473	↓
10. Canada (10)	9,424,856	↑
TOP 10 TOTAL	288,293,939	↑

Source: SWIFT Watch, August 2013

Global Payments Throughout an Organization

Accounts Payable	Treasury	Human Resources	Claims
Vendor Payments	Intra-company	Payroll	Health Care Claims
Rebates	Taxes	Relocation	P&C
Commissions	Dividends	Pension	Travel Insurance
Freight	Stock Options	VAT Payments	Agent payments
	FX settlements		

Global Payment Methods

In U.S. Dollars	In Local Currency
Wire Transfers	Wire Transfers
U.S. Drafts	Low Value Payments (ACH)
Cards	Drafts
	Cards

PAYMENT TYPE	BENEFITS	CHALLENGES
ACH	<ul style="list-style-type: none"> • ACH is cost effective when compared to other electronic payments • Without lifting fees, beneficiaries will receive the full value of the payment • Increased control over value date of the payment 	<ul style="list-style-type: none"> • Lack of standardization, with each country employing its own set of standards and rules • Regulations affecting local clearing systems are constantly evolving • Lack of common standards in terms of format and communication methods • Limitation on payment value varies country to country
WIRE TRANSFER	<ul style="list-style-type: none"> • Standard global payment format • Can generally be repaired up front • Same Day/Next Day delivery for time critical payments • Remittance information can travel with the payment • No limitation on payment value 	<ul style="list-style-type: none"> • Higher cost for issuers and beneficiaries: <ul style="list-style-type: none"> – Transaction cost for issuer – Lifting fees • Varied degrees of self-servicing capabilities
CHECKS	<ul style="list-style-type: none"> • Complete beneficiary bank details not required • Less possibility for returns • No limitation on payment value • Access to float 	<ul style="list-style-type: none"> • Higher cost for issuers, including check printing costs • Delivery time varies dramatically between countries and takes longer • Increased exposure to fraud risk • Stop and Payment Recall rules vary and can be cumbersome country to country
CARDS	<ul style="list-style-type: none"> • Eliminates paper • Ability to develop robust analytics around spend • Improve working capital management • Rebate opportunity 	<ul style="list-style-type: none"> • Higher cost for vendors/suppliers as a result of interchange fees • Acceptance as a payment method may vary country to country

Determining The Best Payment Method

- **What currency are you funding the payment in?**
- **Is the payment for local operations?**
- **What is the payment method preferred by your payee?**
- **How fast does the payment need to be settled?**

Global Payment Program Costs

- **Direct Costs**
 - Transaction fees
 - Volatility of “Dollar Based Invoices”
 - Fluctuating exchanges rates
 - Lifting fees
- **Indirect Costs**
 - Impact to vendor relations
 - Problematic “service” models
 - Finding the optimal payment method
 - Keeping current with changing rules, regulations and practices
 - Understanding local clearing systems
 - Cross-border payments are often exception items
 - Reward-based Commercial Cards increase company expenses

Global High Value Transfers

- **Fast and reliable transfers of funds between two parties**
- **Funds move from one institution to another at the direction of the institutions customer and the transmission of electronic instruction messages that cause the institutions to make required bookkeeping entries and make the funds available on settlement date.**
- **US to US – FedWire**
- **US to World – CHIPS or Correspondent Banking Relationships**

Lifting Fees – Barrier to Full Value

- **Not a uniform global method for or practice of community by all intermediary and recipient institutions with originating entries regarding the fees and exchange rates that intermediary or recipient institutions might apply**
- **“Lifting Fee Management”**

Tools to Manage Lifting Fees

- **Shift to alternative payment method?**
- **Local payments vs. cross border payments**
- **Full Value Transfer Program with your bank**

Global Low Value Payments

- ***Payments across borders using the domestic in-country, low-value clearing systems***
 - *SEPA (Eurozone)*
 - *BACS (UK)*
 - *IBG (Singapore)*
 - *ECG/Autopay (Hong Kong)*
 - *NPCI (India)*
 - *.....*

Global Low Value Payments

- ***Types***
 - *Direct Debits*
 - *Credit Transfers*
- ***Settlements***
 - *D+1*
 - *D+2*
 - *D+3*
- ***Returns***

About GLG

Since 1998, GLG has built the world's largest membership-based marketplace for expertise, the GLG Councils. The Councils are made up of 350,000+ individuals across geographies, industries, and functions.

Our customers, the world's leading investors, corporations, consultancies, law firms, and nonprofits, subscribe to GLG to consult with our Council Members – on-demand, confidentially, and in a rules-based environment – to make faster, better, and more informed decisions.

Why is a Robust Payment System Important to GLG and Our Business?

- **To stay competitive it is vital to pay our experts in a timely manner**
- **Our business is international, and we must have the ability to pay experts all over the globe**
- **With our high volume and low dollar payments, efficiency and low transaction costs are critical**

Discovery

- **Mapped out problems to be solved**
 - Only offered USD check payments
 - Improve expert payment experience
 - Keep costs low while increasing efficiency
- **How does this fit into our current systems and processes?**
 - Internal website
 - External expert website
 - Accounting system
- **Searched for a vendor that met our needs**

Provider

- **Through that search we found Harbor Payments, which leveraged BNYM's payment system**
- **Global reach and payment options**
- **Batch level processing and batched confirmation file**
- **Collect and store our account data**
- **USD and foreign currency check printing**

Implementation Process

- **BNYM's Implementation and User Guides**
- **Internal development team**
 - Integrated our systems with new platform
 - Built infrastructure for file delivery
- **Accounting team**
 - Provided user perspective
 - Guided development team
- **Tests with low dollar payments**
- **Go live and post system updates**

2nd Phase of Our Payment System

- Harbor payments stopped providing this service EOY 2008
- GLG began connecting directly with BNYM in 2009
- Gave us greater visibility into the payment system
- Increased efficiency and cut costs further

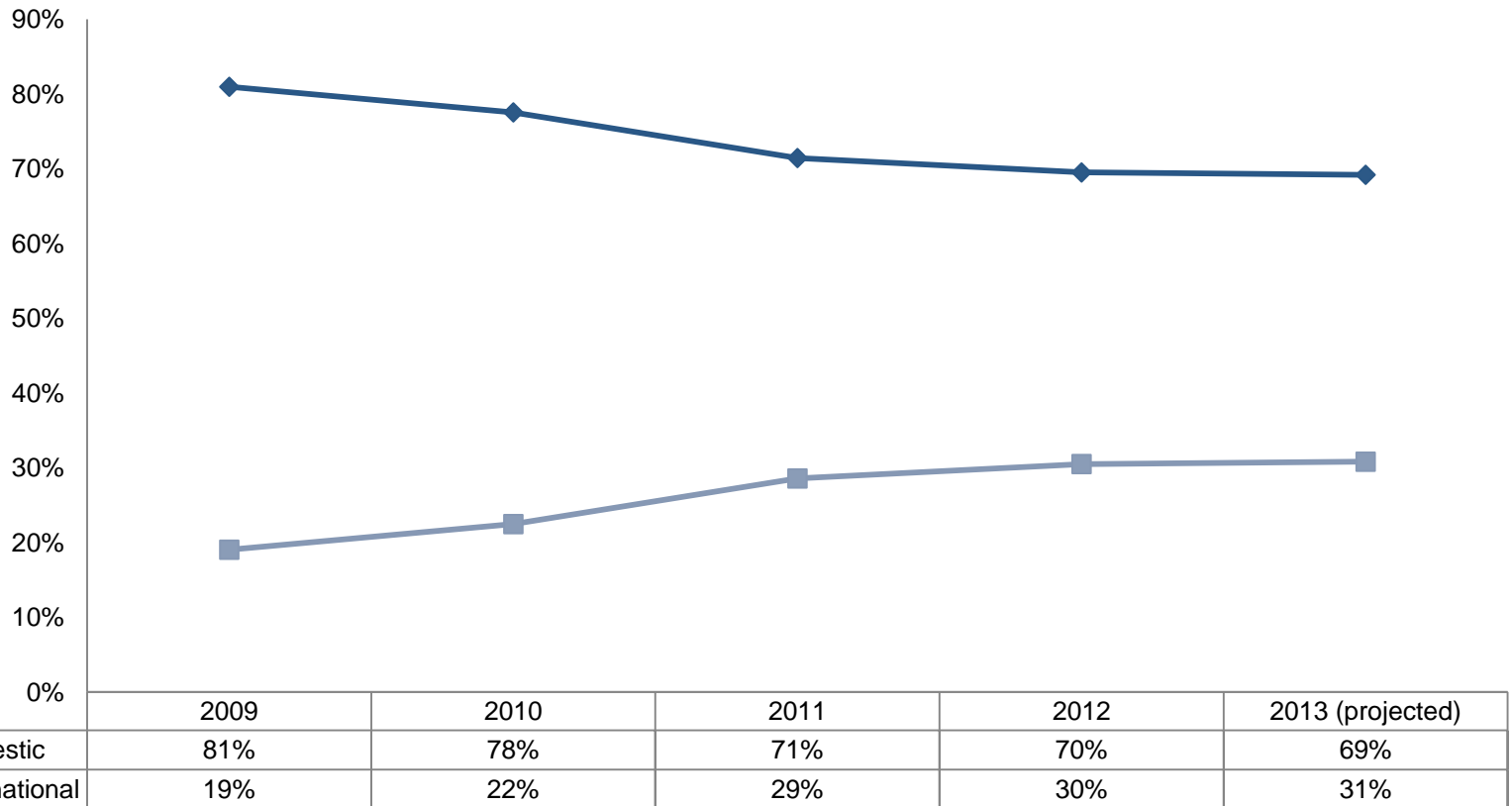
Payment Options

- **ACH/IACH**
- **USD checks to all countries**
- **Foreign currency drafts to a subset of countries**
- **Wires in USD or foreign currency where IACH is not yet available**

Payments Volumes Over Time

International vs. Domestic

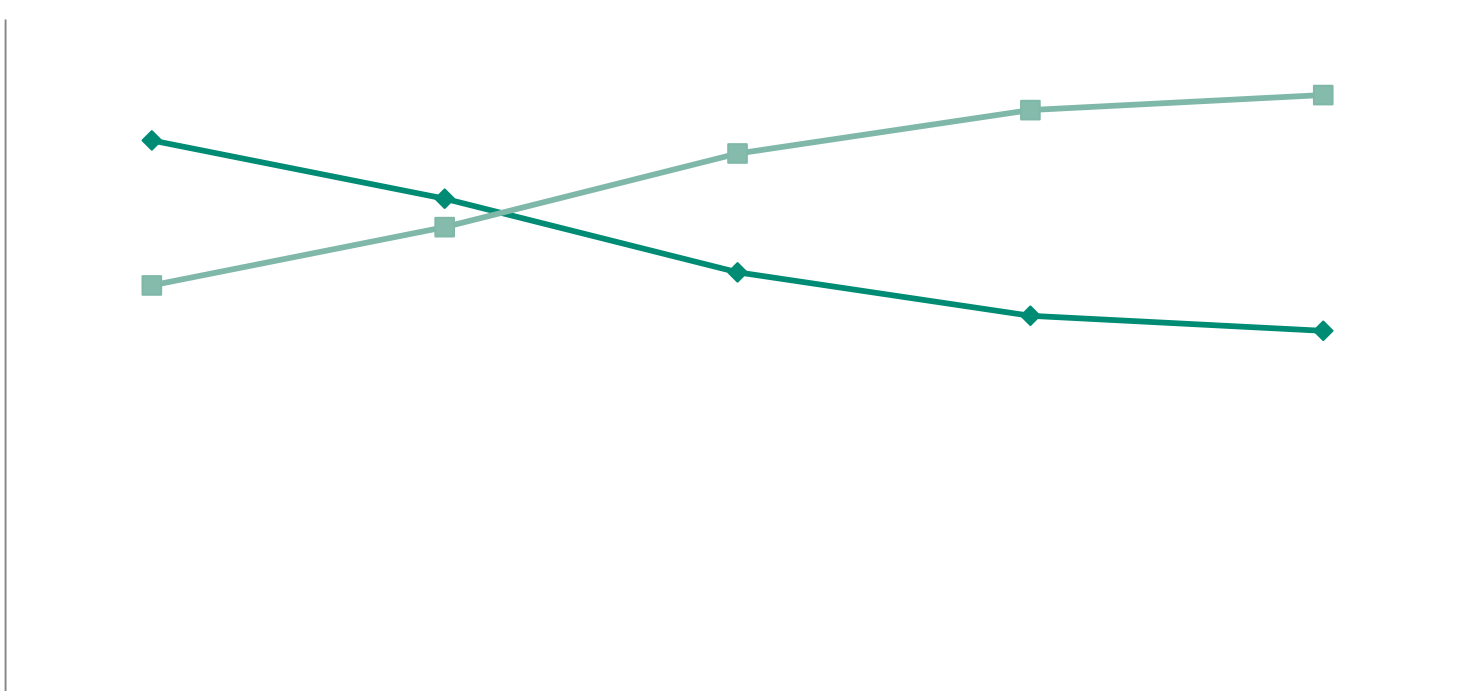
Domestic (US) vs. International Payments



Payments by Type

Paper vs. Electronic

70%
60%
50%
40%
30%
20%
10%
0%



	2009	2010	2011	2012	2013 (projected)
—◆— Paper	57%	51%	44%	39%	38%
—■— Electronic	43%	49%	56%	61%	62%

Challenges

- **Changes in country regulations**
- **Number of payment accounts we collect and store**
- **How that account information is collected from our payees**
- **Training customer services reps on specific country account information**
- **Payment returns for invalid information**

Future Changes & Enhancements

- **SEPA Regulations**
 - Streamlining and simplifying account information for all Euro countries
 - Cutting down on our returns
 - Creating uniform account set up instructions
 - Making it easier for users to understand
- **Additional Validations Services**
 - IBAN validations
 - Swift code validations
- **Future IACH Options offered by BNYM**

Questions