

**/IFP 2019**

**BOSTON | OCTOBER 20-23**

# Integrated Payables, and Strategic Supplier Enablement

10/23/19



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# Integrated Payables, and Strategic Supplier Enablement

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*Today's Discussion*

**Payables & Virtual Card Landscape**



**Citizens**  
Commercial Banking®

**Best Practices - A Finance Perspective**



**new balance**

**Supplier Enablement & Payables Optimization**



**PRIORITY**  
COMMERCIAL PAYMENTS

CFG Payables and Virtual Card Landscape

Best Practices - A Finance Perspective

Supplier Enablement / Payables Optimization



Card  
Solutions

✓ Distributed Cards (Plastic)

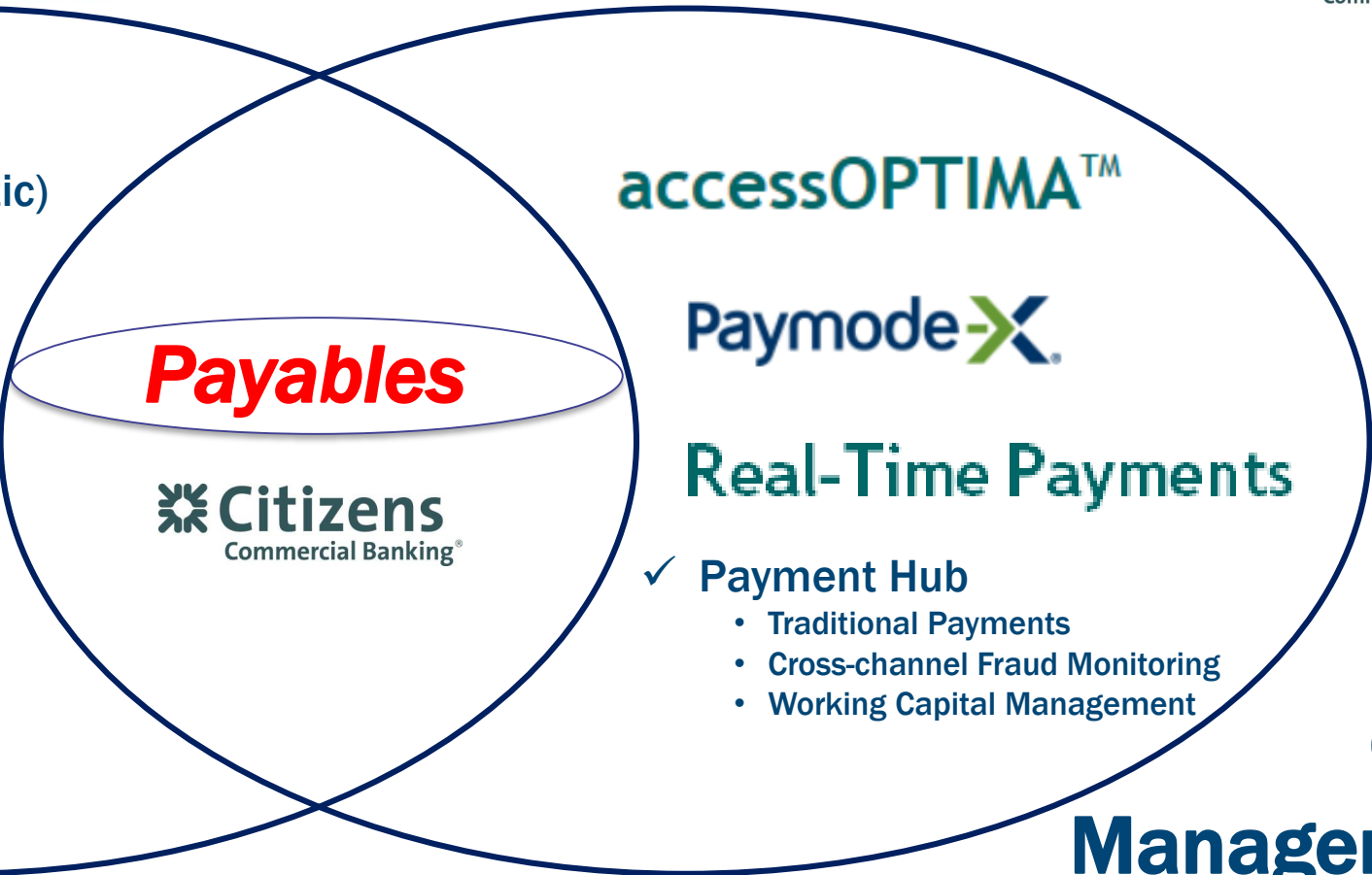


✓ Virtual Cards  
accessAPcard™

✓ Reporting Tools



✓ Spend Optimization via  
Supplier Enablement



Cash  
Management

- Virtual cards are outpacing all other card products (\$353B by 2022)



- Virtual Cards are expected to surpass T&E in '19 and traditional PCard in '21

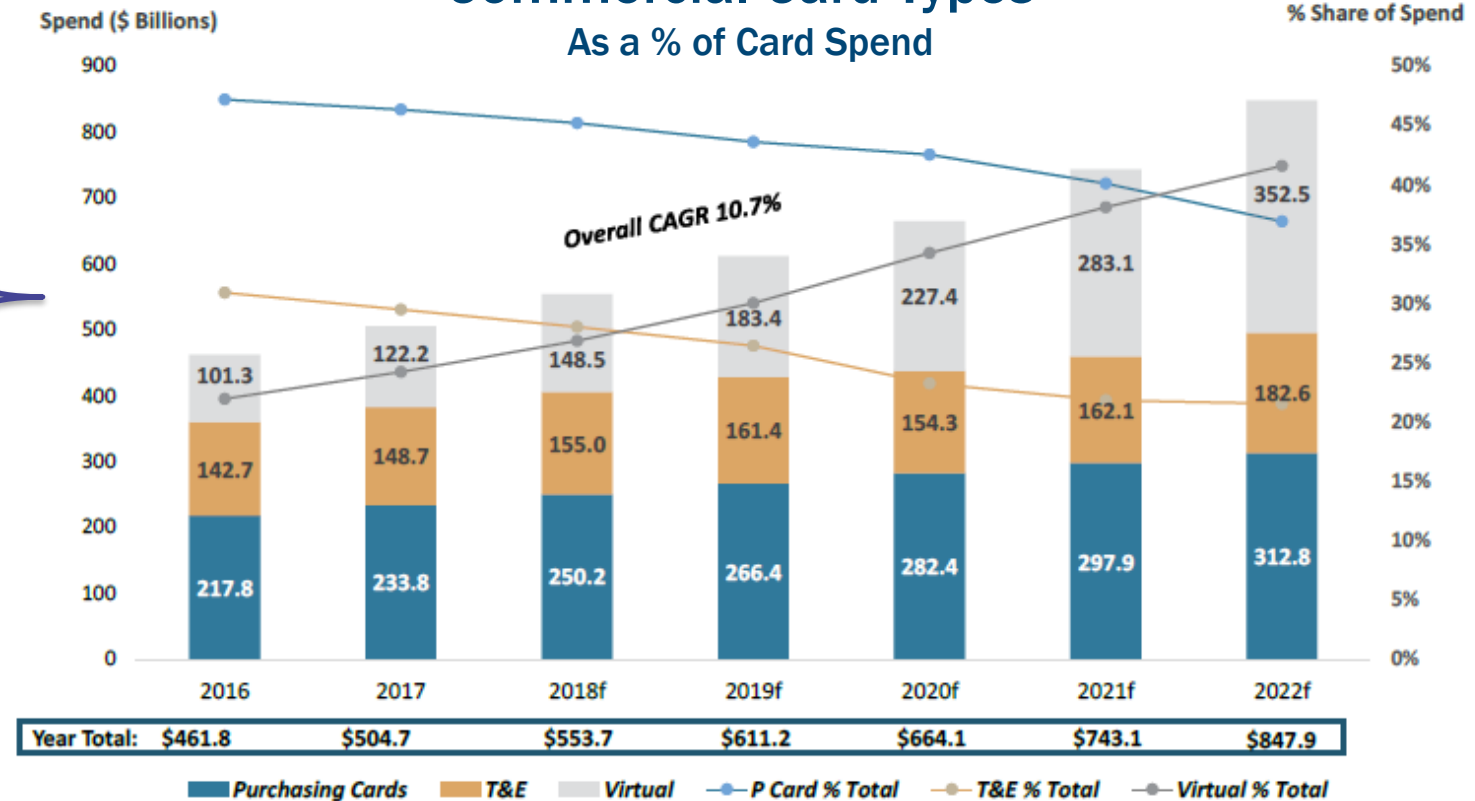
**Shameless Plug** 😊

26% YOY in Card Payables Spend  
(2018 vs. 2017)



## Commercial Card Types

As a % of Card Spend



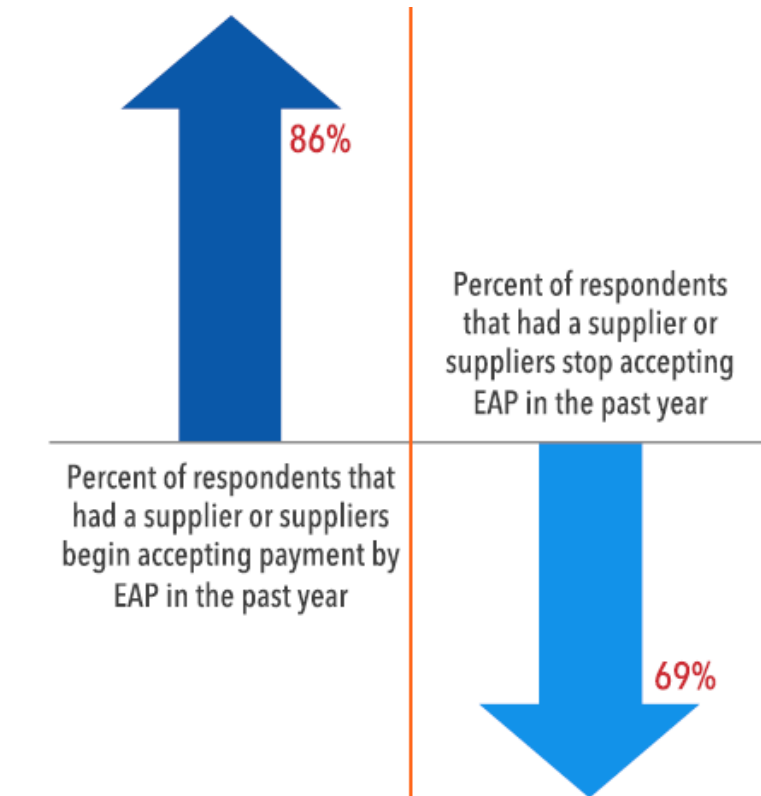
### RPMG Study on Electronic Accounts Payables (EAP)

- 86% of respondents have seen suppliers convert to Virtual Card & ACH (vs check)

vs

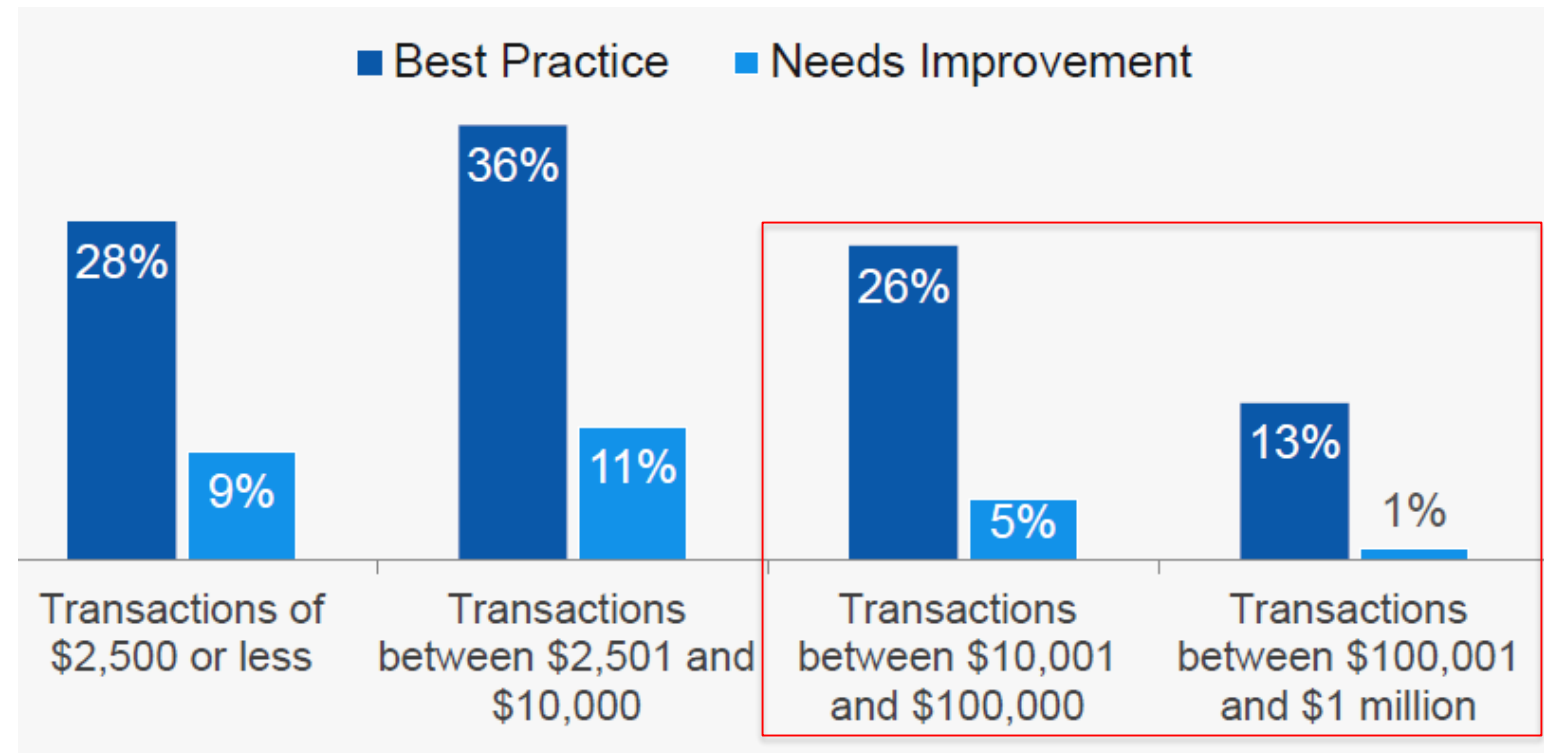
- 69% of respondents have seen suppliers stop taking Card & ACH

### Supplier Acceptance is Outpacing Supplier Attrition



## Penetration of Virtual Card – By Ticket Size

- Virtual Cards are underpenetrated for transactions above \$10k



### Shameless Plug

CFG has custom interchange rates in place for transactions >\$10k





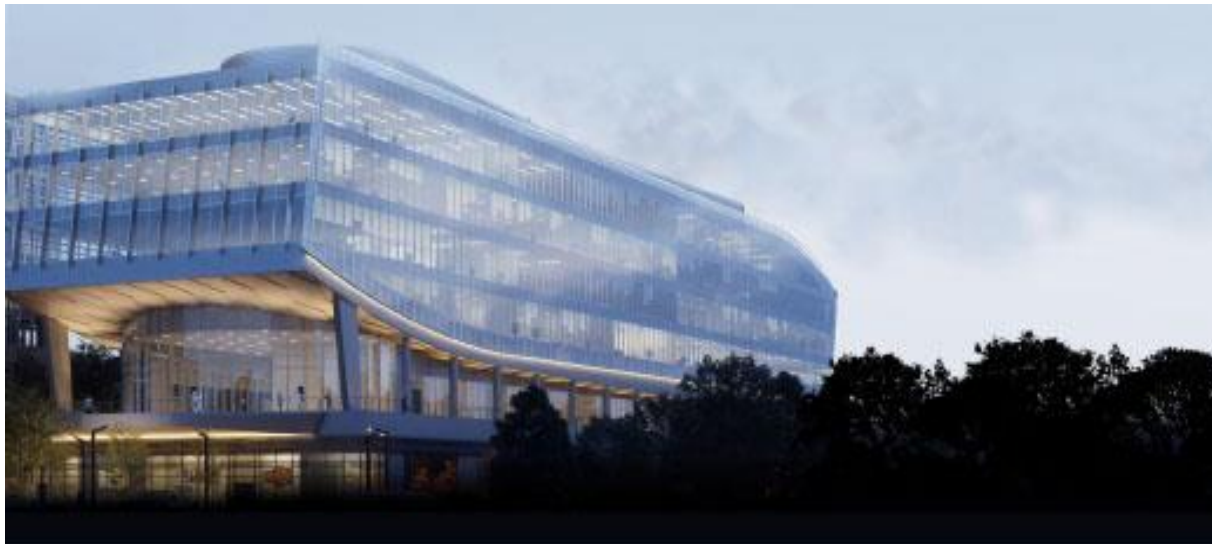
# CFG Payables and Virtual Card Landscape

## Best Practices - A Finance Perspective

### Supplier Enablement / Payables Optimization

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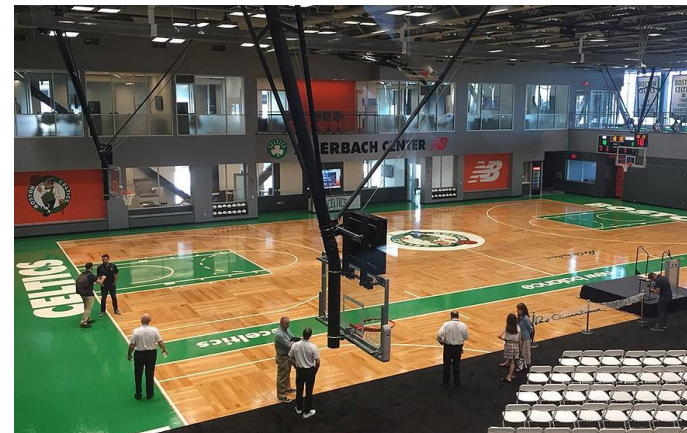
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Global Headquarters - Boston



BOSTONLANDING View of Ice Rink Development Group HYM ELKUS MANFREDI





**Criteria For  
Selecting and  
Optimizing  
a Commercial  
Card Program**



**B**usiness Case  
**O**ptions Available  
**S**election Process  
**T**eamwork  
**O**perationalized Processes  
**N**ew Balance Success





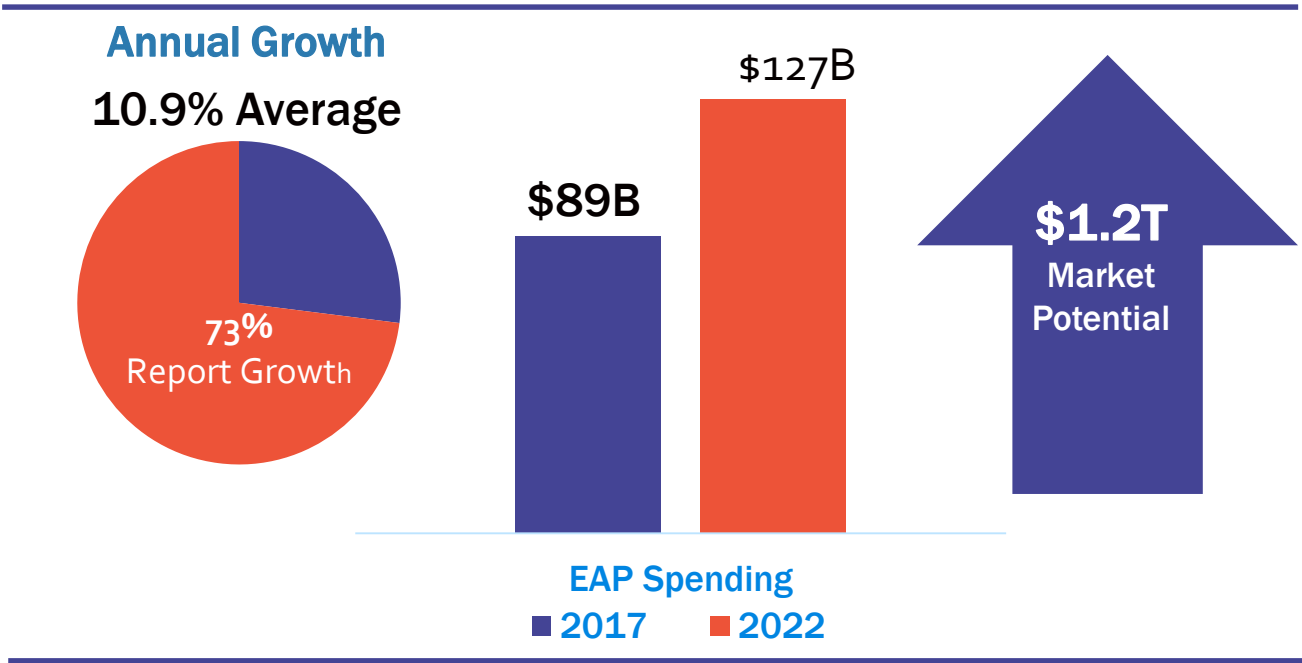
### Card Program Results:

- Converted 13,496 transactions to e-Payables
- Program rebate to NB: > \$1 million
- Overall Process improvements within AP – Hard *and* soft dollars realized

### Key Takeaways

- Leverage your Terms to drive acceptance
- Continuously campaign ... Just ASK !!!
- Consider internal recognition program for individual employee onboarding performance
- Utilize your banking partner to optimize the program

# Expansion of Virtual Cards



Source: As reported by RPMG Research Corporation 2018 RPMG Electronic Accounts Payable (EAP) Benchmark Survey analyzing survey responses from over 1,000 electronic accounts payable end-users. [https://rpmgresearch.net/Products-View/product\\_id=89](https://rpmgresearch.net/Products-View/product_id=89)

## Organizational Goals

Buyer	Supplier
Maximize Incentive Revenue	Minimize Cost of Acceptance
Drive Efficiency by Eliminating Checks	
Extend Days Paid Outstanding (DPO)	Decrease Days Sales Outstanding (DSO)

## Three Key Developments Must Take Hold



**Providers  
MUST evaluate current  
payment terms and  
payment methods**



**Providers  
MUST work with Buyers  
to deliver a value  
proposition to Suppliers**



**Providers  
MUST offer multiple  
payment options**

## Payment Types

### Card

- Virtual Card (SIP)
- Direct (BIP/STP)
- Lodged

### ACH

- ACH+ (bps)
- Standard ACH
- Dynamic Discounting

### Checks

- Full remittance information included

### Other

- Directed Payments
- Thresholds
- Dollar Splitting



## New Balance Results



Focus on  
Preferred  
Suppliers

- 44% of  
decisioned  
suppliers  
enrolled
- 27% of  
decisioned  
volume  
enrolled

With Value  
Proposition  
These Numbers  
Will Increase!

## Citizens campaigns perform higher overall than other FI's

Partner	% Volume Decision	% Decisioned Wins	% Decisioned Win Volume	% Volume Lost	% Volume Returned
Citizens	64%	40%	28%	46%	33%
Others	57%	36%	26%	41%	40%

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## Why Better Results?



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Things to  
Remember



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- Change the narrative: From any one settlement type, to “*Payables*”
- Virtual Cards are the growth engine of B2B Payables – at the expense of check
- Reality: Suppliers come and go. Good news! ..... more are coming vs. going
- Have a great project team: Treasury, AP, Purchasing, Bank Partner
- Show me the money !!!!!!!!! (earned and saved)
- The best campaigns never end: Continuously refresh and attack your Vendor File
- Conduct an AP spend diagnostic, evaluating terms and payment methods
- Develop a strong Supplier value proposition
- Support multiple payment options



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