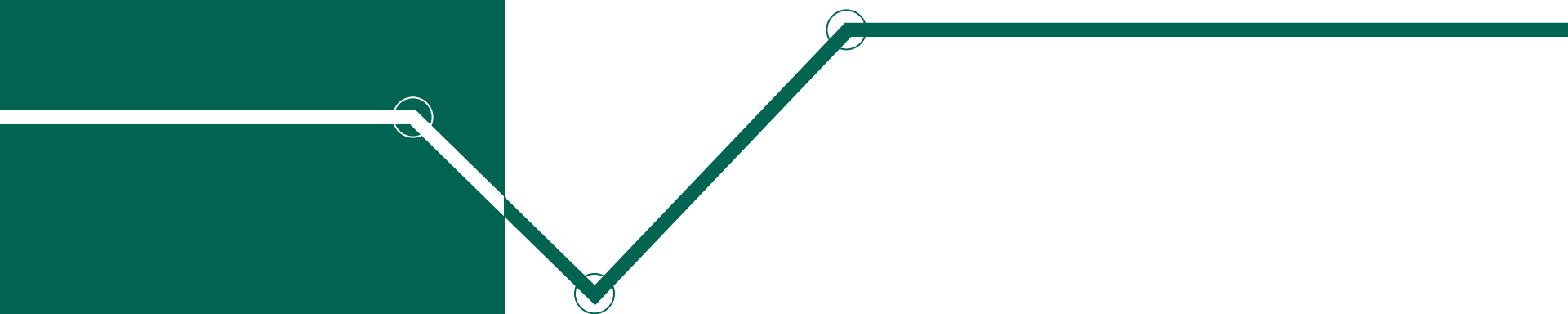# VALUE OF CARD-BASED PAYMENTS

Presented by:

Harry Allen, SVP – Head of Commercial Card Sales
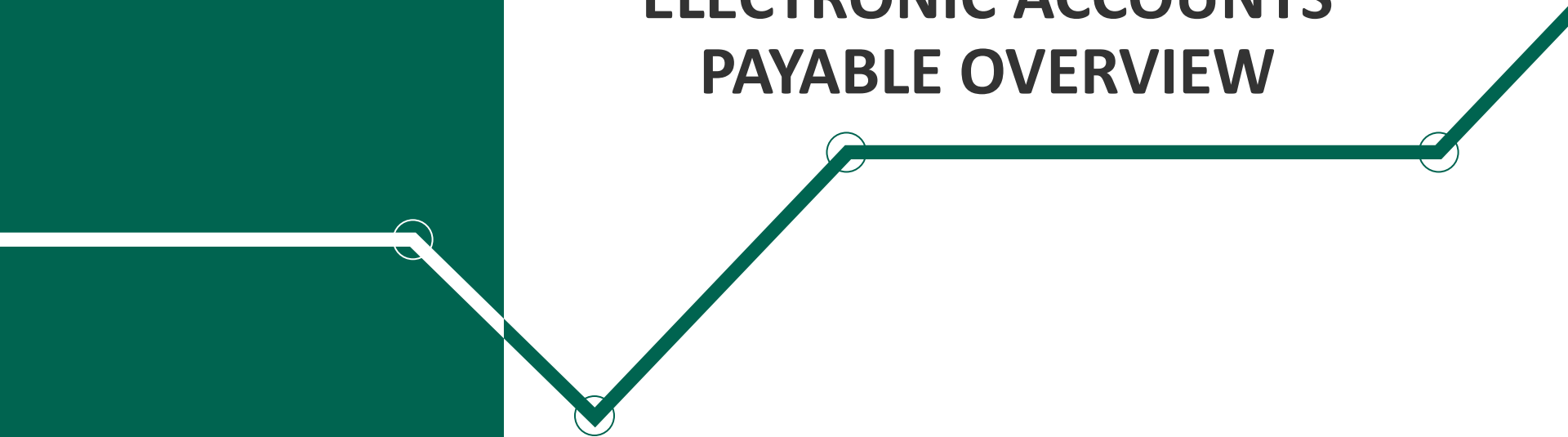
Agenda

- Overview of Electronic Accounts Payable in the Market

- Intermediate Value
  - Increased Efficiencies
  - Enhanced Management Capabilities
  - Financial Benefits
  - Customized Solutions

- Commercial Card Products Overview

- Q&A

ELECTRONIC ACCOUNTS PAYABLE OVERVIEW

What is Electronic Accounts Payable (EAP)?

Electronic Accounts Payable is a broad term used to reference payments which are digitized by way of Virtual Card, ACH and WIRE. Basically, any type of payment method that is non-paper in nature.

What are the benefits of EAP?

- Fraud Reduction

- Increased payment visibility

- Cost Reduction (specifically associated check printing)

- Paper Elimination

- Increased Efficiencies

- Cash Flow Improvement

  - Extended re-payment terms associated with Virtual Cards

  - Rebate potential

How do you expect your municipality's use of each payment method to increase/decrease in the next 3 years?

Expected Change in Payment Method

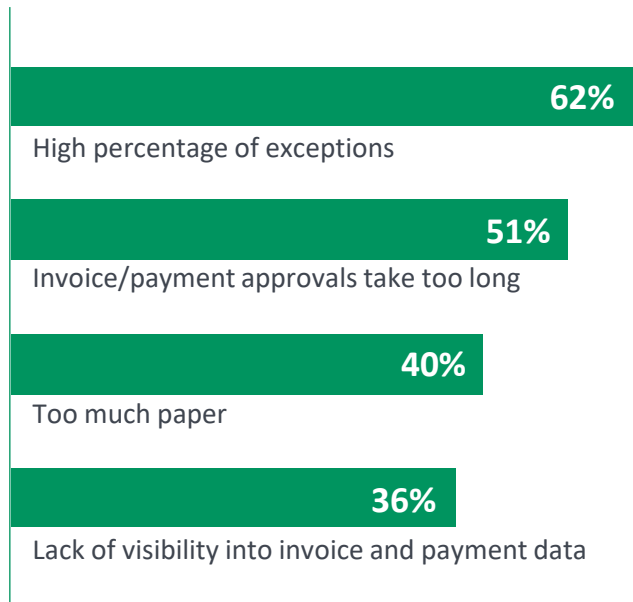| Regular ACH	Check	Credit Cards	Same-day ACH	ePayables	Wire
15.60%	-35.40%	8.90%	15.10%	37.20%	-4.70%
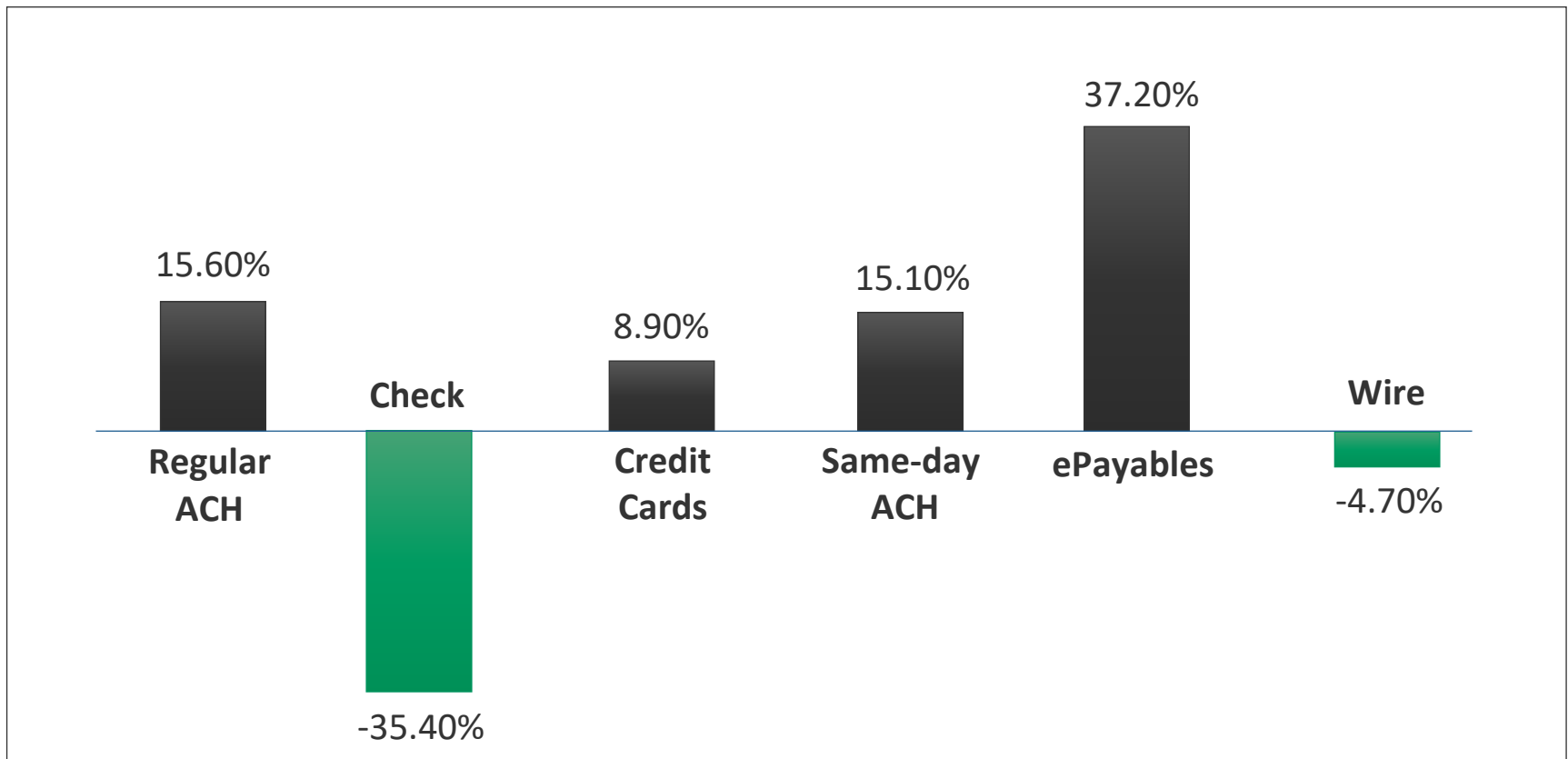
Identifying opportunities

It's not just payments anymore.

Your accounts payable (AP) functions may face common challenges that can divert financial and management resources from capturing the business opportunities your payables offer.

Citizens consults with you to identify opportunities that can help make a visible difference to your bottom line.
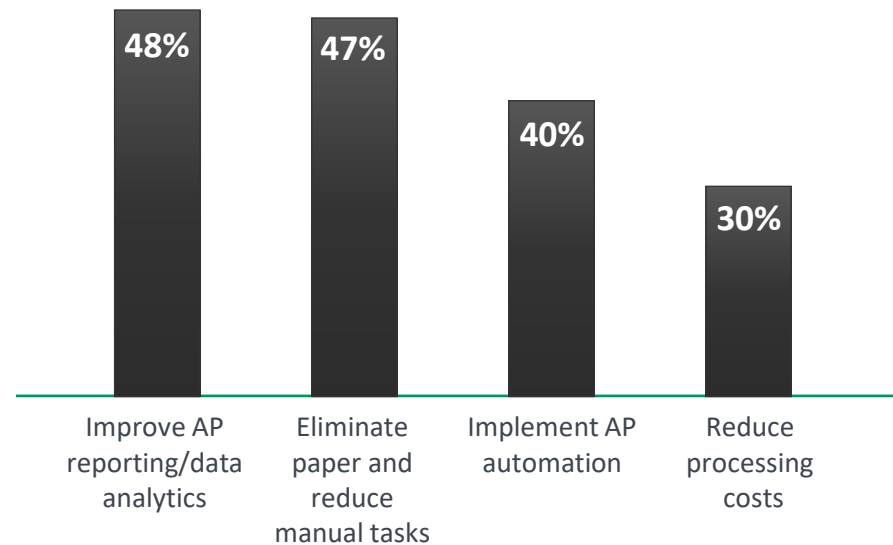
Top Challenges
faced by today's AP functions

62%
High percentage of exceptions

51%
Invoice/payment approvals take too long

40%
Too much paper

36%
Lack of visibility into invoice and payment data

Top Priorities
for AP functions in 2019

48% Improve AP reporting/data analytics

47% Eliminate paper and reduce manual tasks

40% Implement AP automation

30% Reduce processing costs

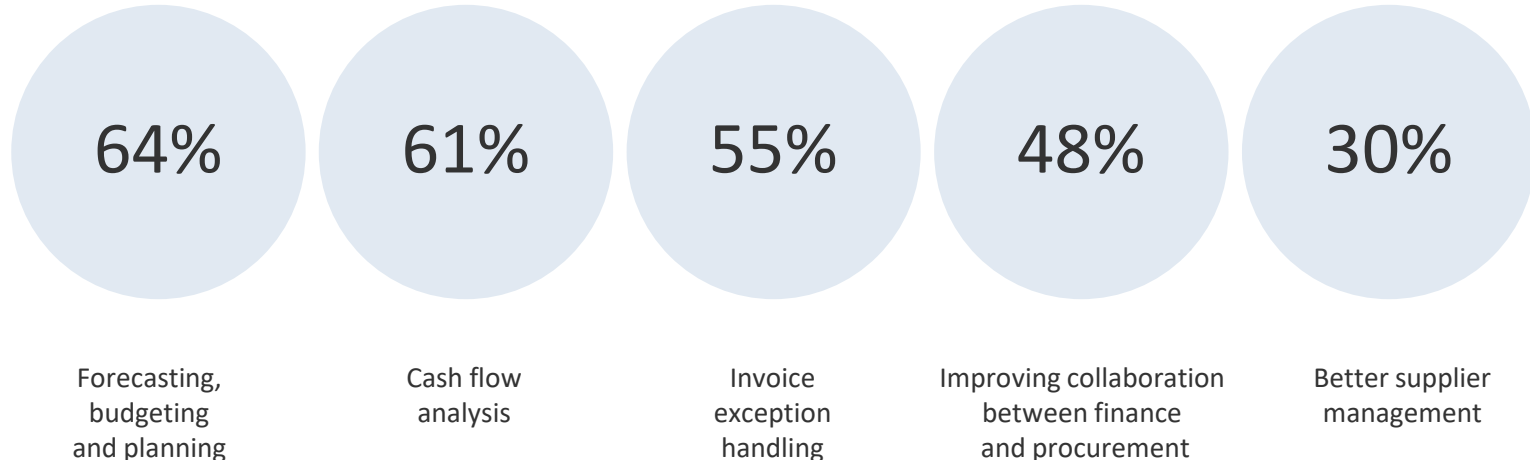Source: Ardent Partners, The State of Payables, 2019

Benefits reported

Migrating to card payments and ePayables can contribute operational and financial benefits to your municipality.

Payables management insights

AP's Top Uses of Data and Financial Intelligence

64%
Forecasting, budgeting and planning

61%
Cash flow analysis

55%
Invoice exception handling

48%
Improving collaboration between finance and procurement

30%
Better supplier management

Source: Ardent Partners, The State of Payables, 2019

A consultative and solutions focused approach...

Citizens' suite of corporate payment solutions is designed to help build long term value.

Tools, methodologies and insights are provided to help you plan, track and optimize the benefits of your payments program.

Improved Working Capital
through better cash flow management

Improved Spend Optimization
through process and cost efficiencies, including optimization of the supplier enablement process

Increased Efficiencies and Control
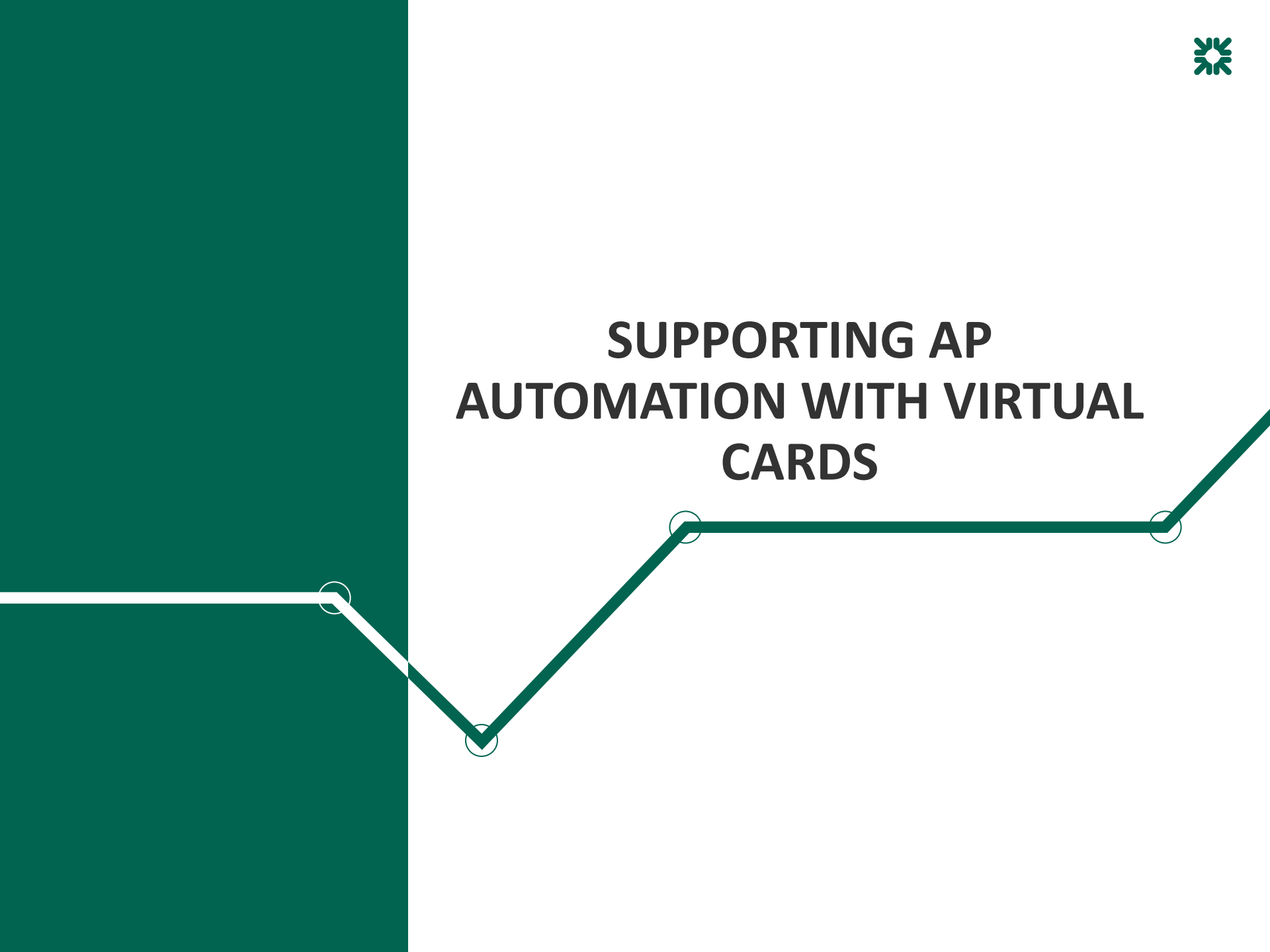with a payments program delivering both cost and time savings

Financial Benefits
with potential savings from electronic payments and program-based revenue

SUPPORTING AP AUTOMATION WITH VIRTUAL CARDS

2022 Virtual Card Statistical Highlights

*2022 Virtual Card Spend $314 Billion

*2024 Anticipated Virtual Card Spend $584 Billion

*Pandemic Growth was 19% per year

*Supplier Acceptance During Pandemic Increased 31%

*Minimal Fraud, .00001692% to be exact

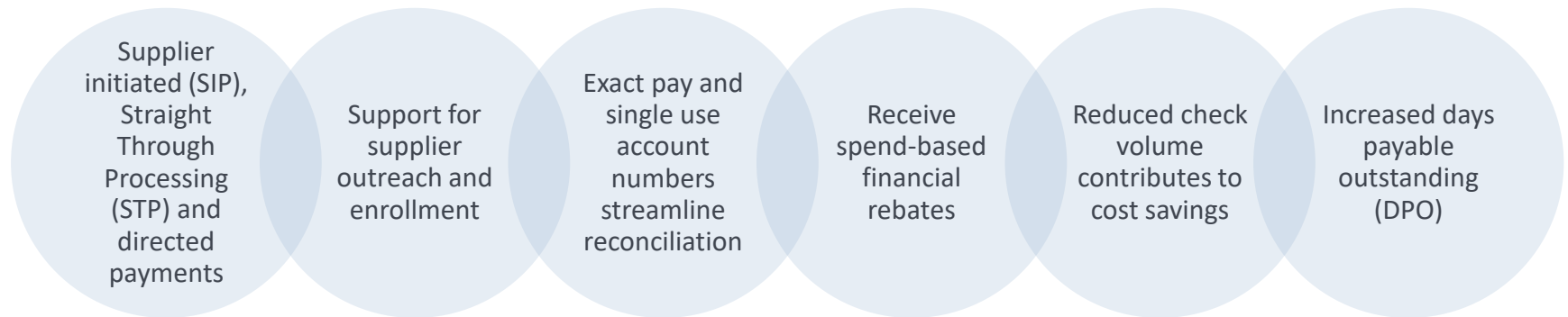* Source 2022 RPMG Virtual Card Survey

Understanding accessAPcard payments

Your current AP process remains intact with accessAPcard

| 1 Sourcing | 2 Receiving | 3 Invoicing | 4 Payment Decision | 5 Transmit One Payment File | 6 Citizens Remits Payment |

- Citizens remits payment based on the supplier's preferred payment method
  - Supplier Initiated Payment (SIP) – Supplier receives electronic advice with remittance details to process payment
  - Straight Through Processing (STP)– Supplier receives electronic advice with remittance details and confirmation of deposit to their merchant account
  - Directed Payment – Citizens receives electronic advice with remittance details to process payment on the buyer's behalf via web, phone, or STP.
  - On-Demand Payment – Buyers may generate one-off payments to suppliers online

- Suppliers receive automated e-mail remittance notification and up to 3 reminders to process transaction

- Suppliers may choose to receive either a static card or new card number each time

- Buyers can review payment status and reporting via online portal for reconciliation

accessAPcard™

Supports AP automation using a virtual card number to pay for goods and services after an invoice is received

- Supplier initiated (SIP), Straight Through Processing (STP) and directed payments
- Support for supplier outreach and enrollment
- Exact pay and single use account numbers streamline reconciliation
- Receive spend-based financial rebates
- Reduced check volume contributes to cost savings
- Increased days payable outstanding (DPO)

Additional Benefits

- Current AP process remains intact

- Card-only or integrated payables batch file initiation

- Accelerates the migration from paper to electronic, providing increased security and fraud protection

- Facilitates ease of adoption and ERP system integration

Special Features

- Directed payment option at no added cost for suppliers requiring portal or Interactive Voice Response (IVR)

- On-demand feature for one-off requests

- Full invoice detail and payment information

- Defined expiration date, exact amount and single-use account number mitigates fraud

accessAPcard benefits buyers and suppliers

BUYERS	SUPPLIERS

Speeds migration from paper to electronic payments

- No impact to processes for invoice/payment routing and approval
- Option to transmit payment transactions in a single integrated payables file

Improves working capital and reduces payment fraud risk

- Improves buyer's working capital by extending DPO 30-35 days on average

Optimizes supplier enrollment

- Comprehensive supplier enrollment support for life of program
- Custom supplier communications

Delivers financial benefits

- Reduce cost of payments — from fees associated with check payments
- Generate program rebates based on annual program spend volume

Automates reconciliation

- Real-time controls help identify potential fraud faster than paper checks
- Full remittance details provided electronically to simplify reconcilement

Reduces check expenses

- Eliminates expense associated with processing and negotiating paper checks

Potential for faster payment

- Depending on buyer's offered terms, payment may be accelerated, improving working capital

Improves cash forecasting

- Removes variable mail and collection float
- Provides certainty regarding availability of funds

Enhances buyer relationship

- Potential for supplier to become a "preferred supplier" and grow the relationship with the buyer
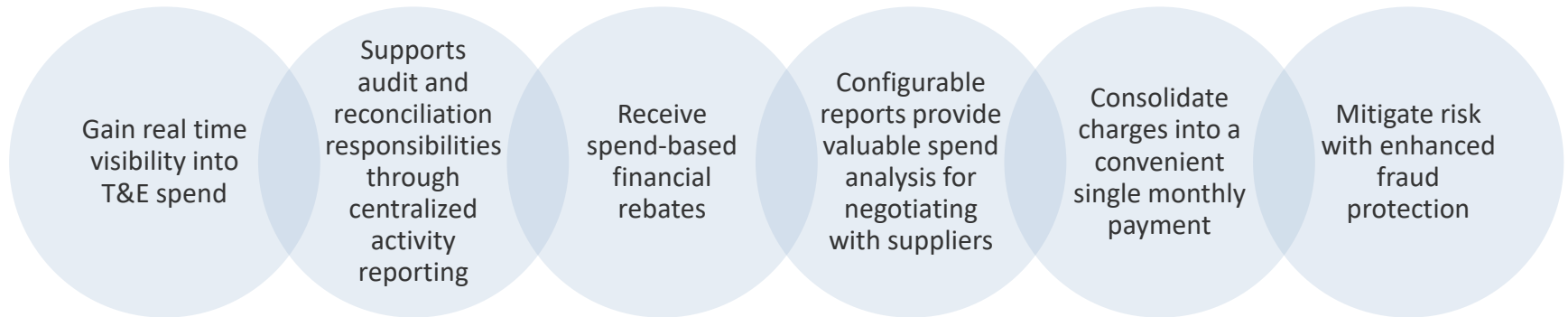
COMMERCIAL CARD PRODUCTS

Corporate travel and expense (T&E) card

Helps your municipality manage business travel spend and get more value from your corporate card program

Gain real time visibility into T&E spend

Supports audit and reconciliation responsibilities through centralized activity reporting

Receive spend-based financial rebates

Configurable reports provide valuable spend analysis for negotiating with suppliers

Consolidate charges into a convenient single monthly payment

Mitigate risk with enhanced fraud protection

Additional Benefits

- Online management and reporting tool

- Integrates easily with third-party expense management systems

- Flexibility to choose from a range of account and billing options

- Security enhanced chip and PIN cards

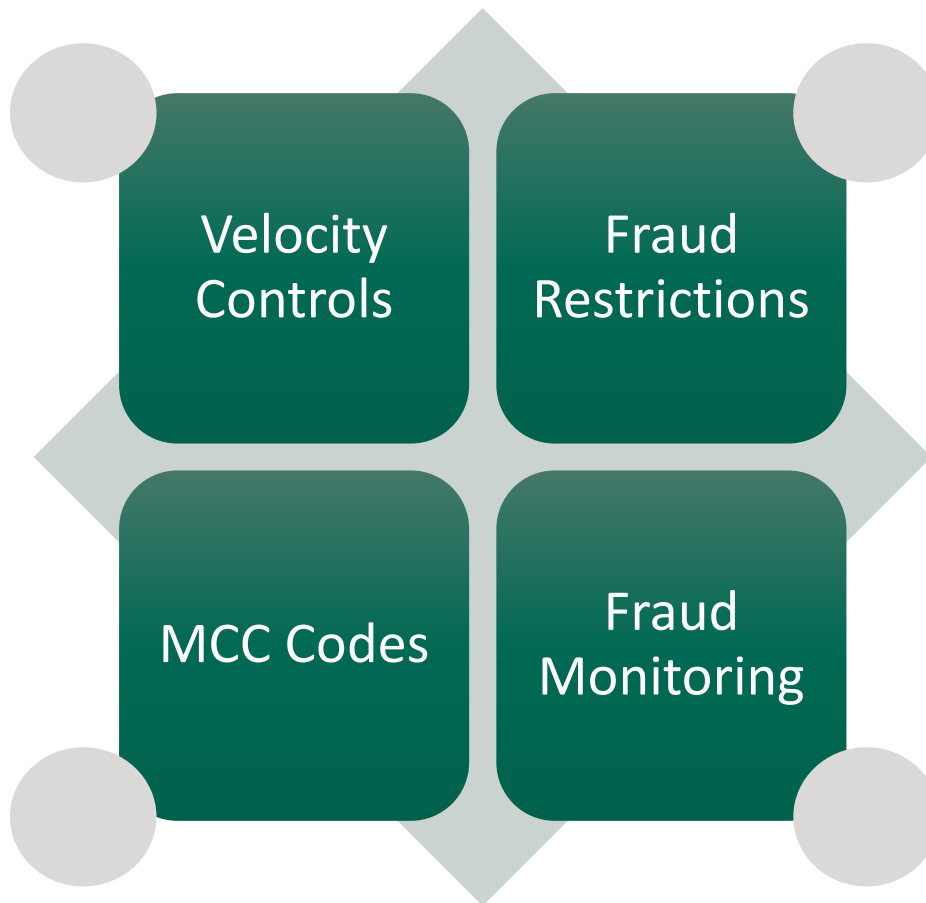## Special Features

- Dedicated program administrator services and 24/7 cardholder support

- Acceptance at 49+ million locations worldwide

- Purchase Assurance and Extended Warranty Protection

- $500,000 travel accident insurance and $300 delayed baggage insurance

- MasterCoverage® Liability Protection Program

- MasterAssist® travel assistance services

- MasterRental® car insurance coverage

Purchasing card

Helps accelerate the procurement process and improve cash flow, while dramatically reducing paperwork and administrative costs

Lowers cost of issuing checks

Customized authorization controls restrict purchase activity and support compliance

Receive spend-based financial rebates

Real-time reporting on transactions improves spend visibility and control

Choice of billing options to match your business needs

Online program management for real-time limit changes
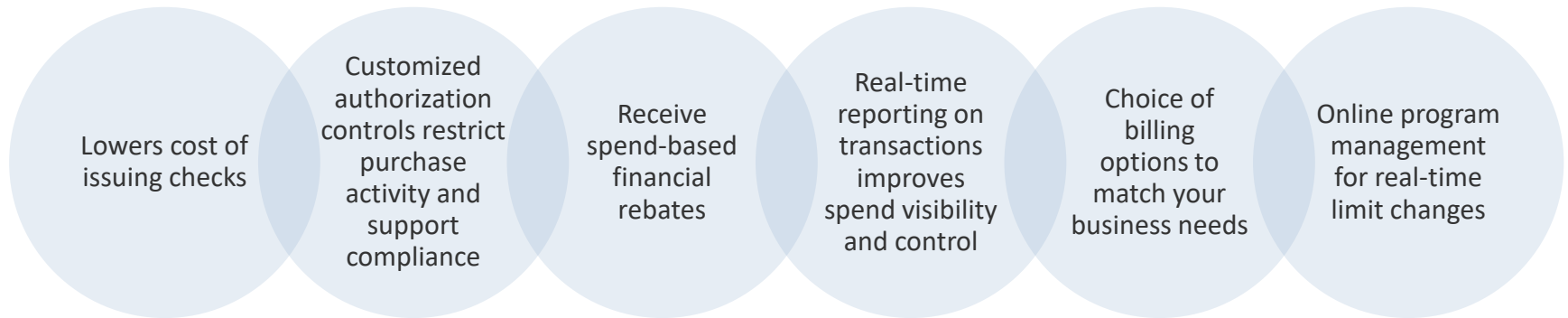
Additional Benefits

- Configurable reports provide spend analysis for negotiating price and terms with suppliers

- Leverage ghost and department cards to reduce purchase order volume and streamline AP processes

- Integrates easily with most third-party expense management systems

- Security enhanced chip and PIN cards

Special Features

- Dedicated program administrator services and 24/7 cardholder support

- Acceptance at 49+ million locations worldwide

- Purchase Assurance and Extended Warranty Protection

- MasterCoverage® liability protection program

- MasterAssist® travel assistance services
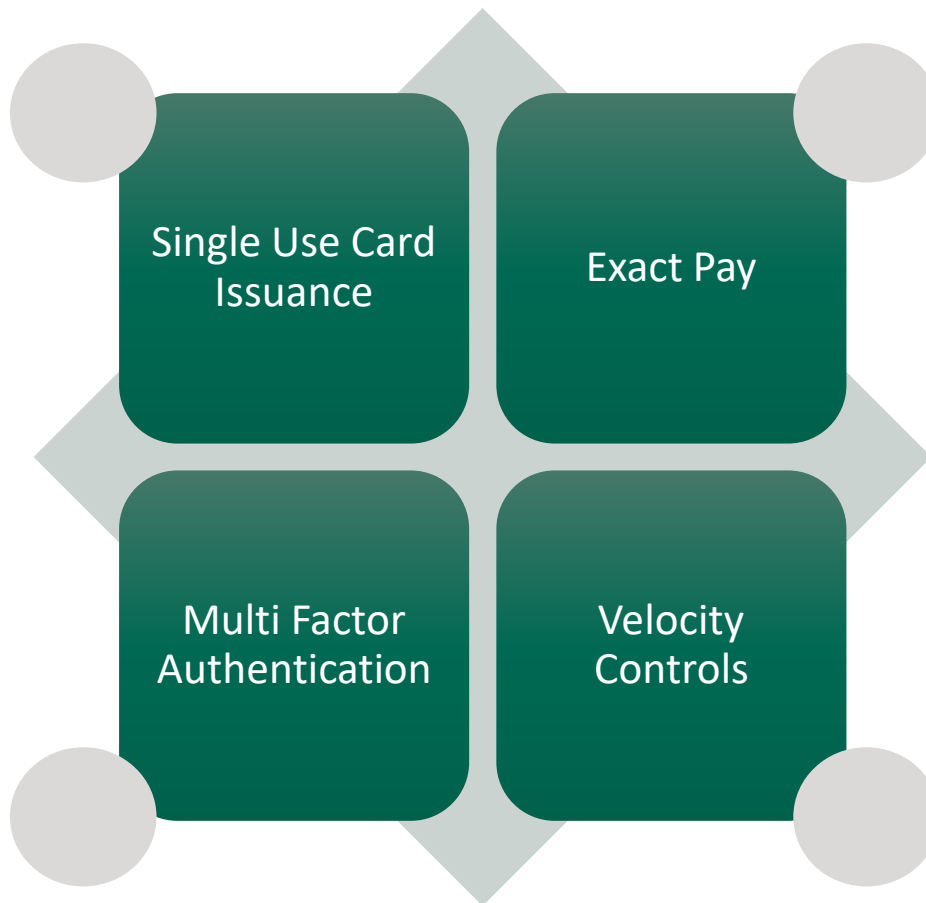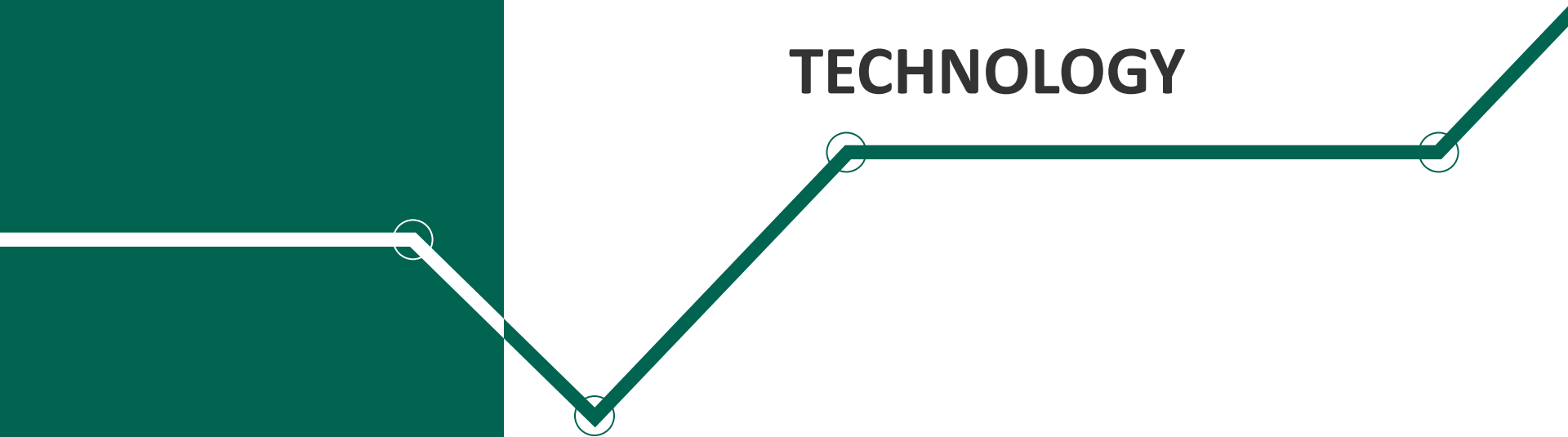
- MasterRental® car insurance coverage

oneCard solution

Supports purchasing and business T&E transactions in a single card program with a spend-based cash rebate

Gain real time visibility into transactions

Customized authorization controls restrict purchase activity and support compliance

Receive spend-based financial rebates

Configurable reports provide valuable spend analysis for supplier negotiations

Consolidate charges into a convenient, single monthly payment

Mitigate risk with enhanced fraud protection

Additional Benefits

- Integrates easily with most third-party expense management systems

- Leverage ghost and department cards to reduce purchase order volume and streamline AP processes

- Increased float with various billing and payment options

- Online management and reporting tool

- A single process for expense reporting with oneCard

- Security enhanced chip and PIN cards

Special Features

- Dedicated program administrator services and 24/7 cardholder support

- Acceptance at 49+ million locations worldwide

- $500,000 Travel Accident Insurance and $300 Delayed Baggage Insurance

- Purchase Assurance and Extended Warranty Protection

- MasterCoverage® Liability Protection Program

- MasterAssist® Travel Assistance Services

- MasterRental® Car Insurance coverage

CONTROLS

Program Controls and Additional Benefits – Physical Plastic Cards

Velocity Controls

Fraud Restrictions

MCC Codes

Fraud Monitoring
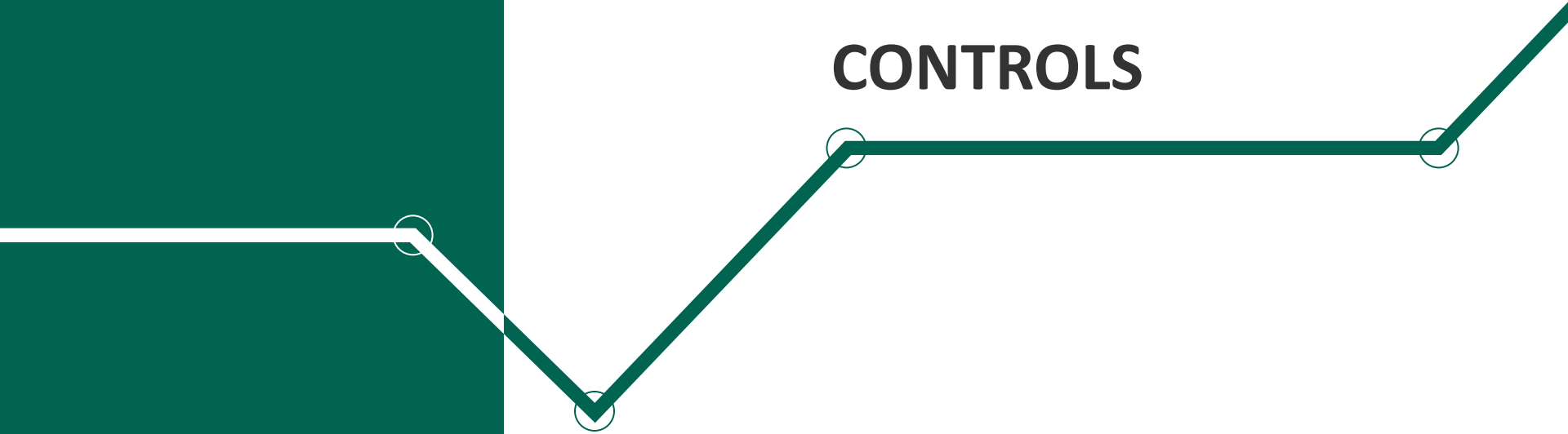
Program Controls and Additional Benefits – Virtual Cards

Single Use Card Issuance

Exact Pay

Multi Factor Authentication

Velocity Controls

TECHNOLOGY

Flexible online program management modules

CentreSuite® delivers a streamlined user experience that can be customized to your municipality's needs
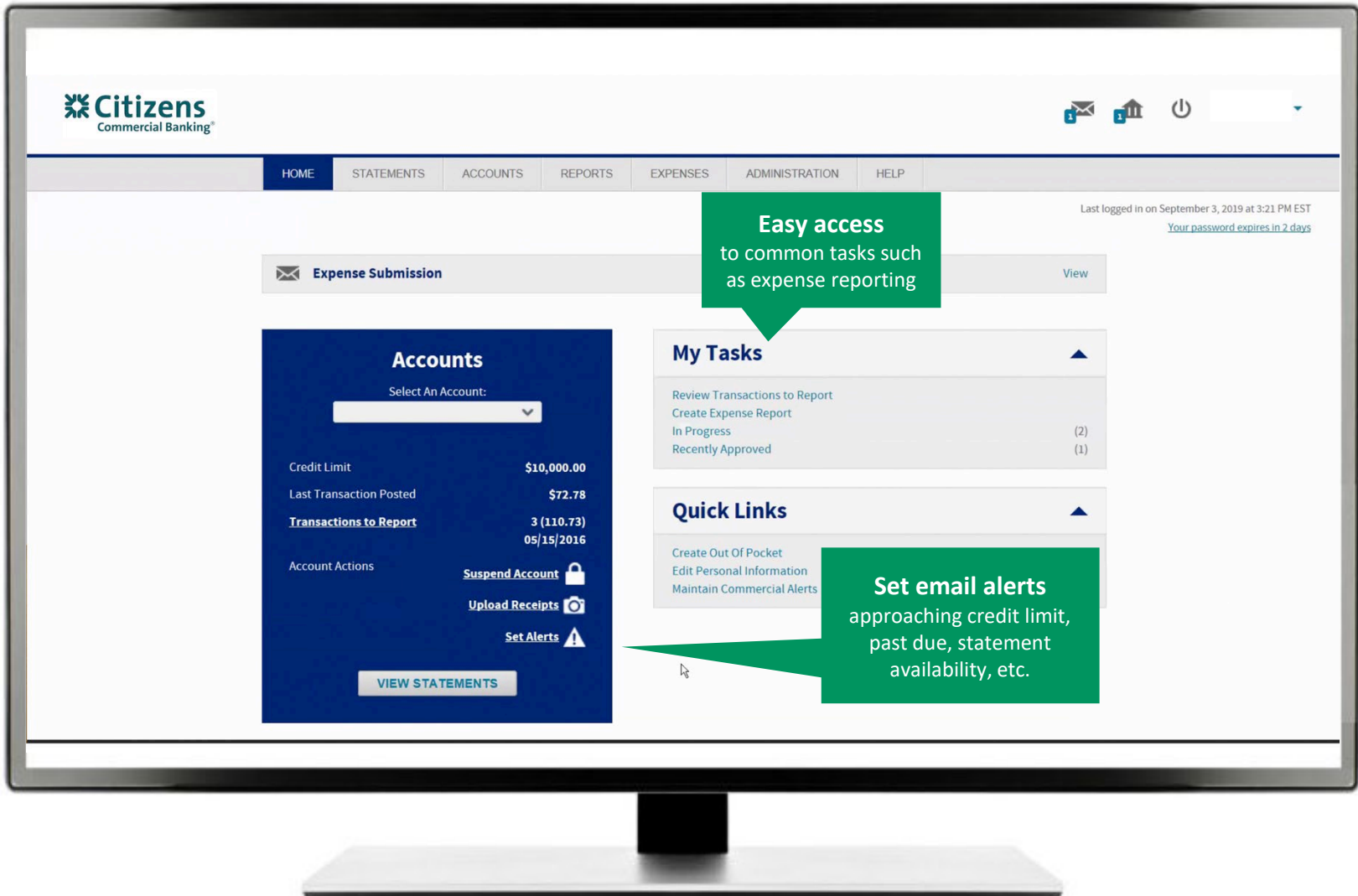
Account Management

Expense Management

Report Management

Statement Management

The CentreSuite® Home Page

Online standard reports

Account Reports

- Allocation Analysis
- Cardholder Profile
- Program Change Request Audit
- Statement of Account
- Statement of Account with Fuel Purchase Detail

User Reports

- Site Settings Audit
- User Audit
- User Profile

Transaction Reports

- Cardholder Dispute
- Declined Authorization
- Transaction
- Merchant

Expense Reports

- Expense
- Expense Summary
- Expense Unassigned Transactions
- Multiple Transaction Exception

Customized solutions can drive value across your organization

1 Online efficiencies

- Robust expense reporting tool
- Data feeds to your ERP system
- Customizable card restrictions
- Real-time reporting and monitoring of corporate credit limit and spend
- Improved decision making
- Receipt imaging

2 Risk management

- Centrally manage cards, maintenance and controls online
- Leverage standard and customized reporting capabilities
- Evaluate cardholder transaction activity to monitor policy compliance
- Manage, view and set-up expense reporting with multiple electronic approval levels

3 Employee benefits

- Mastercard acceptance at more than 49 million locations, worldwide, as of September 2019
- Automated expense reporting
- View and pay bills online
- Personal credit is not impacted
- Mastercard provided insurances and benefits

4 Added value incentives

- Lower cost per transaction
- Reduce number of traditional payments
- Generate revenue through a cash rebate
- Extend days payable outstanding (DPO) by an average of 25 days
- Customizable cards
- Enhanced fraud controls

Q&A

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We're ready to help you rise to the challenges you face today and in the future.

If you have any questions, please contact your corporate payment sales specialist.

🖥 **citizenscommercialbanking.com/card**