



ASSOCIATION FOR  
FINANCIAL  
PROFESSIONALS

# AFP 2016 Electronic Payments Survey Report

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MAAFP Baltimore

Wednesday, April 19th

**Magnus Carlsson**

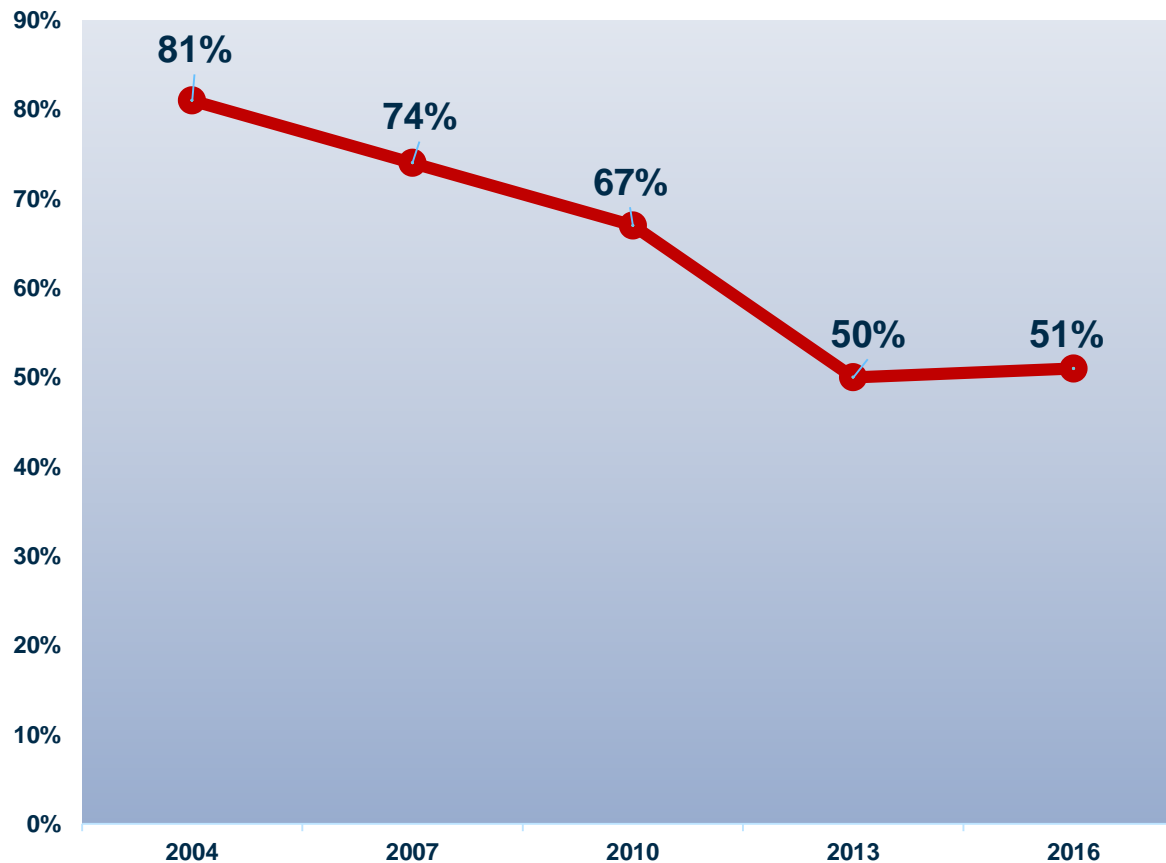
*Manager, Treasury & Payments*  
AFP





# Percentage of Organization's B2B Payments Made by Checks

(Percentage of B2B Payments Made by Organizations)



Source: 2016 Electronic Payments, Association for Financial Professionals

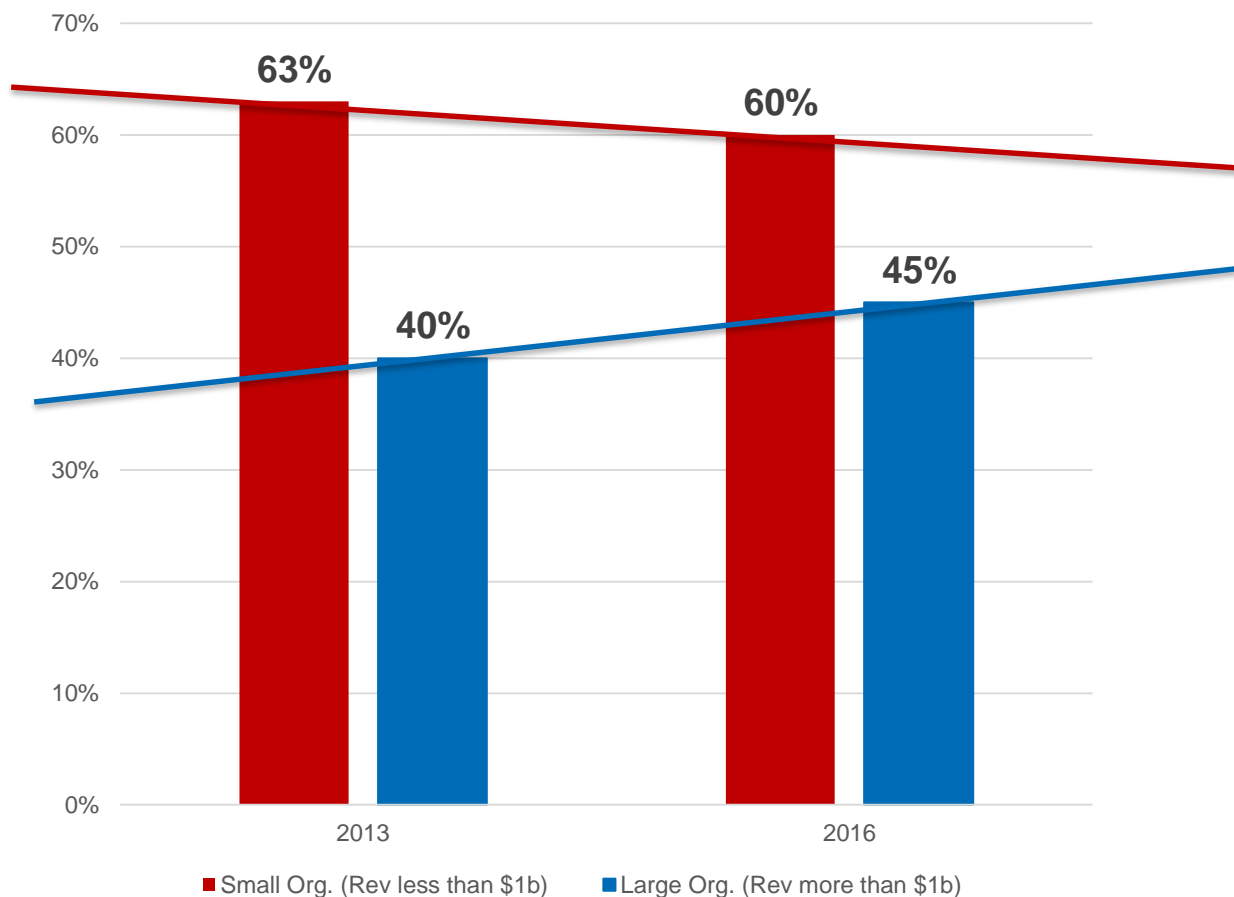
## What Has Happened?

- Declining Trend from 2004 is Broken!
- Check Use is Not Declining Anymore!
- What is Behind the Continued Check Use?
  - Barriers
  - Cost of Change
  - Familiarity with Checks



# Percentage Check Use by Organization Size

(Percentage of B2B Payments Made by Organizations)



## Surprising Trends?

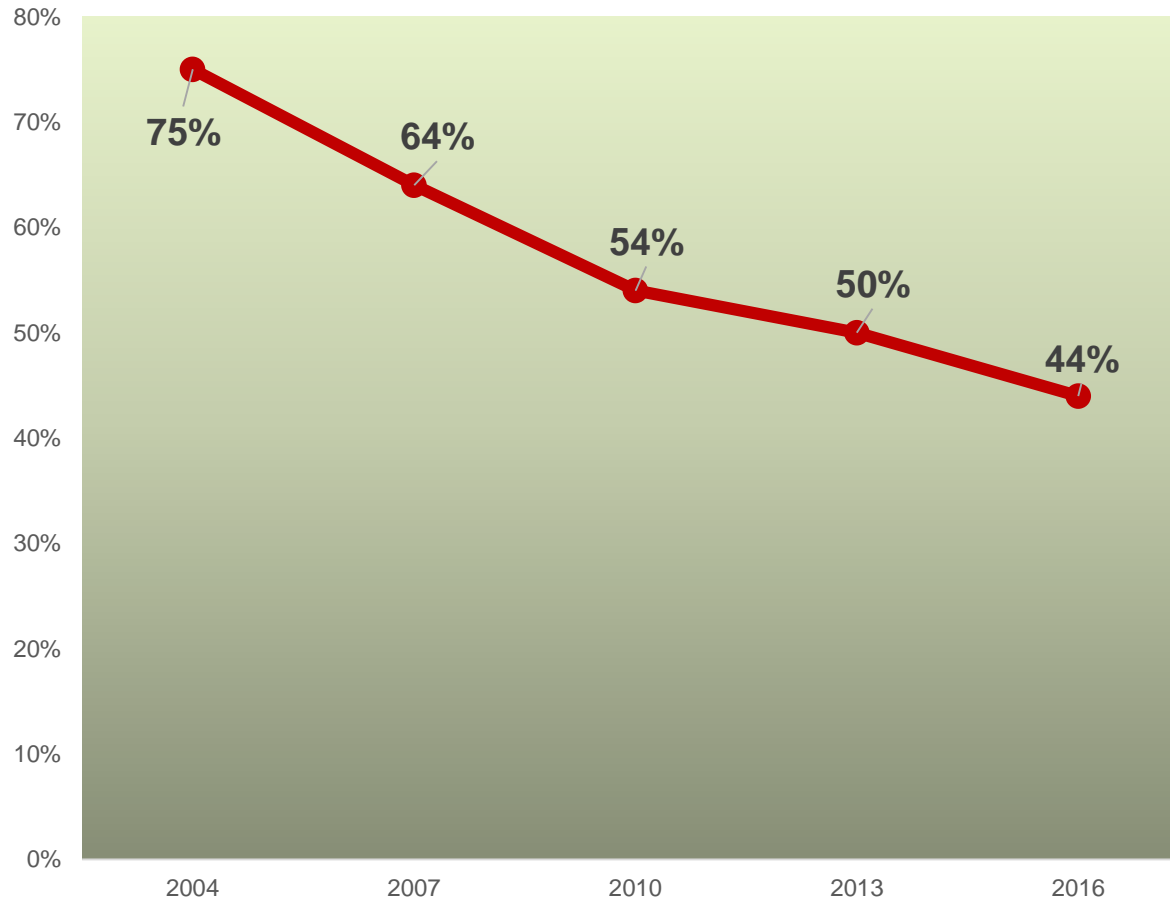
- **Smaller Organizations Decrease Their Check Use**
- **Larger Organizations Increase Their Check Use**

Source: 2016 Electronic Payments, Association for Financial Professionals



# Use Of Checks for Collections

(Percentage of B2B Payments Received by Organizations)



## What Has Happened?

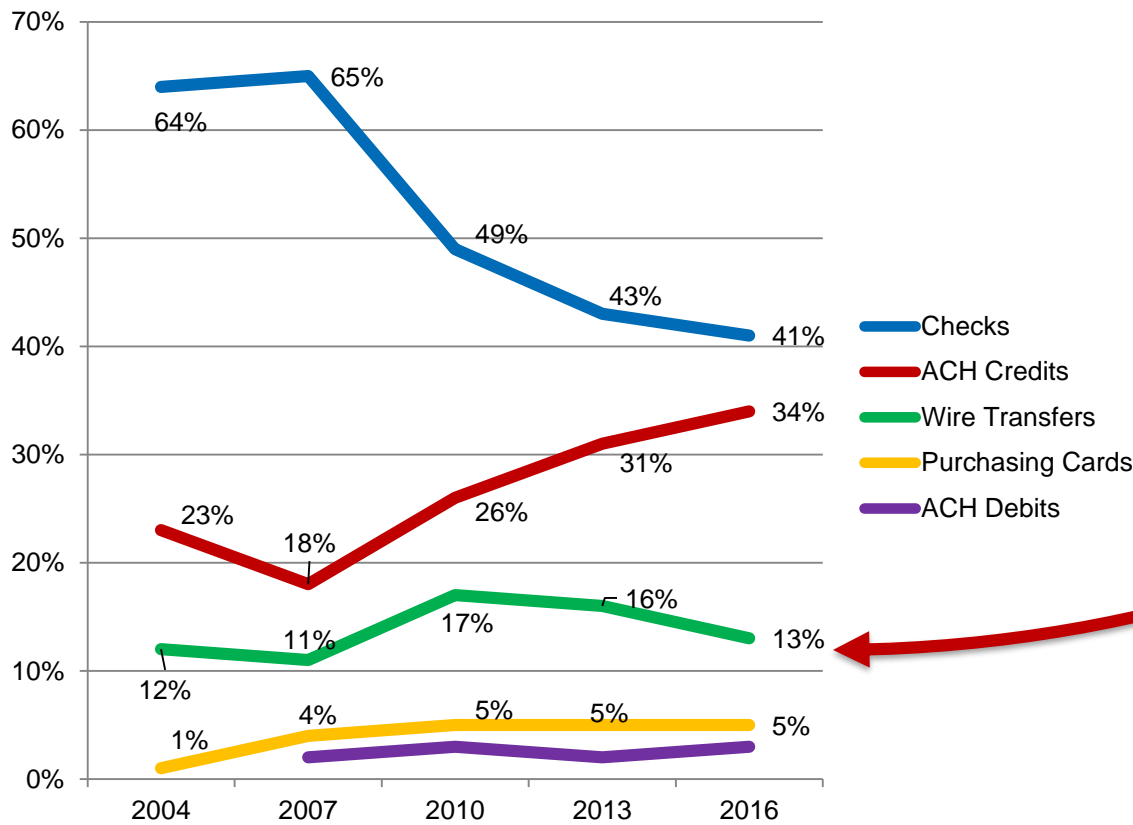
- Declining Trend Continues for Check **Collections**

Source: 2016 Electronic Payments, Association for Financial Professionals



# Payment Initiation Methods For Major Suppliers 2004-2016

Payment Method Used to Pay Major Suppliers



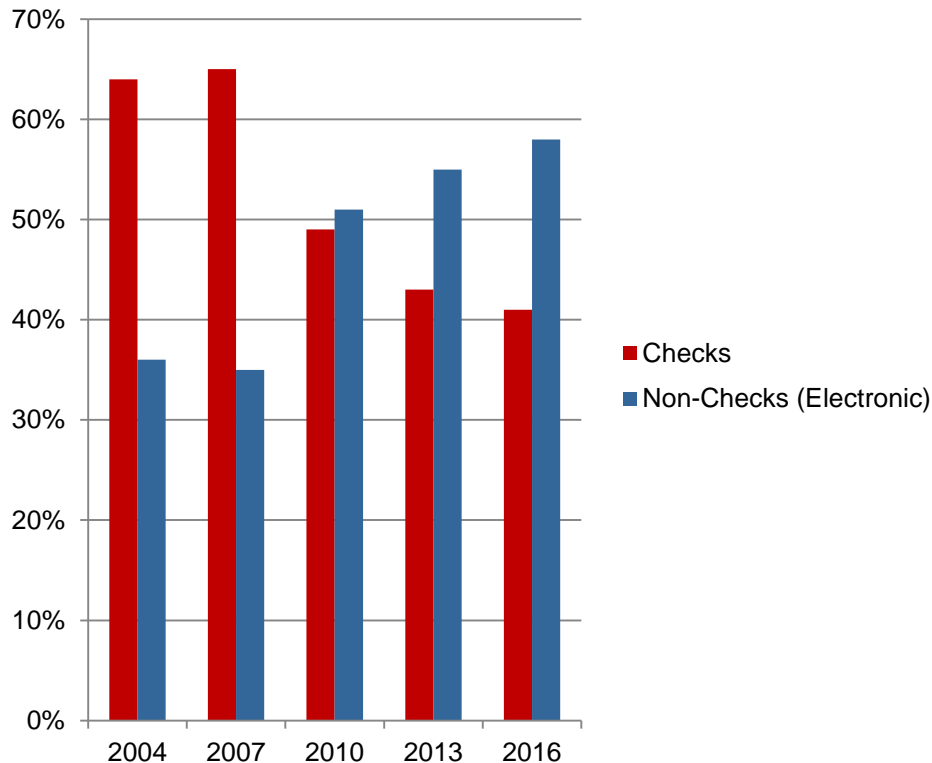
- Checks to Major Suppliers Continue to Decrease
- ACH Credits Are Gaining Popularity
- Wires Are Down
  - **Worry about Cost?**
  - **Worry about BEC?**

Source: 2016 Electronic Payments, Association for Financial Professionals



# Payment Initiation Methods For Major Suppliers 2004-2016

## Checks Vs. Electronic



Source: 2016 Electronic Payments, Association for Financial Professionals

### For Payments to Major Suppliers:

- Electronic Payments are still Gaining Ground
- The Gap Is Increasing!

### Considering Increased Overall Check Use for B2B Transactions – Why is this?

- In Times of Economic Uncertainty it Makes Sense
- Focus on Where Most of Your Payments Are!

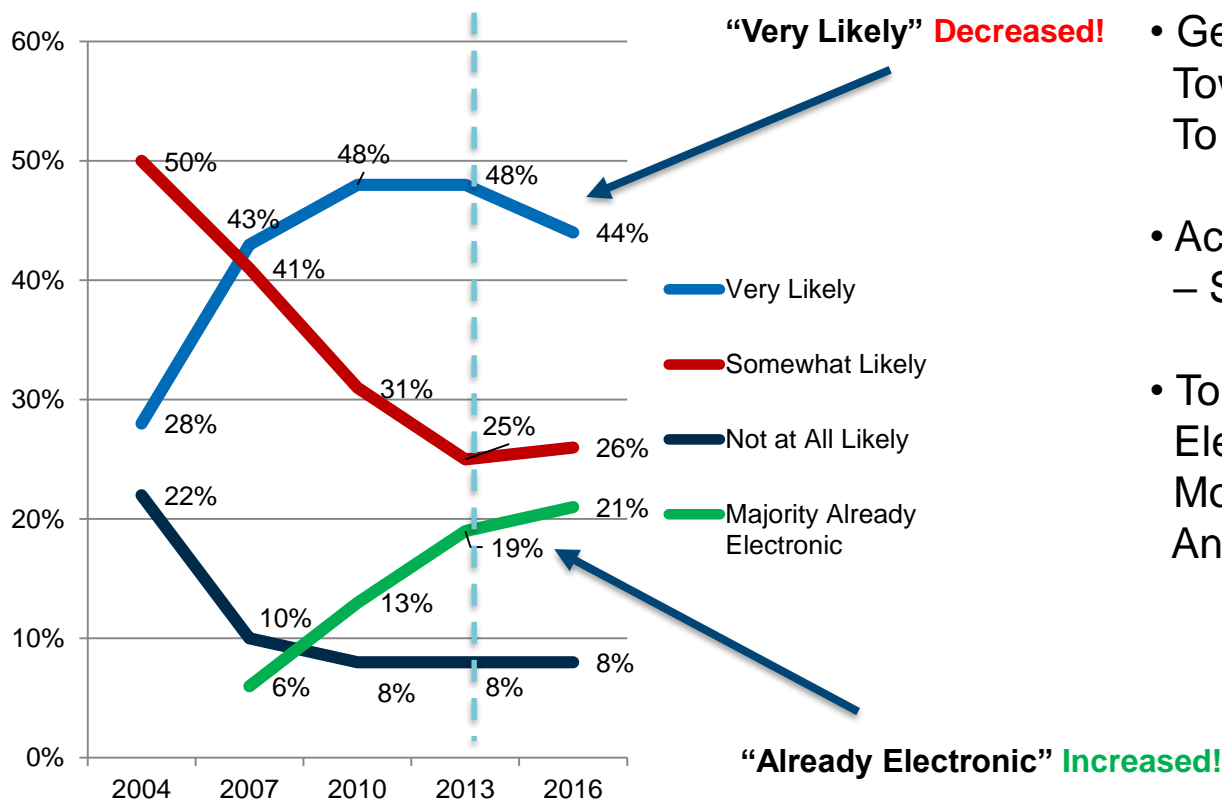
### Possible roadblocks to increased electronic payments:

- Difficulty in setting up suppliers for ACH
- Lack of integration for STP

# Likelihood of Converting Majority of B2B Payments to Major Suppliers From Checks to Electronic Payments in Three Years

(Percentage Distribution)

## Likelihood of Converting:



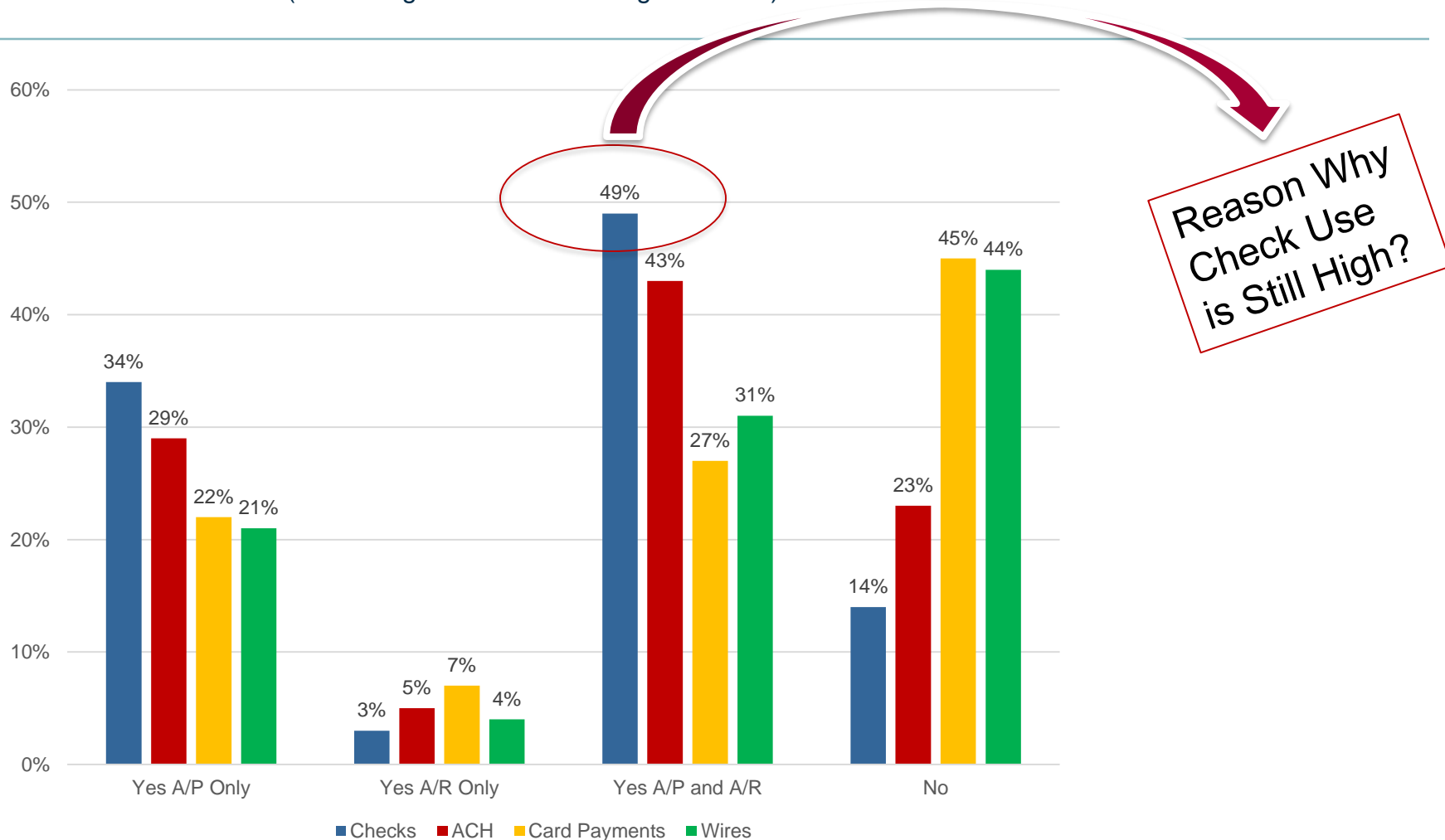
- Generally Positive Attitude Toward Switching from Checks To Electronic Payments
- Actual Switch Rate Fairly Low – Still High Level of Check Use
- To Switch from Checks to Electronic Payments May Be More Difficult Than First Anticipated.

Source: 2016 Electronic Payments, Association for Financial Professionals



# Integration of Org's Different Payment Methods with the Accounting System

(Percentage Distribution of Organizations)



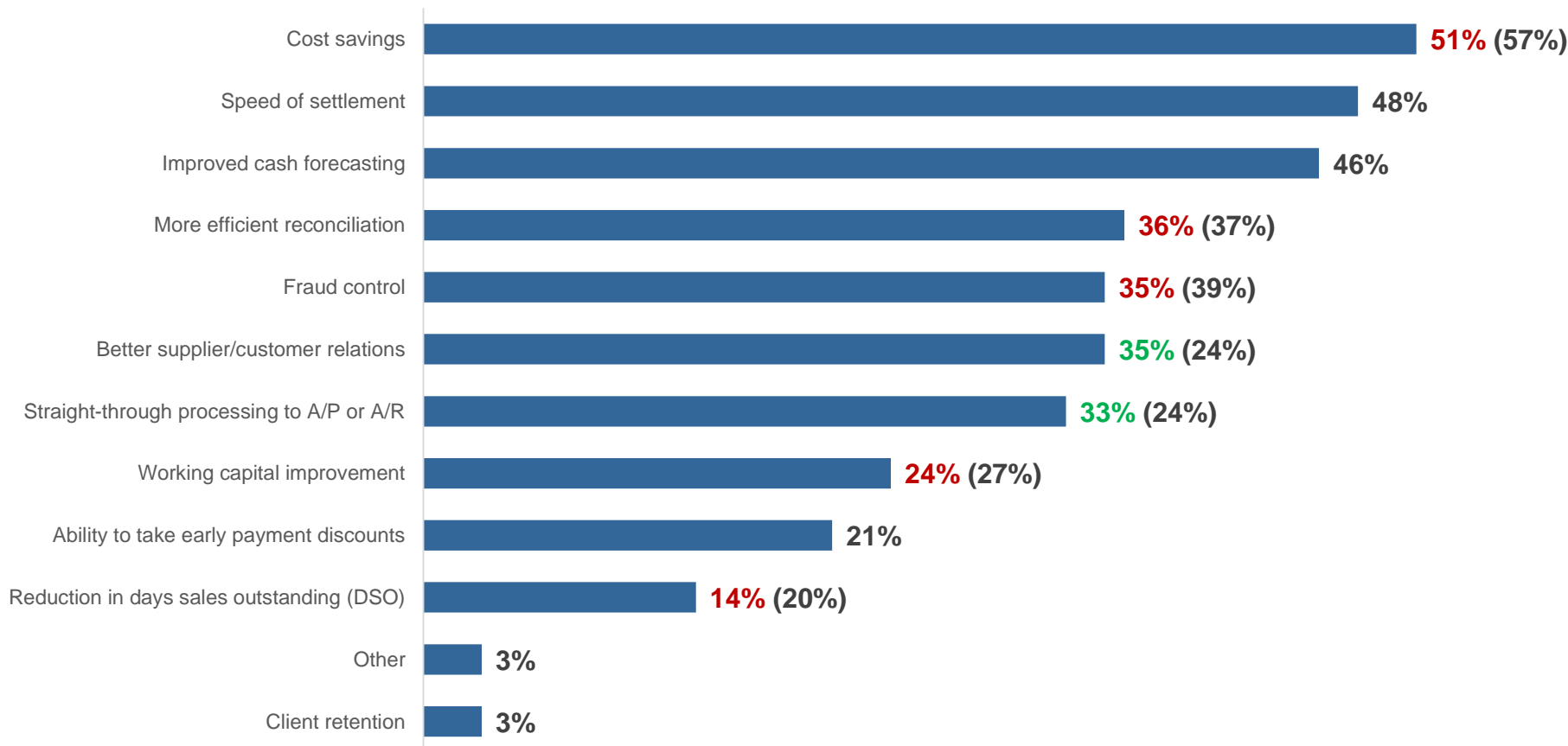
Source: 2016 Electronic Payments, Association for Financial Professionals





# Top Benefits of Transitioning to Electronic Payments

(Percent of Organizations)



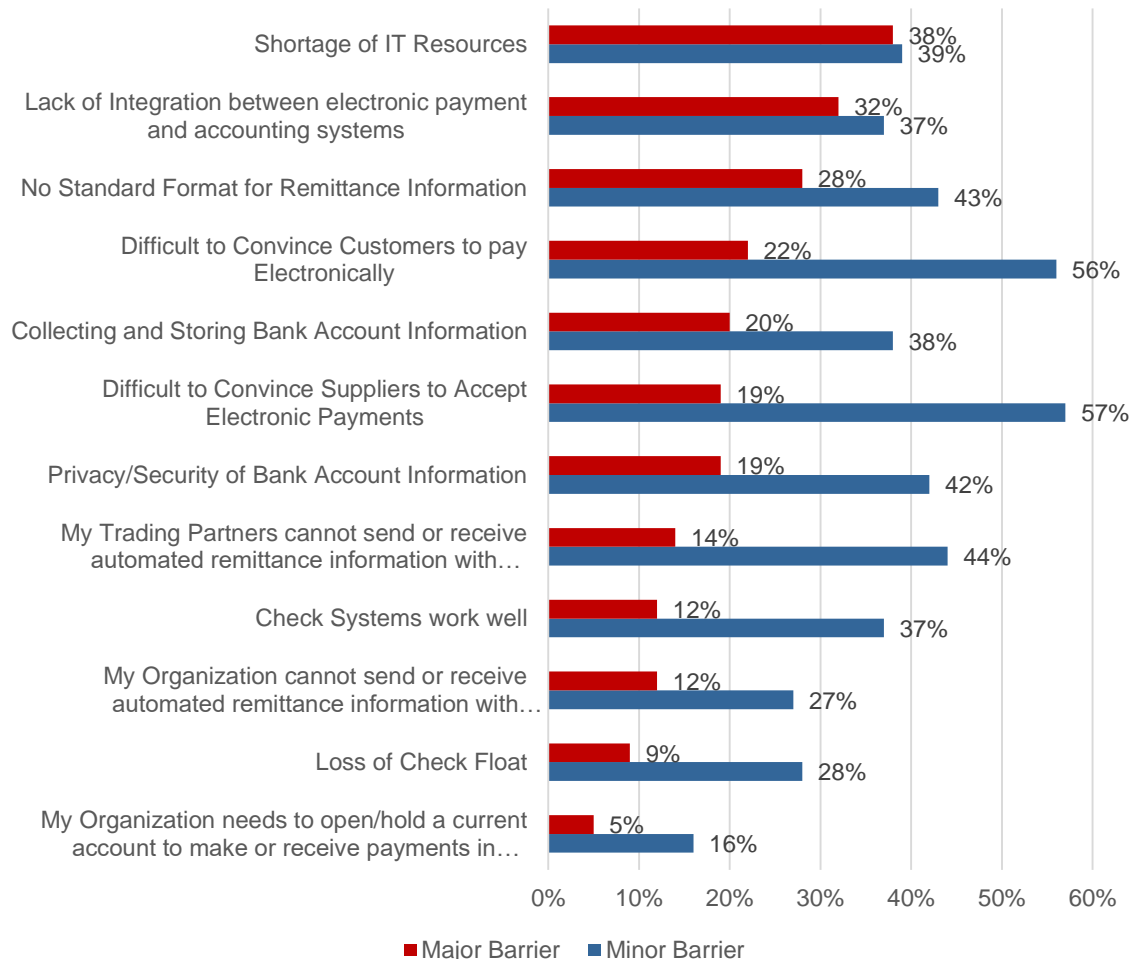
Source: 2016 Electronic Payments, Association for Financial Professionals

Red = < prev survey (2013); Green = > prev survey; Black = same; (#%) = prev survey results



# Top Barriers of Transitioning to Electronic Payments

(Percent of Organizations)



## In Addition:

### Barriers Cited By 2/3 of Respondents:

1. Difficulty Convincing Customers to Pay (78%)
2. Shortage of IT Resources (77%)
3. Difficulty Convincing Suppliers to Accept (76%)
4. Absence of Standard Formats for Remittance (71%)
5. Lack of Integration payment and accounting systems (69%)

Source: 2016 Electronic Payments, Association for Financial Professionals



# Poll Question #1

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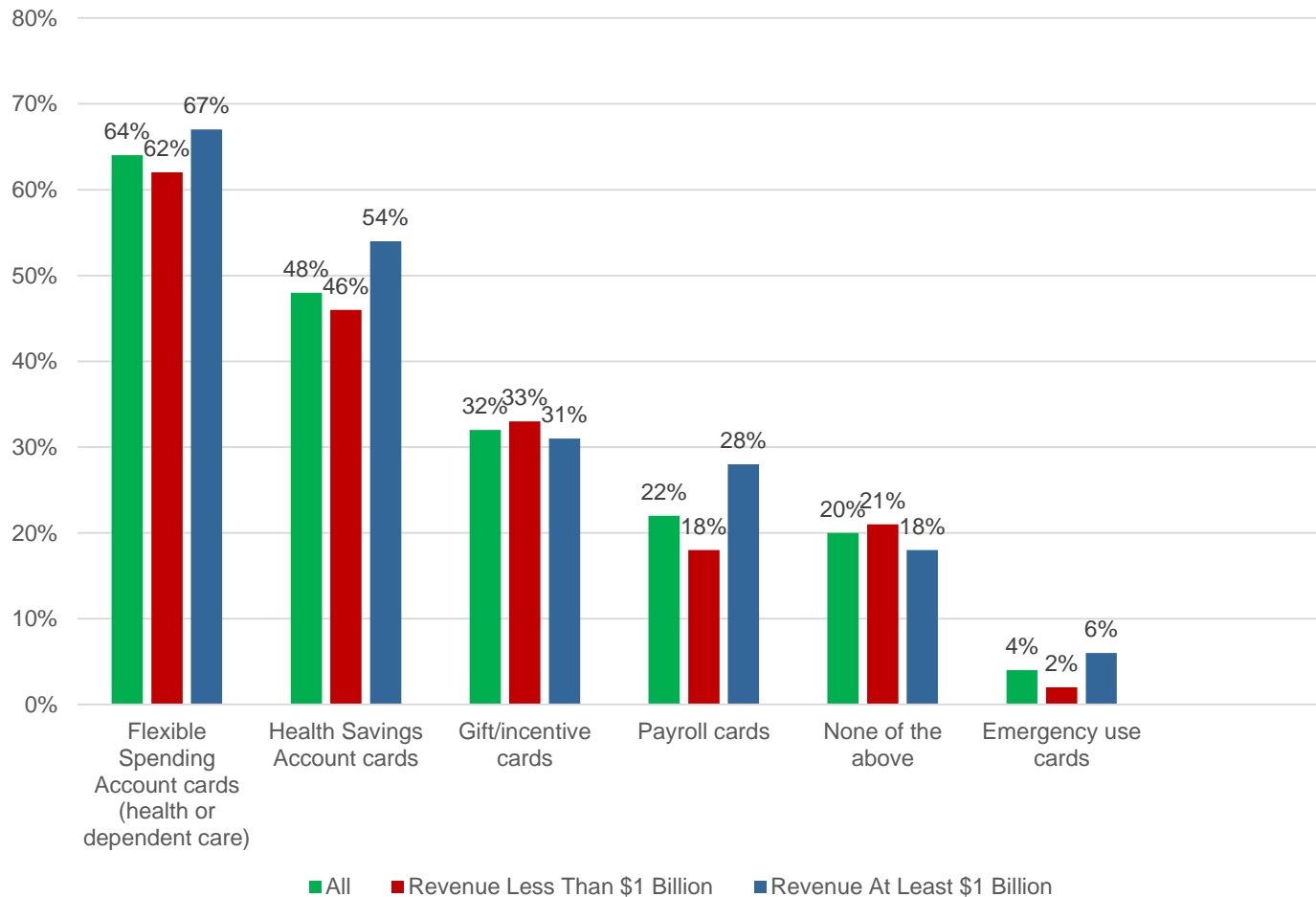
**Would an Open Directory (i.e B2B Directory) containing Payment Information (Bank ID; RT; account info; payment instructions; etc.) be helpful in advancing Electronic Payments?**

- |  |            |
|--|------------|
| a) Yes, we would definitely consider moving from checks to electronic payments | <b>54%</b> |
| b) Maybe   | <b>36%</b> |
| c) No, we would not be helped by this additional information                   | <b>8%</b>  |
| d) No, we will continue using checks regardless                                | <b>2%</b>  |



# Cards Utilized to Disburse Employee Pay and Benefits

(Percentage of Organizations)

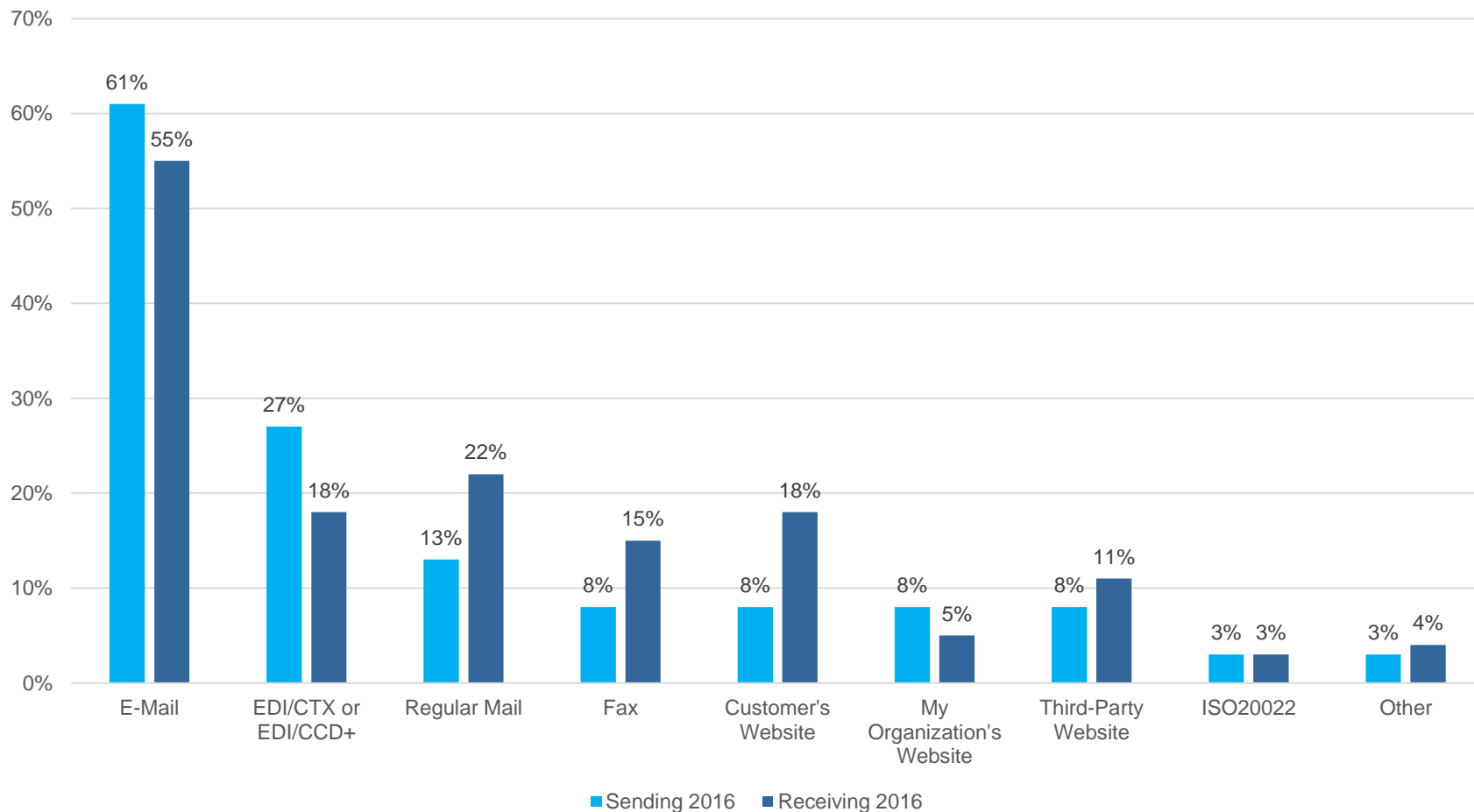


Source: 2016 Electronic Payments, Association for Financial Professionals



# Organizations' Methods of Sending and Receiving ACH Remittance Information

(Percentage Distribution of Organizations)

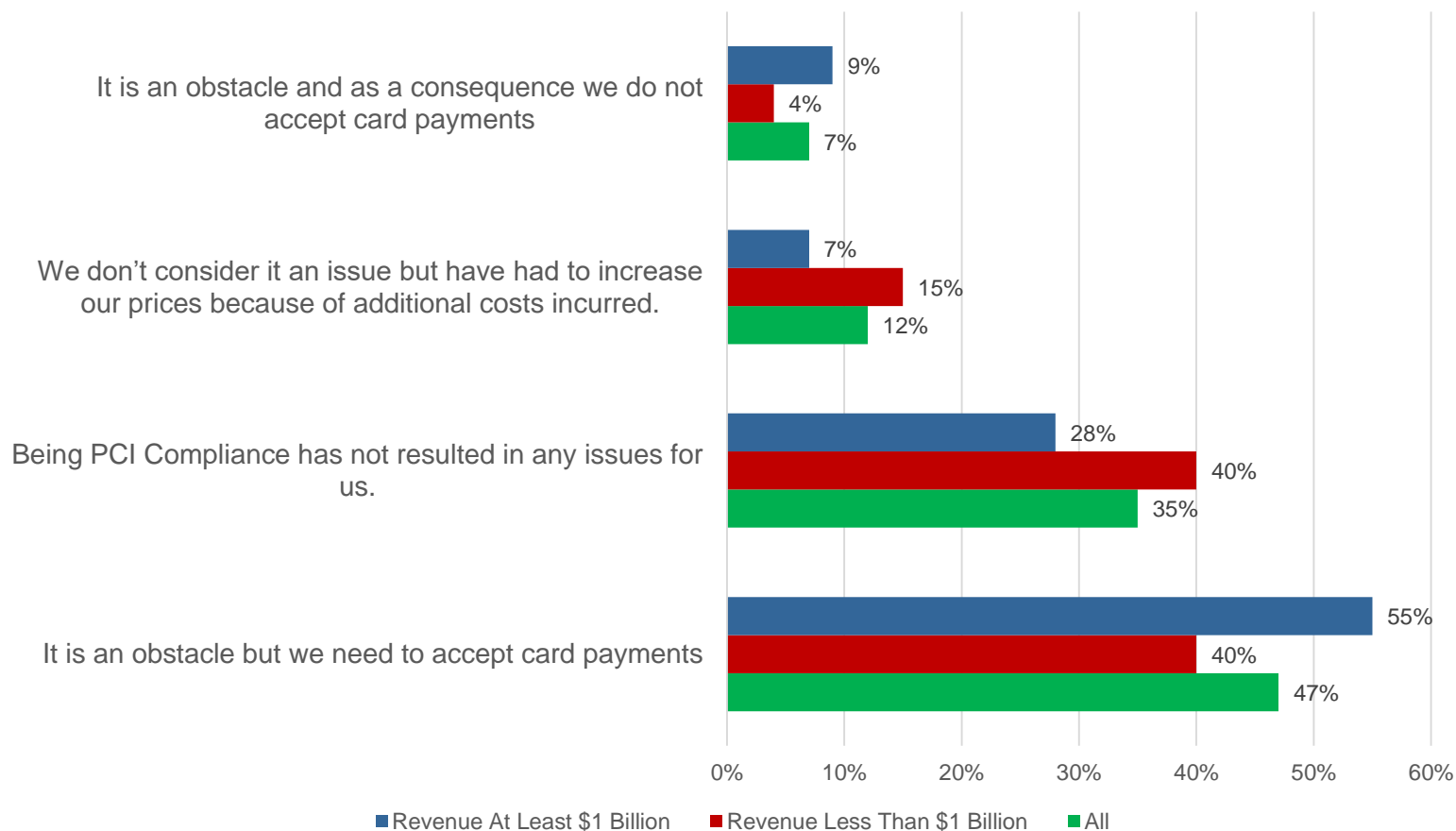


Source: 2016 Electronic Payments, Association for Financial Professionals



# Perception of PCI Compliance

(Percentage of Organizations)

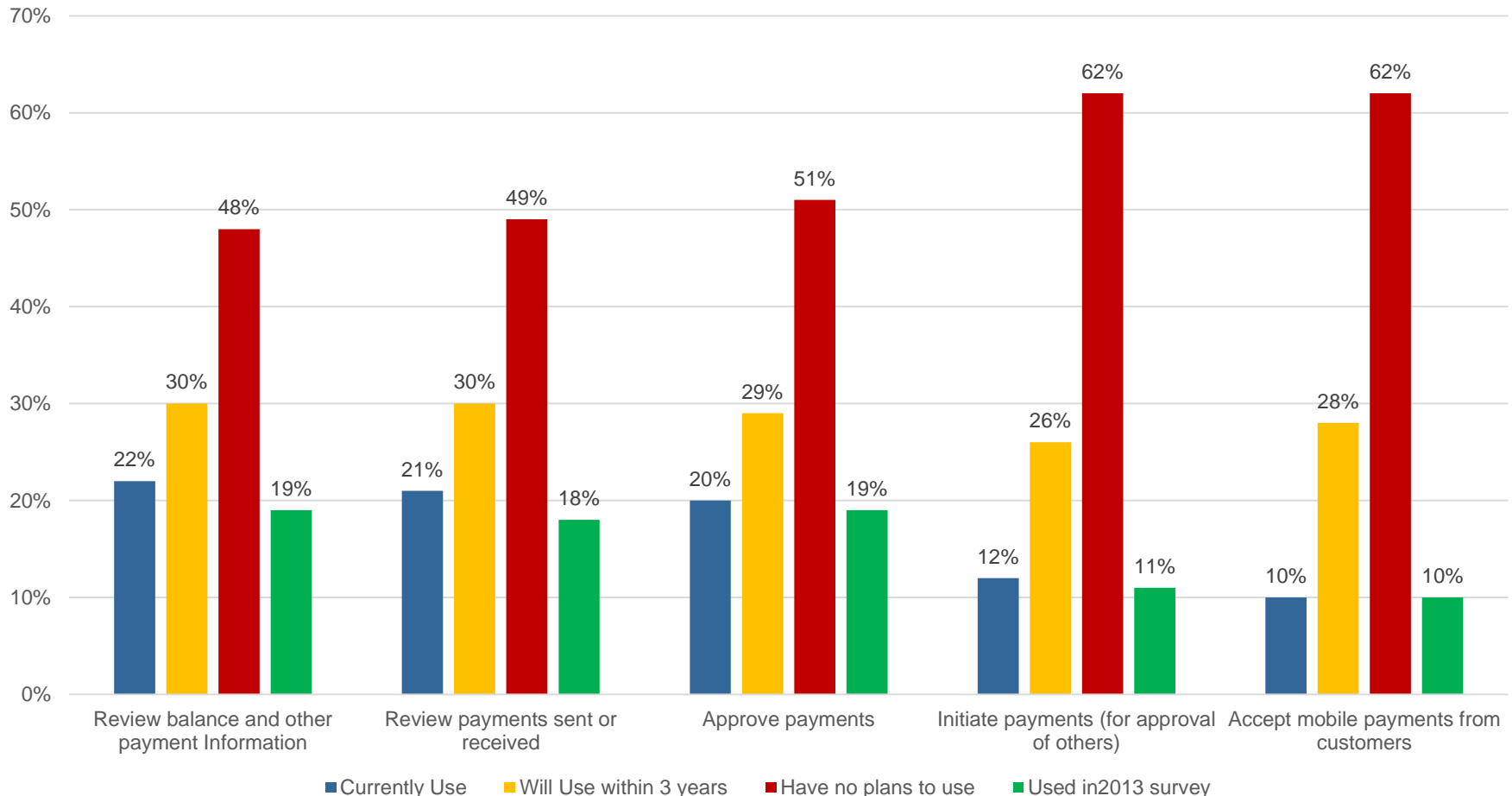


Source: 2016 Electronic Payments, Association for Financial Professionals



# Organizations' Plans to Take Advantage of Mobile Payments Over the Next 3 Years

(Percentage of Organizations)

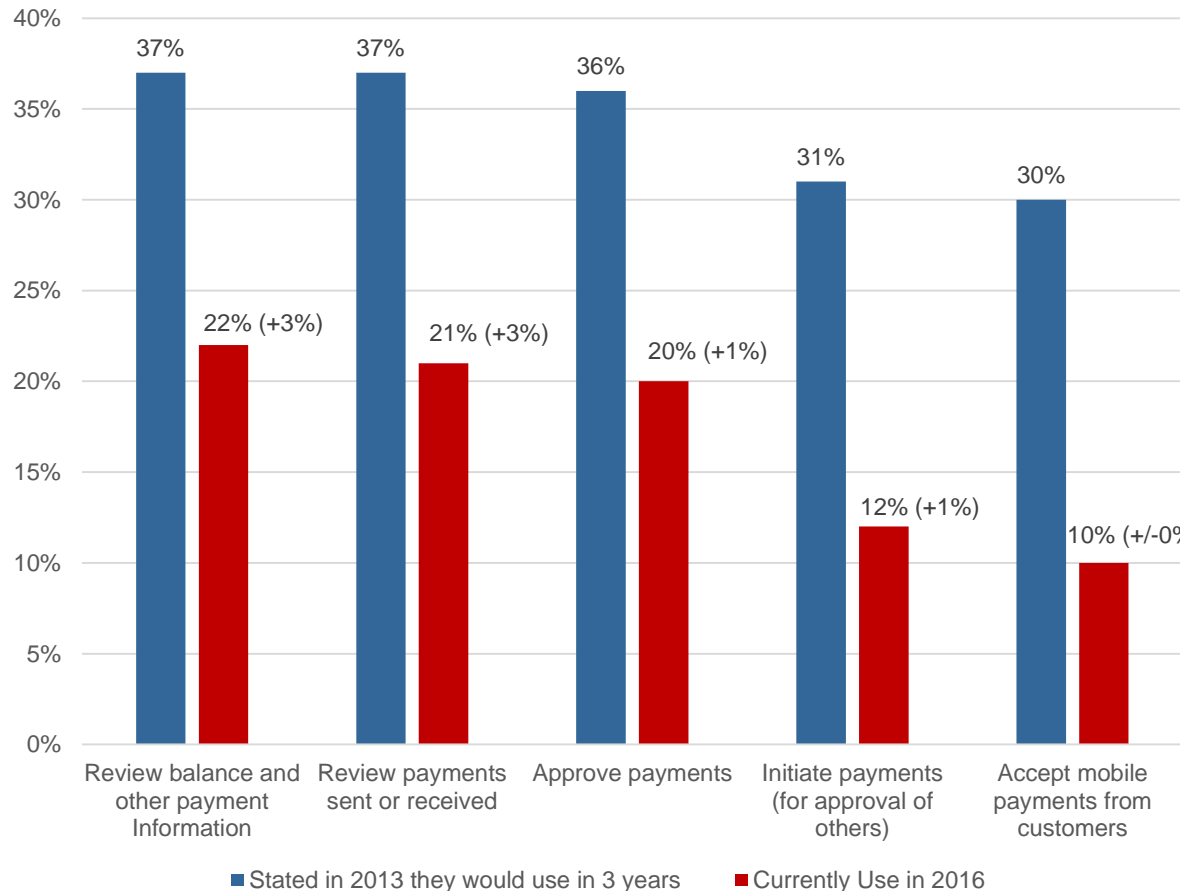


Source: 2016 Electronic Payments, Association for Financial Professionals



# Organizations' Plans to Take Advantage of Mobile Payments – Actual Outcome!

(Percentage of Organizations)



## Optimistic Predictions?

- Actual Implementation may be more complicated than first anticipated
- The Positives did not top the Negatives
- Easy to get trapped in the Hype?

Source: 2016 Electronic Payments, Association for Financial Professionals

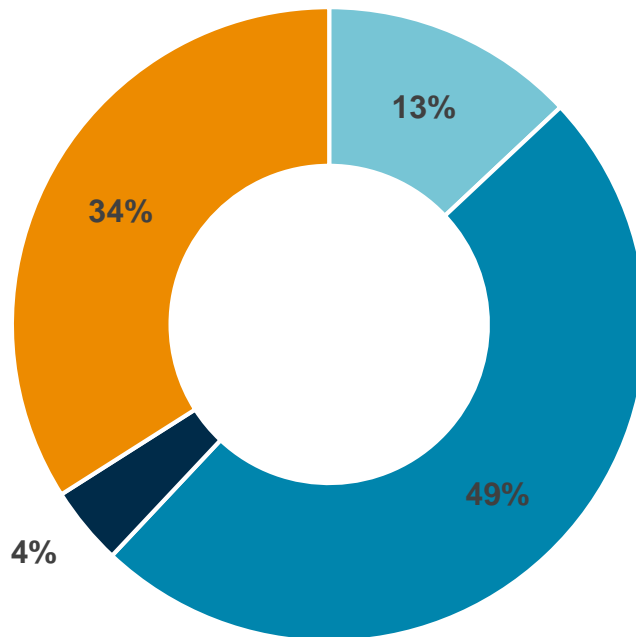




# Faster Payments - Impact

(Percentage of Organizations)

**Anticipated Impact of Faster Payments**  
(Percentage Distribution of Organizations)



- Will have an extremely positive impact
- Will have a somewhat positive impact
- Will have a somewhat negative impact
- Do not expect it will impact our organization

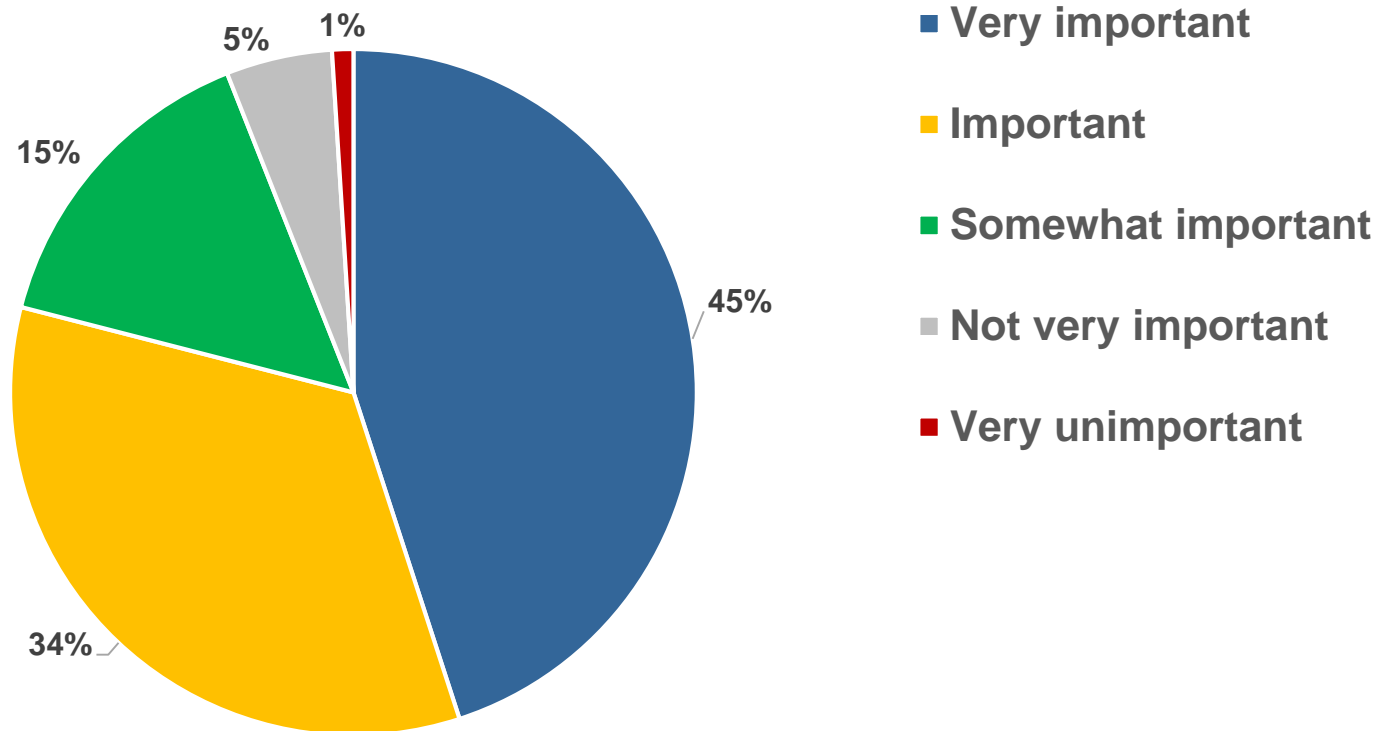


# Faster Payments – Importance, Remittance Information

(Percentage of Organizations)

## Importance of Smart, Faster Payments that can Carry Extensive Remittance Information

(Percentage Distribution of Organizations)



Source: 2016 Electronic Payments, Association for Financial Professionals



# Poll Question #2

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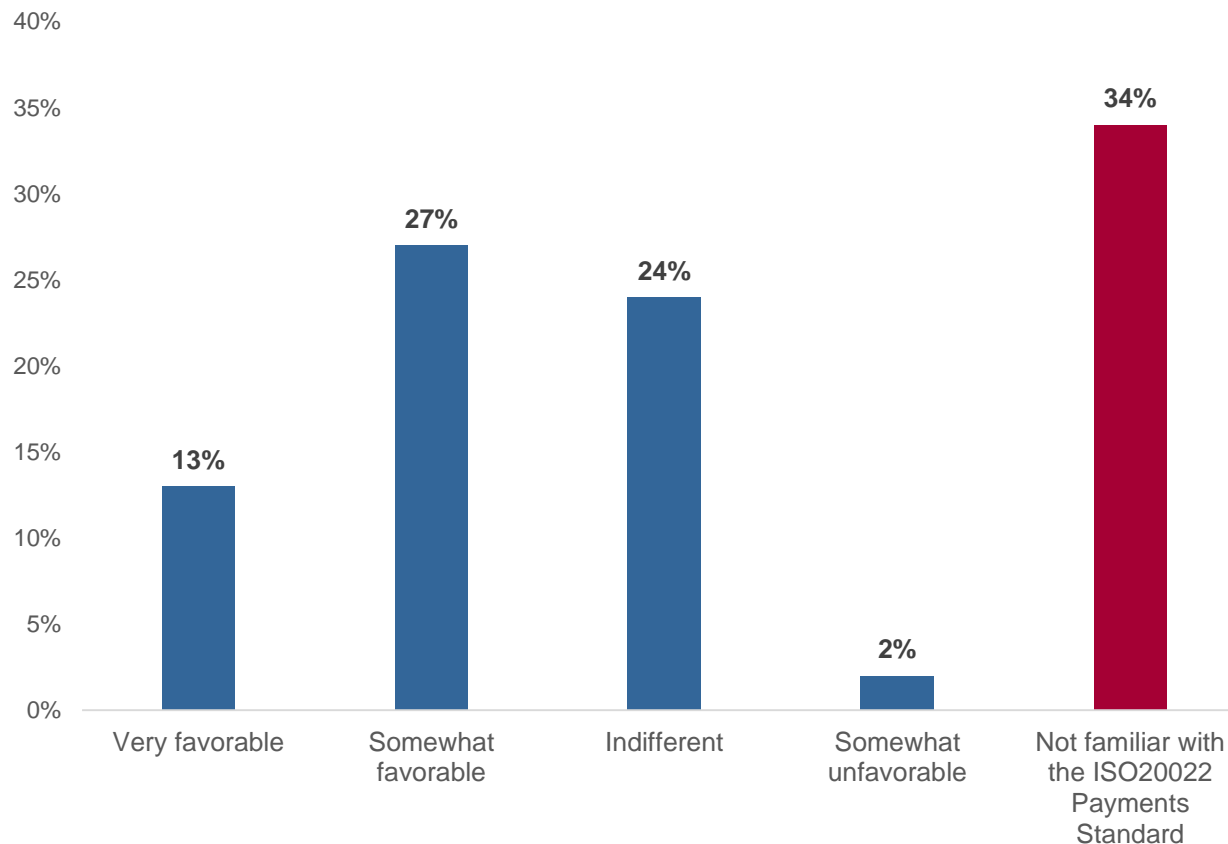
**Fast is good, but how critical is it that payments are smart, meaning that all the Remittance Information follows the payment?**

- a) Smart payments are more important than fast payments **25%**
- b) Smart payments are as important as fast payments **69%**
- c) Fast payments are more important than smart payments **5%**
- d) As long as the payment comes in I don't care about the remittance information **2%**



# ISO20022 Awareness

Adoption of Payments Standard ISO20022 in a New Faster Payment System  
(Percentage Distribution of Organizations)



## Standardization of Payments Should be Attractive

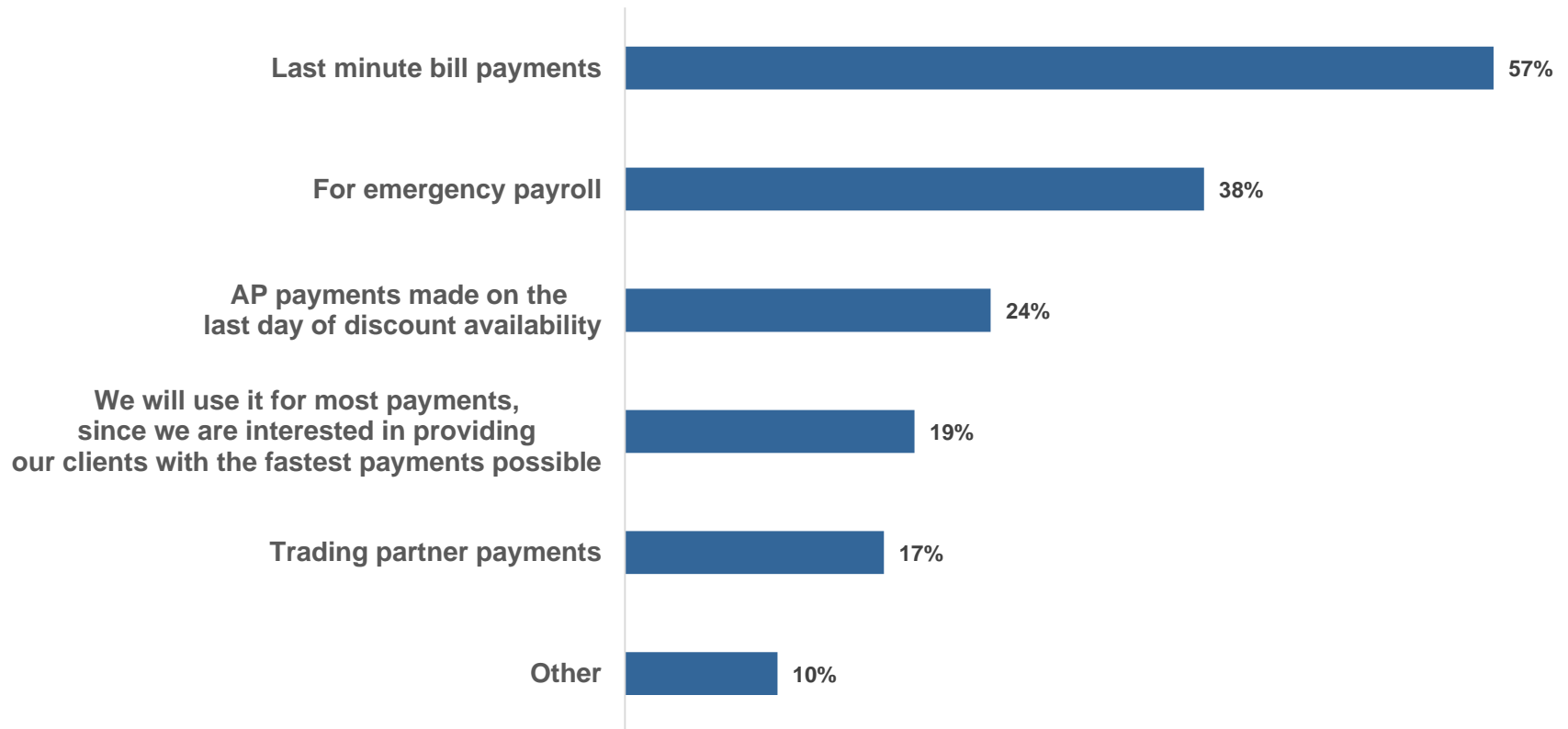
- Education Gap?
- Change is Never Attractive?
- No Business Case

Source: 2016 Electronic Payments, Association for Financial Professionals



# Same-Day ACH - Uses

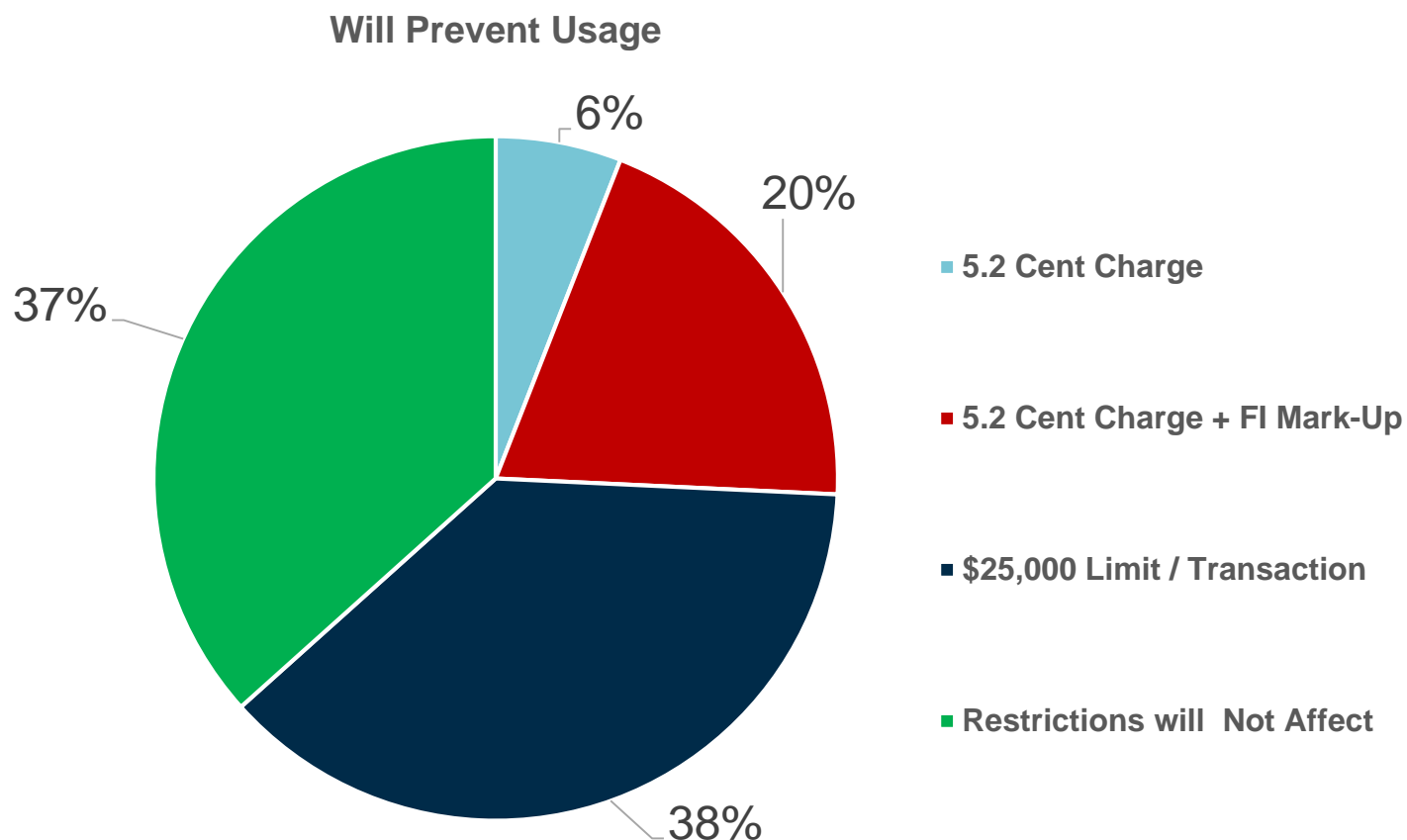
## Likely Uses of Same-Day-ACH Payments (Percent of Organizations)



Source: 2016 Electronic Payments, Association for Financial Professionals



# Same-Day ACH - Barriers



Source: 2016 Electronic Payments, Association for Financial Professionals



# Conclusions

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- **Downward Trend in Check Use for B2B Transactions Has Been Broken.**
- **Smaller Organizations are Decreasing Check Use While Larger Organizations See an Increase**
- **Cost Savings Top Benefits of Replacing Checks with Electronic Alternatives**
- **62% See a Positive Impact from Faster Payments**
- **Email Dominates as a Vehicle for Sending ACH Remittance Information**



## Contact Information:

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