

The Complex World of Corporate Payments

& How TIS Helps Simplify It

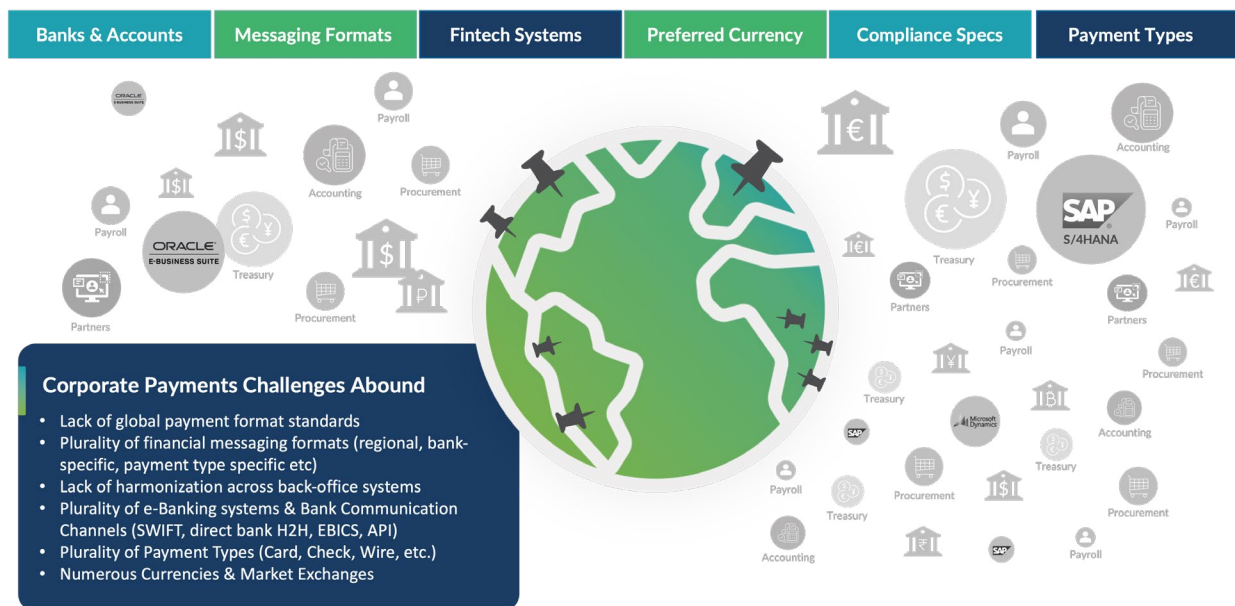
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THE RAPIDLY EVOLVING WORLD OF CORPORATE PAYMENTS HAS LAYERS OF COMPLEXITY

If you were to ask any of the millions of treasury and finance professionals around the world to define the term “corporate payments”, it’s likely that you would receive a very diverse range of responses in return. And yet, it’s possible that every one of their responses would be accurate. This is because the world of corporate payments is a vast, constantly evolving, and immeasurably complex ecosystem consisting of numerous currencies, technologies, formats, channels, and networks. Even the compliance and security standards governing certain types of payments are unique. This ultimately means that any of the various finance, technology, and legal professionals holding a stake in corporate payments can all have vastly different experiences and perspectives from one another.

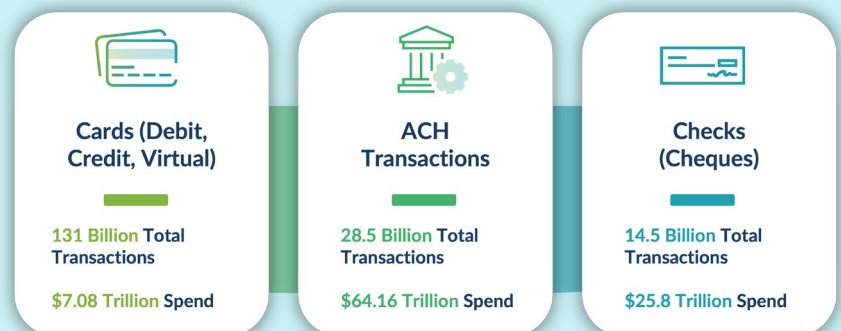
How Do Corporate Payments Become so Complex?



For instance, in the U.S. alone, there are multiple payment options – including wires, checks, cards (both physical and virtual), ACH, and even cryptocurrencies – that are regularly used for corporate payments. There are also a vast multitude of financial institutions, fintechs, and technology providers tasked with facilitating these payments, along with an equally diverse number of payment channel operators and regulatory bodies who govern the networks that these payments are executed and processed through.

According to the most recent data from the Federal Reserve, a total of 131.2 billion U.S. card transactions were recorded in 2018 (corporates and consumers combined), which accounted for roughly \$7.08 trillion in spend. ACH payment volumes for the same year reached 28.5 billion, with a value of \$64.16 trillion. And finally, check (cheque) usage was at 14.5 billion with \$25.8 trillion in spend. This is not even considering the use of wires, cryptocurrency, cash, or other payment methods¹.

Analyzing Trends in U.S. Payment Volumes & Amounts



(Statistics are Representative of 2018 U.S. Businesses & Consumers Combined. 2018 is the Most Recent Year of Data Available)
Source: [2019 Federal Reserve Payments Survey Data](#)

Outside of the U.S., these payment channels and rails become even more diverse. More currencies and payment methods are added to the mix, and the compliance and regulatory parameters surrounding these payments differ broadly across national borders – especially across different continents. And depending on the unique department an employee operates within – be it AP, Treasury, or Procurement – the preferable payment options, banking partners, and systems used to manage operations are likely very different.

But while the potential to transact through such a diverse array of options creates opportunities for companies to optimize their processes, such diversity also poses a fair number of obstacles and risks.

Within the context of treasury and payments management, let's take a closer look at some of the most prominent challenges faced by modern practitioners.

WHAT ARE THE MAIN HURDLES & RISKS FACED BY CORPORATES THROUGH THE CURRENT PAYMENTS LANDSCAPE?

When examining the most common payment challenges faced by corporate treasury and finance teams today, the following five factors almost always surface:

1

Bank Connectivity & Financial Messaging

For companies that are rapidly growing or that already maintain a global presence, bank connectivity can quickly become one of the largest pain points for treasury teams. This is especially true for companies that maintain dozens of bank relationships and potentially hundreds or thousands of individual bank accounts.

Today, it's common for each bank partner to maintain their own online portal for clients to manage balances and payment activity. It's also common for each bank to have a unique set of parameters and requirements regarding which payments and reporting formats are accepted, as well as which connectivity and integration methods are available. Over time, treasury teams attempting to manage banking operations through dozens of individual providers often grow overwhelmed as manual operations, siloed data sets, and a general lack of standardization create excessive complexity.

2

Integrating Back-Office Technology Platforms

Similar to banking channel complexity, treasury teams operating with a diverse set of financial systems (ERPs, TMSs, etc.) face comparable challenges with integrating these systems together to manage the flow of financial data and payment information.

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Because there are a variety of different integration methods in use today (SFTP, API, etc.) and since each system may have unique parameters dictating how data and information can be transmitted, many companies experience a lack of compatibility between their back-office technology structure. This is especially an issue for companies with regular M&A activity, as systems that aren't compatible with one another may be inherited in a manner that is entirely unavoidable.

In a recent 2023 U.S. treasury survey, at least 30% of the several hundred respondents indicated they were using eight of the ten different types of systems we polled them on. They were also using a large number of banks and individual accounts.² And because different systems might be used to manage payments in different regions or across different entities and departments, developing a unified solution and process to track and control the full scope of a company's payment activity represents a major undertaking.

Current Status of Treasury Technology Usage by System Type (Non-ERP)

2023-24 Survey Data

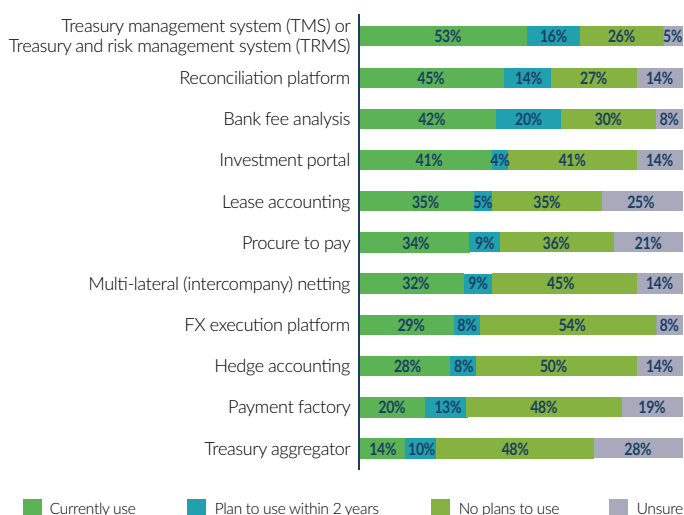
What Types of Specialty Systems Does Treasury Use?

Outside of ERPs (which were not polled here), Treasury Management Systems (TMSs) are the main platform used by treasury teams to optimize operations, there are a variety of other niche and specialty platforms that are commonly adopted as well.

Today, dedicated reconciliation, bank fee analysis, and investment solutions are often deployed alongside a TMS for enhanced functionality in key areas of operation – usually in areas where traditional TMS tools fall short.

*2023-24 Strategic Treasurer & TIS Treasury Technology Survey

Do you use or plan to use the following?



■ Currently use ■ Plan to use within 2 years ■ No plans to use ■ Unsure

3

Structuring Payment Workflows & Approvals

Moving past banking and back-office complexity, another challenge for companies is creating a standardized approach to initiating, approving, and executing payments.

Varied approval hierarchies across different entities or departments, or for payments of different sizes and purposes, makes the coordination of approvals a time-consuming and intricate task. Even more so if there are multiple systems through which payments can be initiated and approved, as this significantly complicates the process of creating a standardized payment workflow across the company. For global companies that require approvals from staff members in different time zones, delays on payments being reviewed is also a common occurrence. And finally, the necessity for comprehensive documentation and audit trails on each payment to meet compliance requirements adds a further wrinkle.

Managing Compliance Requirements & Security Standards

Navigating the web of international regulations and compliance requirements that impact corporate payments is a monumental challenge. Different countries have varying rules and regulations regarding cross-border payments, anti-money laundering (AML), geopolitical sanctions (OFAC, etc.), and know your customer (KYC) procedures. Corporate treasurers must stay informed and ensure that their payment processes comply with all relevant regulations.

At the same time, treasury teams must also be wary of the risk that payment fraud poses. As recent data indicates, the threat of payments fraud – particularly within the treasury realm – has skyrocketed over the past decade. According to a 2023 survey by Strategic Treasurer, 80% of treasury teams have experienced fraudulent payment attempts within the past year.³ This number has steadily risen over time, and as a result, treasurers are under immense pressure to implement robust payment and system security measures to protect against cyber threats, unauthorized access, and other criminal or illicit activities

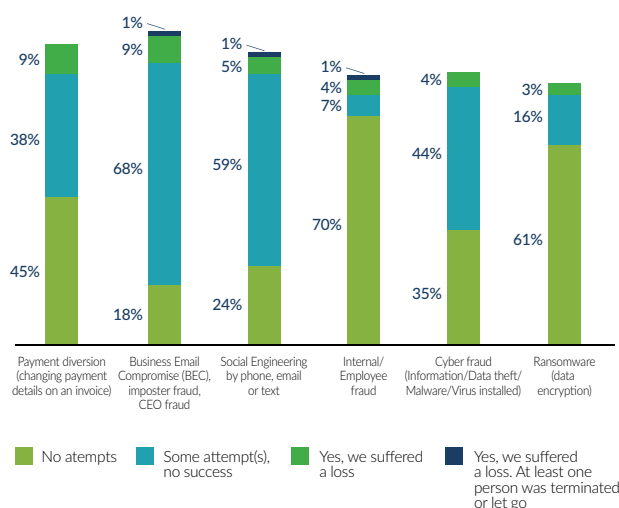
Treasury & Payments Fraud Experiences Remain Elevated in 2023-24

Fraud Impacting 73% of Firms in the Past Year.

Over one quarter (27%) of respondents indicated there were no known fraud attempts, while nearly three out of ten companies (29% reported fraud. Another four out of nine firms (44%) indicated suspected or attempted fraud.



In the past twelve months, we have experienced :



*2023 Strategic Treasurer & Bottomline Technologies Treasury Fraud & Controls Survey

Selecting the Right Payment Method & Channel for Each Use Case

Even after all the above challenges have been addressed, there is still the matter of determining which payment option or channel is the most cost-effective and efficient option in each circumstance. Given how many payment options and methods are in existence today, this is not a simple task. For instance, determining how to pay a company's suppliers in the USA (via virtual card, ACH, wire, or check) might depend on whether vendors are offering rebates for certain payment methods, or whether each vendor has their own preferences for how payments should be received. Sometimes, a company's fintech solutions might not be able to accommodate certain payment types (such as virtual cards or checks), which further limits their options.

Ultimately, these types of considerations must be evaluated for each type of payment a company manages (i.e. tax payments, vendor payments, staff payroll, etc.), and within each region of operation, as not all types of payments are accepted everywhere. Combined with the fact that vendors and banks might also have their own requirements regarding which payments can and cannot be used, optimizing the mix of payments deployed by a company for each purpose is a never-ending process.

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For modern practitioners, addressing the above challenges requires a combination of financial expertise, technological prowess, interdepartmental collaboration, and a strategic, long-term roadmap for maintaining streamlined processes over time.

Now that we understand the primary payment challenges impacting treasury and finance teams today, let's examine the variety of solutions being deployed to help overcome them.

HOW ARE INDUSTRY PROFESSIONALS SIMPLIFYING & STREAMLINING THEIR PAYMENT OPERATIONS TODAY?

While there are numerous innovations and enhancements being made to the world of corporate payments across the world, the following five developments are those that TIS believes will be most instrumental to evolution across the landscape in the next 1-5 years.

Migrating to ISO 20022 Financial Messaging

1

For several years now, the Swift community and broader network of financial institutions have been migrating to the ISO 20022 messaging standard for cross-border payments and reporting. This migration is initially focused on a limited number of Swift FIN messages within the cash management space, which center on cross border payments and the associated balance and transaction reporting messages.

In many ways, this migration represents one of the most significant disruptions to global cross-border payments since Swift first introduced electronic messages back in 1977.

At a high level, the benefits of ISO 20022 XML financial messaging can be derived through the richness and quality of data enabled by it. With ISO 20022, each data point associated with a transaction can have its own unique XML field. This benefit is magnified exponentially as more participants in the payment ecosystem adopt ISO 20022 messaging, because the end-to-end payment journey is fully XML enabled – removing and reducing the risk of data truncation.

Because of the numerous benefits afforded to both the broader financial industry and the corporate community as a result of this migration, ISO 20022 will undoubtedly play a critical role in financial messaging and cross-border payments for the foreseeable future. And, it remains a top priority for many practitioners within the corporate banking and finance community today.

1



Identifying the critical friction points

2



Analysing readiness of your partner bank landscape

3



Minimising the compliance effort

4



Multibank harmonisation of XML V09

5



Setting up your systems configuration

2

Rapid Development of Instant Payment Networks

In the ever-evolving world of financial transactions, the adoption of instant bank payments has become a catalyst for transformational change in both the corporate and consumer sectors. Today, this transition from traditional payment methods to real-time, 24/7 transactions is reshaping how businesses and individuals navigate the financial landscape on a global scale. The benefits enabled through these networks include greater speed and transparency on transactions, which ultimately leads to more effective cash flow management, reconciliation, and more effective execution in situations where emergency or timely payments are required.

Given that there are dozens of countries that are all deploying their own domestic instant payment schemes, we can conclude that the adoption of instant payments is revolutionizing financial interactions, offering unprecedented speed and efficiency, across diverse scenarios. Whether settling urgent compensation, streamlining business transactions, or facilitating seamless online purchases, instant payments are at the forefront of transforming the way treasury teams transact in the modern world.

Notable & Developing Instant Payment Schemes Globally



3

Use of API Technology for Back-Office & Bank Connectivity

Although not necessarily a “new” technology, Application Programming Interfaces (APIs) are now beginning to permeate the treasury landscape on a greater scale to facilitate more effective integration between different financial systems. This includes connectivity between different banking systems, as well as between back-office ERPs, TMSs, and everything in between. Between 2019 and 2023, TIS and Strategic Treasurer surveys noted a 30% increase in the use of Treasury APIs for payments and reporting, which represents a substantial increase in just a few years’ time.⁴

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As opposed to “host-2-host” or SFTP connections, APIs are considered more flexible in their structure and able to operate in real-time or near-real-time. However, because API technology is still developing and not all banks or fintechs have established compatibility yet, their usage is often limited to a “case-by-case” basis.

Today, treasury teams are most commonly adopting APIs to integrate their various TMS and ERP systems together, and to connect with their banks and other applications to streamline the payments and reporting workflow. When configured correctly, API integration enhances real-time data exchange, reduces manual data entry, and supports more efficient payment processing and subsequent reporting.

4

Adopting Centralized Payment Hubs

Compared to the siloed, disparate operations that are prevalent when managing payments through multiple banking portals and back-office systems, establishing centralized payment hubs has become a common strategy for simplifying treasury’s payment architecture. The methodology here is simple: by consolidating payment processes through a “single source of truth” as opposed to numerous bank portals, ERPs, and TMSs, treasury teams can achieve better control, visibility, and standardization.

Centralized payment hubs (or payment factories) often incorporate advanced analytics and reporting capabilities, enabling treasury professionals to monitor and manage payments from their HQ location more effectively. They also enable companies to maintain payment initiation workflows through each individual source system, and have the approvals roll up to the central payment hub for centralized control. This way, the daily operations of AP, Procurement, and staff at various entities or subsidiaries can initiate payments as usual, while also enabling treasury and finance leaders to maintain overarching visibility to each payment before it is ultimately executed.

5

Ongoing Migration to Cloud-Based Payment Solutions

Continuing a trend that started in the early 2000s, corporate treasury teams are embracing cloud-based solutions to achieve dynamic scalability and flexibility in their payments architecture. Compared to on-premise or “locally hosted” solutions, cloud technology allows for the storage and processing of financial data in a centralized, accessible environment. Treasury teams can scale their payment infrastructure based on demand, facilitating a more agile response to changing business requirements. Cloud solutions also offer the advantage of easy updates and maintenance, reducing the burden on internal IT resources and ensuring that the payments system remains up-to-date with the latest features and security measures.

According to data from a multi-year treasury survey conducted by TIS and Strategic Treasurer, it’s clear that companies have been shifting their hosting strategies away from on-premise and towards cloud or “SaaS” platforms in droves. Between 2015 and 2023, the study has witnessed more than 40% growth in the adoption of new cloud solutions, to the extent that SaaS treasury platforms now comprise more than 80% of all platforms in use. On-premise systems, alternately, have seen their usage dwindle from ~60% to <30% over the same timeframe.⁵



What Hosting Configuration are Most TMS Platforms Being Deployed On?

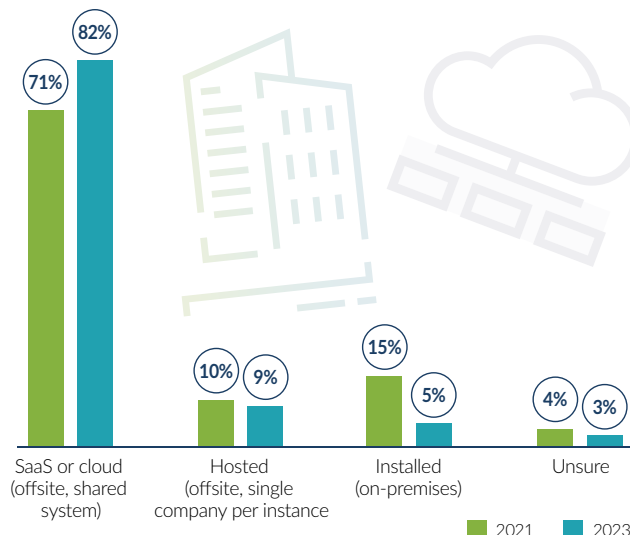
2023-24 Survey Data

SaaS Platforms See Steadily Rising Traction Over On-Premise & Hosted

Since the early 2000s, the overwhelming majority of new treasury technology implementations have been of cloud-based or Software-as-a-Service (SaaS) platforms. This is in contrast to the decreasing usage of onsite or "self-hosted" platforms.

Because of the reduced internal IT burden associated with implementing and maintaining SaaS TMS solutions compared to on-premise, cloud adoption continues to dominate new treasury technology sales. This remains an ongoing trend in 2024.

The TMS platform you use or plan to use is / will be:



By leveraging some or all of the above networks and technologies, corporate treasury teams are collectively driving towards a more agile, efficient, and secure global payments architecture. The emphasis is on leveraging technology to automate routine tasks, enhance connectivity between systems, and ensure standardization across the company when it comes to initiating, approving, and executing payments.

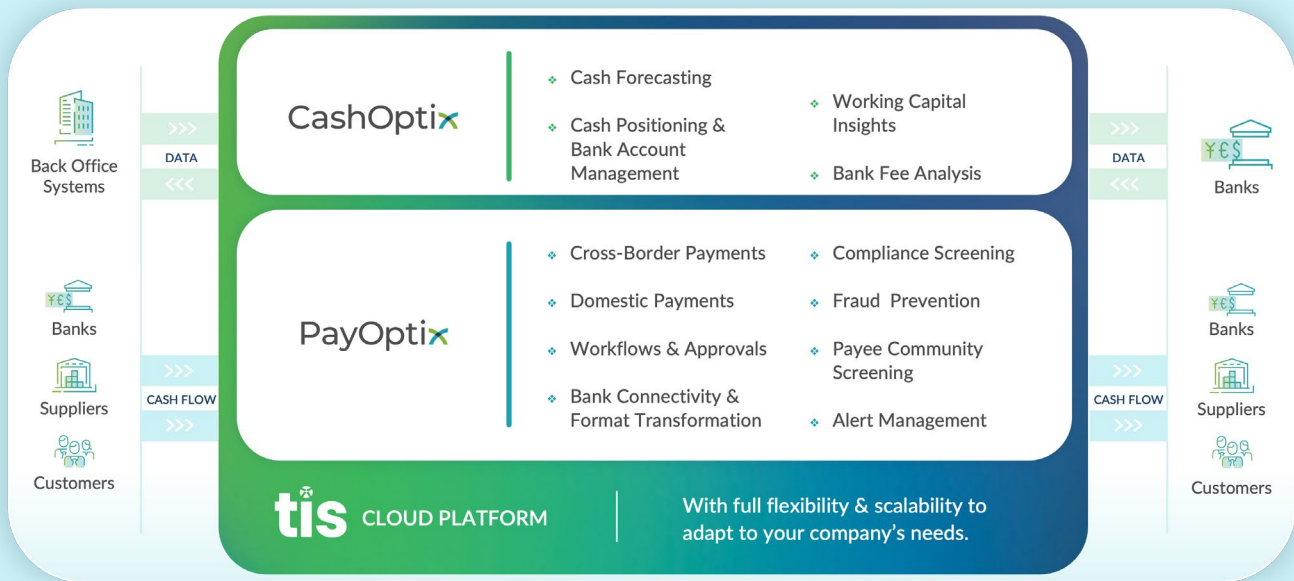
However, as practitioners evaluate their outstanding payments challenges and begin to analyze potential solutions, there are still a variety of different approaches they could take. For treasury teams currently determining what decision to make, the following section will demonstrate why TIS might be the ideal vendor to help them institute global payments and connectivity transformation in a cost-effective and efficient manner.

5 WAYS THAT TIS SIMPLIFIES, SECURES, & AUTOMATES GLOBAL CORPORATE PAYMENT OPERATIONS

For those who may be unfamiliar, TIS is a cloud-based software and service provider that helps organizations simplify their global payments and cash management operations. By streamlining connectivity between our customers' back-office systems and their worldwide banks, vendors, and business partners, TIS enables users to achieve superior performance in key areas surrounding cash forecasting, working capital, outbound payments, financial messaging, fraud prevention, payment compliance, and more.

As it relates to treasury and finance payment operations, the below areas are where TIS can provide the most benefit in terms of automation, efficiency, control, and visibility.

The TIS CashOptix & PayOptix Product Suites



1 Manage Any Type of Payment Across 140+ Countries

The TIS platform provides critical financial, operational, and technological benefits for all an organization's key internal stakeholders. As of 2024, TIS is managing nearly \$3 trillion in annual payments volume on behalf of our clients, which includes a broad variety of payment types being executed across more than 140 countries via wire, card, ACH, SEPA, and more.

Whether it's high-value treasury payments, AP vendor payments, or HR and payroll-related, TIS can accommodate the full scope of outbound payments generated by an enterprise, and can also manage all inbound bank statements and subsequent reporting features. As a result of our seamless connectivity and multifaceted payments, liquidity, security, and compliance capabilities, over 35,000 active users from Accounting and AP to Treasury, HR, and up to the C-Suite are actively leveraging TIS to achieve substantial and long-lasting value.

2 Simplified Bank Connectivity & Financial Messaging

For more than a decade, TIS has striven to develop industry-leading capabilities that enable enterprises to connect and transact with any individual bank or banking network across the world.

Today, TIS can connect to more than 11,000 banks globally via a variety of options like APIs, H2H, SWIFT, EBICS, and more. Regional clearinghouses and even custom connection types can also be supported, and our system is compatible with 100k+ payment profiles and all required messaging formats including ISO 20022, SWIFT MT, and more.

With the help of a specialist like TIS, all tasks related to establishing and maintaining bank connections and maintaining compatibility with various messaging standards / formats are automatically handled as a standard service. This takes a massive burden off internal treasury and IT teams, and also proves crucial over time as TIS can quickly configure connectivity to new banking partners or formats as required by businesses as they scale and grow.

3

Back-Office Integration & Straight-Through-Processing

TIS can connect with any other back-office system including ERPs, HR platforms, and TMSs to provide company-wide access to the banking and payments data available through our solution.

To date, we've integrated with over 700 unique ERP instances and more than 2,000 back-office platforms – including TMS, AP, and HR platforms – to streamline payments and reporting processes. These integrations can involve native plug-ins and adapters, as well as host-2-host (H2H), SFTP connections, and even APIs. We also provide flexible and customizable workflows for clients to structure their payment approvals exactly as they'd prefer. This includes supporting the pass-through of payment instructions from ERPs and TMSs, as well as the delineation of user authorizations directly within TIS for managing specific steps in the process.

Admins can add as many signers and approval designations as needed and may also create custom workflows to manage payment authorizations from specific systems and entities, or for certain payment amounts.

4

U.S. Payments Orchestration & Smart Routing

TIS offers advanced cost-efficient routing of payments across North America to optimize our clients' execution and reporting of payments within the region. This solution works by evaluating a company's supplier and partner network alongside their preferred payment methods to determine the most effective option for completing transactions in each scenario, such as via check, ACH, wire, or virtual card.

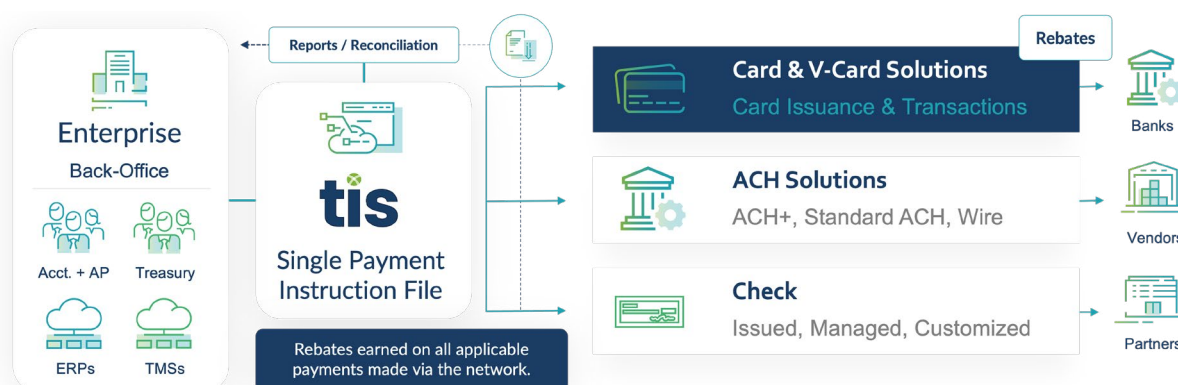
As a component of this service, TIS simplifies an organization's use of diverse local payment methods by managing all activity through a single payment instruction file that can delineate who is being paid, which invoices are being paid for, what the execution dates are, and more. And finally, TIS affords the opportunity for clients to earn rebates on each payment made through the program and assists with supplier onboarding to ensure maximum participation.

TIS introduced our U.S. Payments Orchestration program to help businesses simplify localized payment activity and ensure that the most cost-effective options are being used in each scenario. Because our solution reduces the number of payment files, systems, and methods used to execute transactions, the benefits are distributed across an array of different areas. These benefits include workflow automation and operational efficiencies as well as financial cost-savings and rebates. And because clients need only submit a single payment instruction file to TIS, our service drastically streamlines the process for companies when submitting payment instructions through their back-office and entirely eliminates the need to store and maintain supplier payment instructions in their originating system.

U.S. Payment Modality & Virtual Card Optimization

A single payment file to execute virtual card, enhanced ACH, and check payments via transmission through TIS.

Optimal payment routing through enhanced spend analysis to determine the most advantageous supplier payment option.



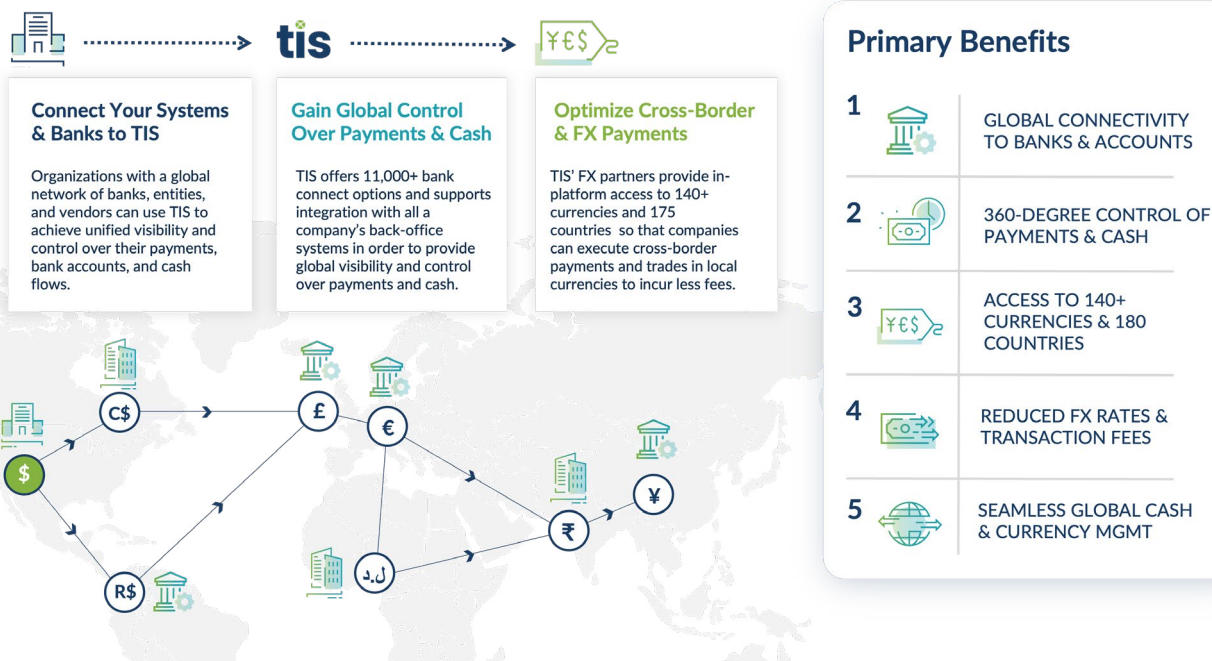
Streamlined FX & Cross-Border Payments

TIS' suite of FX payment capabilities – which are based on partnerships with leading companies including StoneX – are available for corporate users directly within our platform. Using our solution, TIS clients can generate and execute payments or support the pass-through of payments across more than 140 currencies and 175 different countries.

Access to these currencies is highly beneficial because using localized channels to execute and deliver cross-border payments enables companies to avoid the expensive FX fees and exchange rates that are traditionally observed in the market. And by using TIS' services to manage these payments at the “local” level, companies that generate a high volume of cross-border transactions can achieve significant cost-savings.

Given the increasingly global nature of modern business, our FX services are of huge value because they eliminate the traditionally high costs of executing cross-border payments and wires. In addition, using these FX tools in conjunction with TIS' broader suite of payments, connectivity, and cash management solutions enables our clients to achieve 360-degree visibility and control over the entirety of their financial cash flows.

Global FX Management Workflows & Benefits



Works Cited

- 1: [2019 Federal Reserve US Payments Data Study](#)
- 2, 4, 5: [2023-24 TIS & Strategic Treasurer: Treasury Technology Use Survey](#)
- 3: [2023 Strategic Treasurer & Bottomline: Treasury Fraud & Controls Survey](#)

ABOUT TIS

TIS helps CFOs, Treasurers, and Finance teams transform their global cash flow, liquidity, and payment functions. Since 2010, our award-winning cloud platform and best-in-class service model have empowered the entire office of the CFO to collaborate more effectively and attain maximum efficiency, automation, and control. By streamlining connectivity between our customers' back-office systems and their worldwide banks, vendors, and business partners, TIS enables users to achieve superior performance in key areas surrounding cash forecasting, working capital, outbound payments, financial messaging, fraud prevention, payment compliance, and more.

With over 11,000 banking options, \$80 billion in daily cash managed, and \$2.7 trillion in annual transaction volume, TIS has a proven track record of combining our unparalleled market expertise with tailored client and community feedback to drive digital transformation for companies of all sizes and industries. As a result, hundreds of organizations and thousands of practitioners rely on TIS daily to gain strategic advantage, monetize data, improve operational efficiency, and better manage risk.

For more information, visit tispayments.com and begin reimagining your approach to global cash flow, liquidity, and payments.



Cash Flow, Liquidity & Payments.

LEARN MORE AT [TISPAYMENTS.COM](https://tispayments.com) »

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