

Payments

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In the October Payments

This month, the newsletter takes a look at the burgeoning mobile payments space through a recent TNS survey of financial executives. Inside, NACHA's Priscilla Holland discusses new international payments rules, and Payments' New Products and Technology section debuts on page 6. Plus, don't forget to voice your opinion in AFP Vote – click on the question just above this box to participate.

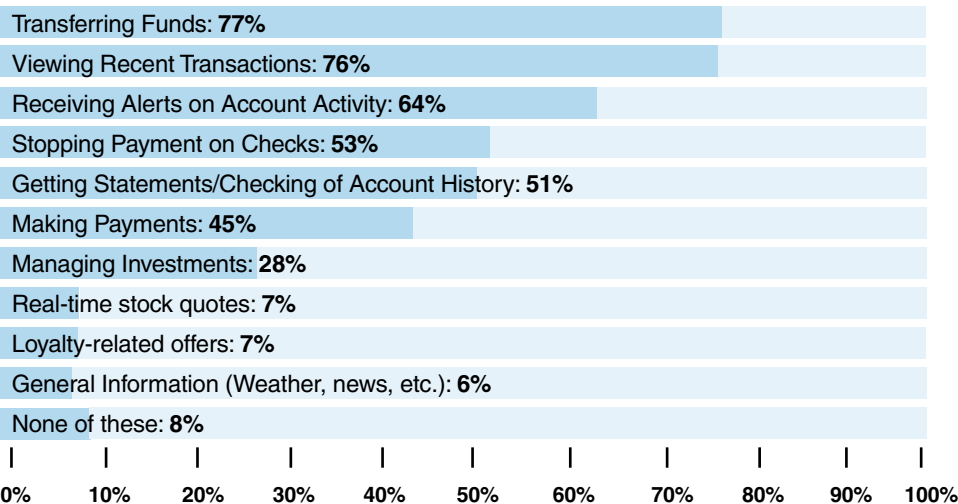
Corporates Want Mobile Banking

Jonathan Starkey

Initiating payments on smart phones is increasingly looking like the wave of the future. Informa Telecoms and Media recently forecast that in 2013, mobile phones will be used to conduct nearly 300 billion transactions worth more than \$860 billion. The questions are: Who will initiate these payments, and, perhaps just as important, from where?

A host of companies are betting on widespread U.S. consumer demand to route everything from electric bills to cups of coffee through smart phone personal finance applica-

Of senior financial executives surveyed who would consider mobile banking, here is the share who would find each of 10 specific services helpful.



Source: TNS

*Executives whose opinions are reflected in this graphic work at companies with revenues ranging from \$20 million to \$2 billion.

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Problem Solved

Automating Accounts Payable

Ira Apfel

The Heritage Foundation used to have a manual accounts payable process that was labor intensive. The organization was experiencing rapid growth and wanted to improve its A/P process without increasing overhead. In 2008 the Heritage Foundation determined that its best solution was to outsource A/P to a third party, in this case API Outsourcing, Inc. As a result, the Heritage Foundation experienced a 29 percent increase in A/P volume over the prior year.

"We wanted to change the A/P role to be more analytical, and also wanted the ability to process more volume with a less manual approach," said Mark J. Schreiber, Chief Accountant at the Heritage Foundation.

To convince management of the need to change, and to agree to pay for the change, Schreiber and James Gabele, Accounts Payable Specialist, compiled a cost analysis based on prior years actual volume and future volume growth projections, and demonstrated in a comparison matrix the pros and cons associated with a move to an automated process versus keeping the same manual process in-house.

"We also highlighted the benefits users would gain through an automated process, such as a simple to use solution, a way to track expenses, and quicker response times on invoice questions," said Schreiber. In

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Corporates Want Mobile Banking *continued*

tions. Starbucks is, in fact, already taking payment through a new iPhone app.

Nokia will launch its “Nokia Money” product that will facilitate person-to-person payments in Asia and Africa next year. The wireless giant is banking on the idea that mobile commerce will continue to gain wider acceptance in areas of the world with larger “un-banked” populations. In the U.S., however, an established system of ATMs and payment cards could impede the rollout of mobile payments.

So where does that leave mobile business banking and corporate treasury? According to surveys and interviews, the bag of opinions is pretty well mixed. Some on-the-go corporate treasurers say the ability to initiate payments—or at least sign off on them—while on the road would be a great convenience. Wall Street Systems, the treasury solutions provider, is betting on mobile corporate treasury. The company is launching a mobile extension of its Wallstreet Suite treasury product this month. Everything the company’s clients can do on the PC browser version, they can do on the mobile platform, including initiate large vendor payments.

Other corporate say mobile payment initiation is hardly necessary, adding that security concerns outweigh expediency. But, generally, a significant appetite for mobile transactional banking seems to already be present among businessmen up and down the revenue chain.

Research firm TNS surveyed 191 financial executives this spring from companies with \$20 million to \$2 billion in revenue on the topic of mobile banking. Among the findings: 40 percent don’t use but would consider using mobile banking services, both transactional—making payments and transferring funds—and informational—checking balances. Of those interested in mobile banking services, 77 percent said transferring funds would be helpful, and 45 percent said the same of making payments. Some 28 percent were interested in managing investments on mobile devices. Only 4 percent were already banking on mobile devices. The graphic included with this article goes into more detail about specific mobile banking services. ▲

Problem Solved *continued*

addition, Schreiber and Gabele also demonstrated to colleagues the ease in archiving invoice images and all data electronically, plus the ability for invoice approval to be made off-site, and the reduction of potential duplicate payments.

“We are now more efficient in our processing time in capturing invoice data, we are more streamlined in the approval process, and we are now more analytical in our A/P function,” Schreiber said. “[Gabele] is now able to take on new roles and responsibilities in the department, while also alleviating the need for the organization to hire additional personnel for the A/P process.”

A/P advice

Schreiber offers the following advice to improve your A/P processes:

- Do your research
- Project five to 10 years down the road to account for growth and change in your organization
- Determine how this project relates to your organization’s overall needs both now and into the future
- When looking to renovate or improve upon an internal process, don’t be afraid to think of solutions outside your organization, and for the opportunity to reconstruct a process from the foundation up. ▲

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