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Sent: Monday, April 15, 2019 9:37 AM
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Subject: 4/12/2019 CUSBO presentation
Attachments: Capital Region SBO Presentation 4-2-19 (1).pdf

Please find the power point for the JP Morgan Presentation. I will be sending out the PowerPoint for NYCLASS shortly…have a great day…Gregg

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Refresh and Optimize Payables

Christina Julian, Vice President | April, 2018

J.P.Morgan

Executive summary

Treasury management's strategic value

Treasury management is **evolving from transactional to a strategic function,** driven by technology and innovation

Advances in payments have enabled **greater efficiencies and better risk management,** while delivering **substantial economic value**

Integrated payables approach

Manage your risks and achieve your control priorities, while maximizing your economic returns

Develop a **customized Integrated Payables solution to help you optimize your payments strategy**

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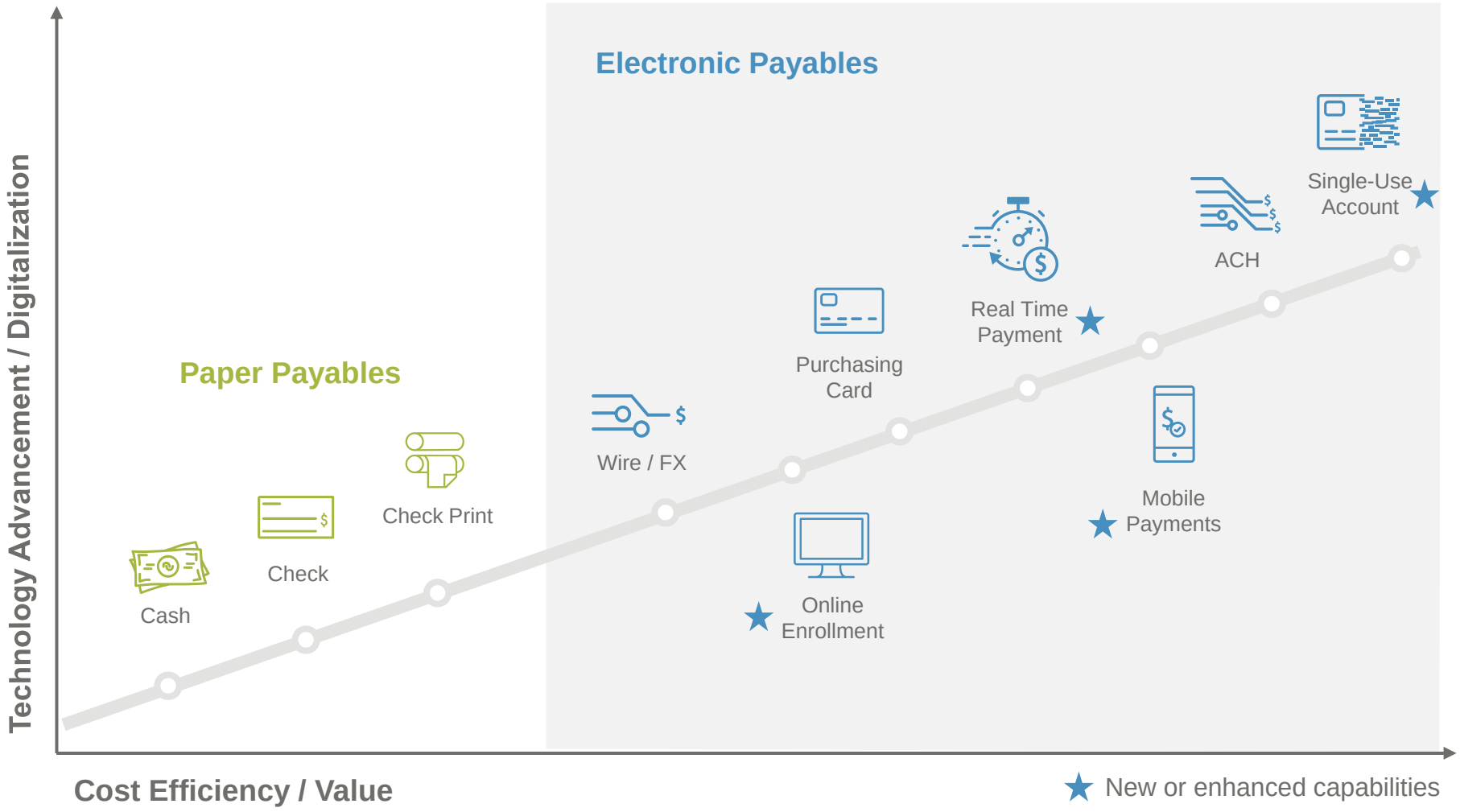
The Payables Continuum



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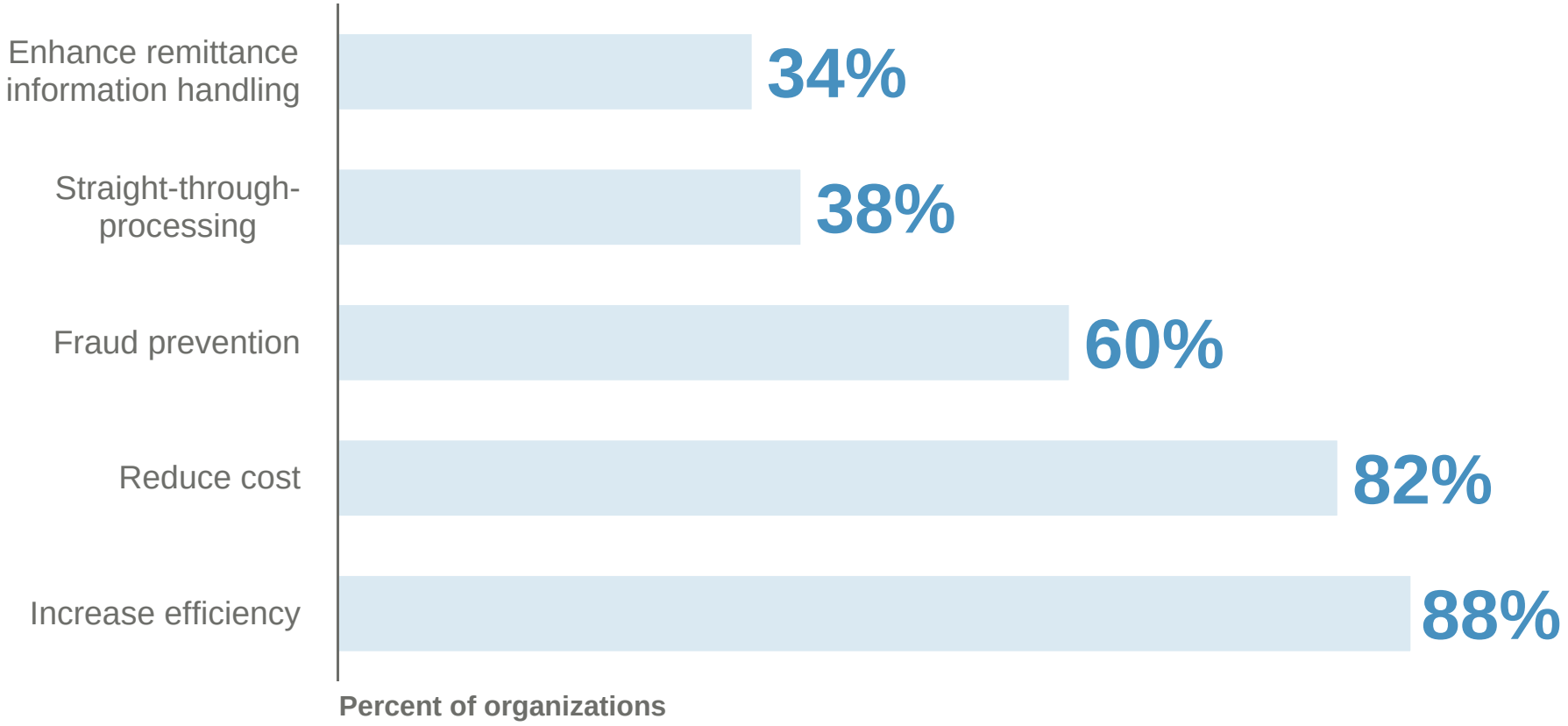
Why should you make the switch from paper to electronic?

Free capital, reduce processing costs and mitigate your operational risk



Source: 2015 AFP Payments Cost Benchmarking Survey

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Simple and Reliable Solutions

Gain maximum value with resources designed to meet your needs

Purchasing Cards		Single-Use Accounts (SUA)
Plastic, cardless and ghost/ supplier payment solution		Virtual, electronic, single use account payables solution
Reduce costly manual processing on low value/high frequency spend		Target higher value spend requiring A/P control or pre-approval
Employee convenience with powerful spend controls and added visibility		Benefits of a purchasing card with the added controls of a check (date, exact amount)
Processing cost saves plus rebate revenue and working capital opportunity		Efficiencies of ACH, plus rebate revenue and working capital opportunity

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Built in fraud protection—Single-Use Accounts

Offering unprecedented levels of payment security

Helping you Mitigate Fraud

SUA can only be used once, similar to a check

Supplier can't re-use account #[1]

SUA credit limit is set equal to the payment amount

Supplier can't charge more than invoice amount*

Supports MCC restrictions

Supplier can't charge where you don't want them to

Supports time period restrictions

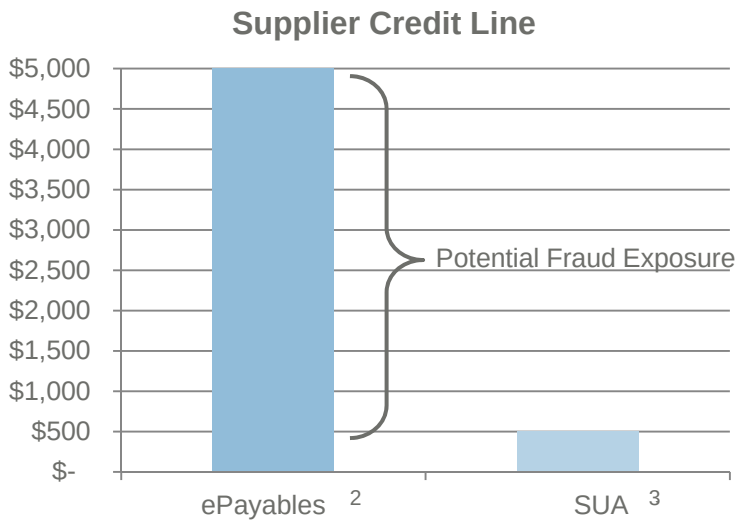
Supplier can't charge past the authorized time period

No employee cards

Minimizes employee change management and exposure to employee fraud

SUA vs ePayables Models

Example:
Supplier with 10 transactions per month at $500.00 each.



[1] Providing account is setup for single use, there is multi-auth capabilities.
[2] Credit limit is set equal to total outstanding invoices at the vendor level and is reduced as payments are settled. Account numbers are re-used.
[3] Credit limit is set equal to invoice amount with a defined validity period.

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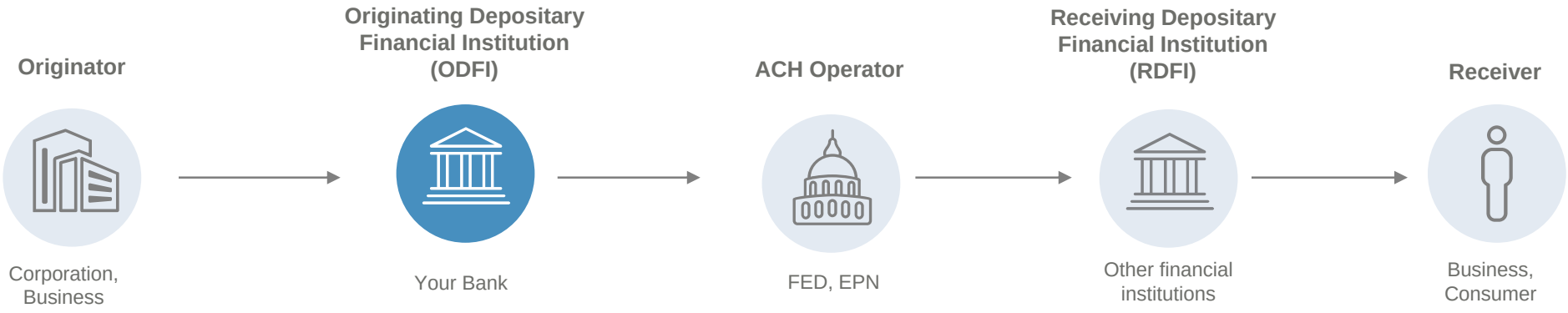
Reducing fraud and improving operational efficiencies with ACH



1

Payment Initiation

Originator sends payment instruction electronically to originating bank with following information:

- Transaction code (debit or credit)
- Routing number (ABA)
- Account number (DDA)
- Receiver's name
- Description (e.g. payroll)
- Amount
- Effective date
- Remittance info (optional)

2

Payment Transmission

ODFI transmits ACH entry to ACH Operator and posts offset to originator's account

- If ABA is invalid or instruction is incomplete then originating bank bounces instruction back to originator
- Originating bank batches ACH payments and sends to ACH Operator several times each day

3

Payment Clearing

ACH Operator receives ACH entry, settles payment and transmits payment information to receiving banks

4

Payment Receipt

Receiving bank accepts entry from ACH Operator and posts payment to receiver's account

- If account is invalid or NSF, then bank returns the instruction back through ACH Operator to originating bank who returns instruction to originator

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Enjoy greater payment flexibility—Same Day ACH

Enhance your payment processing with Same Day ACH settlement

Consumer to Business

Bill pay

eCommerce

POS check conversion

Merchant debit

Collections

Consumer to Consumer

Person to person

Account to account

Business to Business

Trading partner payments

Due-date and invoice payments

Business to Consumer

Payroll

Insurance

Refunds

$25,000 max transaction amount (*going to $100,000 in 3/2020**)

* based on NACHA's voting members approval on 9/17/18

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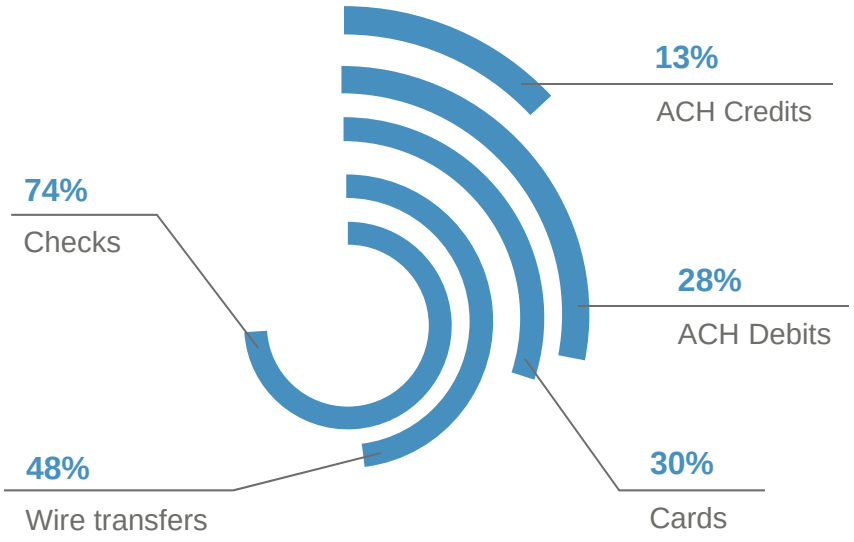
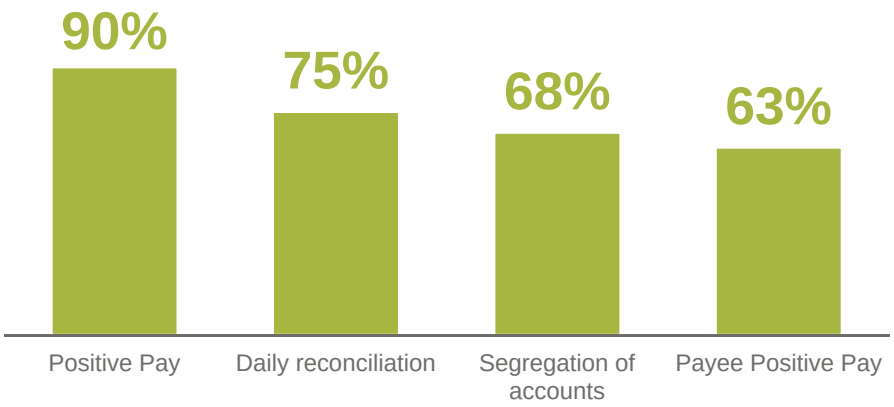
Know your risk – check fraud

Despite the decline in U.S. check payments, check fraud still has a tremendous negative impact

Targeted payment method for fraud (% of organizations)[2]



Managing check fraud – methods most often used[2]



Payment trends[1]	2012	2015	Change
Checks paid volume	**22.5** Billion	**19.4** Billion	4.8% ⬇
Average $ per check	**$1,239**	**$1,410**	14% ⬆

Why checks?

Attraction of paper-based crimes

Better quality and availability of technology

- Easier to commit than electronic fraud methods
- Increase in organized, professional fraud ring activity
- Access to scanners, printers, desktop publishing software, and other tools used to print and alter checks
- Weaknesses in the modern image exchange environment

[1] Source: Federal Reserve Payments Study (2016)
[2] Source: 2018 AFP Payments Fraud and Control Survey

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Outsourcing your check print risk

	Your Challenge	How the Check Print Solution can help
Fraud risk	The need to manage and control access to check stock and the check issuance process	■ Eliminate the need to maintain internal controls around check stock and negotiable checks ■ Integration with Positive Pay eliminates the need for another file and helps ensure that checks issued are valid
Disaster recovery	Disaster recovery plans are difficult and costly to maintain	■ Disaster recovery plan for check printing – no need to maintain a back up site or risk delaying payments
Expense reduction	Per item expense increases as paper check usage declines and fixed costs remain	■ Your organization benefits from the scale of an outsourcing center– postage presort rate and lower per-unit cost on check stock and envelopes
Equipment maintenance	The cost of upgrading and maintaining equipment	■ State-of-the-art print production facilities use the latest digital printing technologies to deliver accurate, high-quality checks ■ Facilities maintain and upgrade check printing equipment regularly
Multiple uses	Multiple check templates to fit your payment needs	■ Check print temples include Accounts Payable, Quick Check, Payroll, Claims, Royalty, Cashier's Check

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How do you get there?

PLANNING PROCESS

- Identify executive sponsor, key stakeholders
- Analysis of as-is processes & key requirements
- Develop strategy for supplier targeting and recruitment
- Identify measurable goals for success

SUPPLIER ANALYSIS

- Obtain payable/ supplier data
- Analyze supplier population, payment type, costs and risks
- Understand supplier limitations
- Develop ROI on solution recommendation

SOLUTIONS

- Single Use Accounts
- Purchasing Cards
- ACH/Same-Day ACH
- Mobile Applications
- Check Print Outsourcing
- Negotiated supplier terms

EXECUTION

- Hold kick-off call
- Implement payables solution(s)
- Enroll suppliers in target / secondary solution(s)
- Hold weekly status calls

VALUE

- Reduce check disbursement costs
- Reduce AP calls for payment inquiry, stop & reissue of payment
- Reduce escheatment
- Optimize working capital
- Reduce bank providers / accounts
- Reduce Fraud

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