



INSIGHT

from the Payments and Treasury Expert

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Banking Relationships Require More Than Just Access to Credit and Capital

As the economy has improved over the last year, most banks have increased their lending in the upper tier of the middle market and to large corporate customers. The consensus of large corporations is that they are satisfied with their banks' abilities to meet their funding needs, as well as satisfy their credit terms. Over 20% of large corporations in the middle market and large corporate market plan to seek additional credit capacity in 2015. This is no doubt a reflection of the economic outlook, combined with favorable credit terms and relaxed financial covenants.

Credit relationships always affect treasury and banking service relationships, however, the increased stabilization and contentment with their bank makes it less likely that a company will move its treasury services to a new bank due solely to credit issues. For middle market companies, nearly 65% state they would move their treasury services to the same bank that granted them credit terms. For large corporations, only 43% state they would move their treasury services to the same bank that granted them credit terms. The larger the company, the more decoupled credit and treasury become.

The factors a corporation considers to be the most indicative of a bank's commitment to their relationship is showing some changes on the last few years. This is due mainly to the fact that credit availability is no longer the main driver in a bank relationship; corporate customers are now demanding higher levels of customer service. When it comes to ranking the importance of a bank's customer commitment, credit availability is no longer number one in importance. The most important factor is problem resolution. While credit availability remains number two, factors such as new services offering and relationship efforts rank very close to the top.

Treasury management and banking services pricing continue to be under significant pricing pressure. Corporations are now increasingly sensitive to banking and treasury fees and costs, as credit tightness has eased and is not as much of a concern. In a 2014 study of large corporations, over 80% of respondents plan on an evaluation of their treasury and banking operations efficiency and cost structure in 2015. For the middle market companies, over 50% stated the same intent. Having said this, most corporations will not change their treasury services provider relationship strictly for cheaper pricing.

While the cost of treasury services is always a concern for companies, credit access has always driven the selection of the banking relationship. In the current economic environment, without the difficulty of securing credit, customer service and quality of offerings are the overwhelming reasons why corporations move treasury management and services from one bank to another.

At Vizant, our knowledge and expertise in treasury operations is very deep. It embodies all aspects of managing the efficiency and cost of incoming and outgoing money flows and payments. We focus on the functions of treasury operations that involve the flow, control and management of inbound and outbound funds. Vizant is service provider 'agnostic.' We do not prefer, select, recommend or encourage any

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About Vizant

Vizant is a financial consulting and advisory firm with a specialty focus in the area of inbound financial payments and treasury operations. We work with organizations to maximize the efficiency of their payments and

single service provider. We understand how important our clients' banking and treasury relationships are to them. It is why we are focused on and prefer to work with clients' existing service providers, whether it is a bank or other type of service provider. Unless directed otherwise by our client, this is our mantra.

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Vizant Insight

[Vizant Technologies Expands with North Carolina Office](#)

We are proud to announce the expansion of Vizant! Vizant Technologies will be opening a new office in Charlotte, North Carolina in the heart of the financial district. Charlotte was selected because of its large financial and banking presence, along with its associated large number of banking and treasury professionals. This location will service Vizant clients located in the south and southeastern United States.

The office is located at:
 One Resource Square
 Suite 320
 10925 David Taylor Drive
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The office phone number is 704-930-0132 .

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Current Payments and Treasury News

[Treasury Management Systems Beyond 2015](#)


Aite Group analyst Enrico Camerinelli offers his predictions of what treasury management system (TMS) trends are likely to come to the fore this year and beyond. The first trend he anticipates is the TMS confronting the challenge of integrating a maximum amount of data and engaging with growing numbers of platforms or interfaces. This is borne out of treasurers globally elevating their function to strategic advisers of the firm's chief finance officer, while treasury is tasked with sourcing and providing the company with the financial means to

treasury environment. Our unrelenting focus is to attain the lowest possible cost to accept and manage all types of financial payments. We are unlike any other professional services or advisory firm, as we operate with a 100% results based performance pricing model.

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maintain operations.

The second trend Camerinelli envisions is simplification of treasury processes, noting "corporate treasurers are seeking information systems that support treasury management operations that are simple and easy to use. Treasury offices are being shrunk down to small teams and—in order to reduce costs by automating processes—they are only getting smaller." This often conflicts with a dearth of talent management and suitable skilled resources, "so treasury management systems need to provide the necessary intelligence to really help the treasurer make the right decisions," Camerinelli notes. "I think this a very important trend for treasury management systems to be user friendly and be able to provide valid data to help decision-making processes in more convenient ways."

Another trend Camerinelli outlines is corporate TMS users' desire for such systems to support 30 percent of new software functions and 70 percent of advisory and best practice functions, while a fourth trend is deconstruction of payment flows. "Modernly engineered TMS must support treasurers in managing not just the issuance of payments instructions per se, but they must help capture, for instance, data related to the processes (e.g., date of production, date of shipment, quality inspection results) and the corresponding data fields of an invoice that was sent electronically to the client," he writes.

From "Treasury Management Systems Beyond 2015"
Finextra (12/13/14) Camerinelli, Enrico

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Virtually Going Global: Trends in Commercial Cards

The deployment of commercial cards is picking up as treasury, finance, procurement, and corporate travel professionals appreciate the value such cards have in an effective working capital strategy, as well as their convenience, control, and reporting value. Virtual cards are supplanting the notion of plastic cards that offer end-to-end payment and working capital solutions. In addition to convenience and control, virtual card transactions boast a fully automated workflow along with a predictable transaction date, a single external payment to cover card transactions, and complete visibility over each transaction's details.

Virtual card adoption in the U.S. has progressed further than anywhere else, but treasurers in Europe and elsewhere are expected to close the gap in view of their universal value proposition. Many firms have successfully implemented physical and virtual in-country or regional card programs, and treasurers are starting to see an opportunity to branch these programs out worldwide. The benefits of a global card program from a single provider include standardization of purchasing processes and controls, consistent analysis and disclosure of expenditure internationally, recognition of key global suppliers and tracking of expenditure with them to forge closer ties, and a global working capital management strategy.

However, the benefits of virtual commercial cards can only be realized with the right approach to implementation. A cohesive approach to implementing a global card program should feature a single contract and central contact point. Such an approach enables support of clients in meeting their international goals while taking suitable actions to ensure compliance with operational and regulatory requirements in each country. The successful implementation of a virtual commercial card program also feeds into significant growth of commercial card adoption, in both the physical and virtual realms.

From "Virtually Going Global: Trends in Commercial Cards"
Treasury Management International (01/15) Gargagliano, Melissa

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Biometrics-Based Payment Technology Reaches Turning Point

Interest in biometrics-based payment authentication technology has been building

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for the last several years, and it reached a turning point with Apple's September unveiling of the iPhone 6 and 6 Plus, which employ the Touch ID app for use with the new Apple Pay contactless mobile payments service. The service leverages the smartphone's NFC technology, enabling users to complete purchases by tapping the phone on a contactless card reader while touching the home button. "Apple Pay is an immense opportunity to improve payment security," says Javelin Strategy and Research analyst AI Pascual.

Fingerprint scanning has become the biometrics authentication method attracting the most attention from payments players thanks to Apple as well as a Samsung-PayPal alliance to include a fingerprint sensor on Samsung's new NFC-enabled Galaxy S5 phone. The rising popularity of fingerprint scanning ties into a 2013 Javelin survey, which found people rated privacy as their leading consideration when using biometric authentication, with an overwhelming preference for fingerprint analysis. "Fingerprint is just the first stop; there will be other modalities," predicts Synaptics' Art Stewart.

Meanwhile, Aite Group analyst Shirley Inscoc notes financial institutions also are interested in biometrics, and they are supporting more options than Apple Pay. She says institutions value biometrics for their ease of use, and their support of privacy and customer service enhancement. In early December, biometric payments got a major push with the Fast IDentity Online (FIDO) Alliance's publication of Version 1 of its standard for an improved system of online authentication than the user name/password combination. FIDO supporters say the standard's two final specifications will enable payments providers and other organizations to easily embed biometrics and other technologies within their data-security systems. A new generation of biometrics-based hardware and software may very likely stem from the FIDO standard.

From "A Quickening Pulse"
Digital Transactions (01/15) Vol. 12, No. 1, P. 32 Daly, Jim

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Obama Seeks a National Breach Notification Law

Businesses targeted by data breaches would have a 30-day window to alert consumers of intrusions following their discovery under a national law proposed by President Barack Obama. If enacted, the personal Data Notification and Protection Act would preempt 47 state data breach notification laws. Lawmakers previously have proposed a national mandate for data breach notification, but none of the proposals were ever brought to the floor of the House or Senate. Analysts say the key to ensuring the law's enactment is getting businesses to agree on the bill's provisions, such as how soon they would have to notify customers of a breach and what types of breaches would justify an alert. "Particularly with the number of high-profile breaches over the past year, many companies are reticent to notify consumers when credit card and other data are compromised, simply because of the effect it can have on the business, from loss of trust, lawsuits, fines and fees, and other related expenses to clean up the mess after a breach occurs," notes Tripwire analyst Ken Westin. Obama also outlined new governmental steps to help identity theft victims, including broadening information sharing to ensure federal investigators regularly report evidence of stolen financial and other data to companies whose customers are directly affected.

From "Obama Seeks to Nationalize Breach Notification"
BankInfoSecurity.com (01/12/15) Chabrow, Eric

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Industry Should Boost Security to Enable Faster Payments

The Federal Reserve's Payment Security Landscape Study on persistent and ever-changing threats offers suggestions for improvement or concentration to enable real-time payments, writes the Atlanta Fed's Julius Weyman. The study recommends improving industry coordination to boost the timely adoption and deployment of

technology, standards, and protocols; enhancing protection of sensitive data that can be used to commit fraud; fortifying authorization and authentication of parties and devices across all payment methods and channels, and adapting approaches as the payment system matures; augmenting the collection and disclosure of aggregate data on fraud losses and avoidance; and widening access to actionable security and fraud threat data to payments system participants. Weyman emphasizes the most vital components for optimizing payments security already exist, although response measures may not be as prioritized as detection and prevention. "It is important to make sure that risk management is optimized across all three broad areas—prevention and detection...but also response," he says. "In particular, in the context of response, the enforcement landscape will need to be ordered such that consequences for perpetrators are both timely and proportionate to the harm a given incident may cause. User protections will need to evolve as well." Weyman notes it is encouraging that discussion on payment security is a core issue of industry dialogue and will likely remain so as efforts to advance faster payments continue.

From "Can Insecurity Keep Us from Faster Payments?"
Portals and Rails (01/05/15) Weyman, Julius

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Treasury Managers Assuming Increasingly Strategic Roles

Treasury groups said they are assuming increasingly strategic corporate roles, according to Deloitte's biennial 2015 Global Corporate Treasury Survey, which also found cyber threats were a growing concern. "Treasury...continues to be viewed as a risk management function," notes Deloitte analyst Melissa Cameron. "The findings of this survey add to our understanding of the challenges and solutions available to treasury groups as they close the gap to real-time and accurate financial exposures and control over cash exposures in all corners of the world." The poll determined half of treasurers listed the ability to repatriate cash and to manage foreign exchange volatility as their most challenging issues, while nearly two-thirds reported they rely on multiple data sources and employ multiple solutions to address corporate needs; this may foster more operational problems and risk instead of delivering solutions to tackle these challenges. Moreover, more than three-quarters of respondents said treasury activities are still centralized. The survey found treasury organizations have a priority to navigate operational and technological issues that reflect larger threats confronting their peers across the business in emerging markets, third-party risk, and cyber risk. Key challenges cited by respondents include a growing need for substance in foreign jurisdictions, the targeting of treasury departments by sophisticated cyberattacks, and navigating restricted economies.

From "Cyber Threats High on Treasury Management Agenda"
Finextra (01/20/15)

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B2B Buyers Favor Paying Online Like Consumers

Business-to-business (B2B) buyers prefer paying the way consumers pay when they are dealing with e-commerce sites, according to a Forrester Research survey commissioned by Accenture and Hybris Software. Half of 930 B2B buyers in North America and Europe favor credit or debit payments to pay for B2B purchases, while 19 percent prefer online payment services such as the PayPal escrow service. Meanwhile, 28 percent prefer more traditional B2B payment methods such as purchase orders and invoices, and 3 percent pay with e-procurement portal services such as Ariba. In addition, 49 percent of polled B2B buyers prefer making work-related purchases on the same type of websites they use for personal purchases, such as Amazon.com. Amazon's B2B e-commerce site, AmazonSupply.com, takes payment with most major credit cards, or business buyers can apply for credit. Complete Inc. estimates AmazonSupply.com attracted an average 74,124 unique monthly visitors from November 2013 to November 2014.

From "B2B Buyers Prefer to Pay as Consumers Pay"

Internet Retailer (12/22/14) Enright, Allison

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EMV Among the Missing Pieces of PCI DSS 3.0

The PCI Data Security Standard version 3.0, took effect Jan. 1, 2015, but lacks several key ingredients of secure payment deployments, including mandating the use of EMV chip cards. "PCI DSS 3.0 is mute on EMV, and the reason [is that] EMV is essentially an anti-fraud mechanism," says Trustwave's Greg Rosenberg. "PCI DSS is a mechanism to prevent card data from being stolen." Rosenberg also says EMV's data security potential has been misinterpreted, noting it mainly concentrates on making the replication of stolen cards more costly to fraudsters. Unlike PCI DSS, EMV does not contend with card data security after the data has been captured by a point-of-sale device, according to Rosenberg. Meanwhile, PCI DSS 3.0's mandate for enhanced penetration testing will go into effect on July 1, 2015, instead of on Jan. 1. Rapid7's Nicholas Percoco says the cost of testing is likely the reason for the delay, while Rosenberg notes such testing applies to a greater number of retailers that had never previously conducted penetration testing. "Any merchant that segments their environment now has to do a penetration test to prove that the segmentation is adequate," he says.

From "EMV Among the Missing Pieces of PCI DSS 3.0"
eWeek (12/16/14) Kerner, Sean Michael

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Canada Lags U.S. in B2B Payments

Despite Canada's lead in adopting new consumer-oriented payment technologies, such as EVM-chip cards and mobile technology, many Canadian organizations have been slow to embrace business-to-business payments. Analysts say many business owners in Canada still largely use paper checks, especially for supply chain, procurement, and other payments. "The U.S. is ahead of Canada in electronic checking," notes BMO's Derek Vernon. Overall, Canadian businesses and consumers still pass approximately 4 million checks per day, Vernon says. "The reason for that is the remittance data that goes into the check payment," he says. "When a business pays another business, they want to know what they are paying for." Analysts say the popularity of checks is notable given Canada's early and rapid adoption of other payment types, such as near-field communications (NFC). For example, an early NFC test in Canada involved McDonald's and Interac Flash in Toronto. MasterCard also regularly ranks Canada high on its survey of national preparedness for mobile payments.

From "Canada Lags U.S. in B2B Payments"
ISO & Agent Weekly (12/11/14) Adams, John

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Persistence of Checks Could Hurt Efforts to Build Faster Payments Systems

Financial institutions are working to develop systems that accelerate electronic payments, but the success of their efforts also could undermine their ability to completely get rid of checks, says senior Celent analyst Gareth Lodge. He notes that as banks begin to form real-time payments rails, they may end up paying costs for two systems—one for check volume and another one for faster payments settlement. "As check volumes continue to fall, the cost per check processed will rise," he writes. "Without a plan to manage this, banks may find themselves with the worst of both worlds—rising costs for existing systems, and the bill for an underused replacement system." Lodge suggests banks actively discourage checks while promoting the faster payments rails. Meanwhile, several bank-related entities in the U.S. have announced plans to build faster-payment systems, including NACHA, which oversees the automated clearing house network; the Clearing House, a bank processing and technology company controlled by nearly 24 major financial institutions; and the Federal Reserve, which is expected to reveal plans for near-real-time clearing for

certain transactions. Lodge predicts U.S. check volume will decline from the 22.4 billion items in 2010 to 8.7 billion in 2017. Paradoxically, technologies that take advantage of imaging, such as remote-deposit capture, have made checks less burdensome for businesses to accept and for banks to process, but banks still need to deal with the costs related to printing and distributing them.

From "Will the Persistence of Checks Undermine Efforts to Build Faster-Payments Systems?"

DigitalTransactions.net (12/09/14) Stewart, John

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FIDO Alliance Issues Password-Free Payment Authentication Specs

The Fast IDentity Online (FIDO) Alliance, whose members include MasterCard, Visa, PayPal, Google, and Samsung, issued specifications for password-free secure online communications called the Universal Authentication Framework (UAF) and the Universal 2nd Factor. FIDO members have expressed interest in expanding the use of biometric-sensing technologies as well as portable hardware tokens and possibly other payment authentication methods, supplemented by NFC and Bluetooth.

Founding FIDO member Nok Nok Labs announced support for the UAF standard in a server it will ship to certain clients in December. The suite already is employed by PayPal and Alipay of China, and both have been processing payments via fingerprint sensor authentication based on Nok Nok's technology. Nok Nok CEO Phillip Dunkelberger stresses the need for industry-wide acceptance of newer authentication technologies, citing massive and expensive retail data breaches from failures in conventional authentication protocols. Apple, which is not a FIDO member, already deploys fingerprint scanning technology complemented by NFC for use in Apple Pay mobile payments enabled via iPhone smartphones. However, FIDO members say their specs transcend Apple's solutions to be employed with Android and other platforms on various browsers and devices, and they will be available to members and non-members alike.

From "Open Authentication Spec From FIDO Alliance Moves Beyond Passwords"

Computerworld (12/09/14) Hamblen, Matt

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