



INSIGHT

from the Payments and Treasury Expert

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Vizant Makes a Splash in Healthcare at HFMA ANI 2016

At the end of June, Vizant sponsored and participated in the Healthcare Financial Management Association's National Institute (HFMA ANI) in Las Vegas, Nevada. The week long annual conference brings together various healthcare financial management executives and leaders to discuss new and innovative ways to be more efficient in their cost managements. Vizant has helped thousands of clients in the healthcare industry implement efficiency improvements and reduce costs, so we thought it was imperative to be a part of HFMA. We demonstrated our thought leadership and business intelligence with a one of a kind booth, exclusive sponsorship of featured speaker sessions and continental breakfast on Tuesday, LunchByte Sessions as well as the TechBar.

Our one of a kind booth consisted of a 20x20 foot space that simulated a hospital, which attracted many attendees. We had hospital beds, a waiting area, IV stands, models, lollipops, even a George Clooney impersonator dressed up as Dr. Doug Ross from the famous TV show, E.R. We also had a photo booth, where attendees could take pictures with their friends, George Clooney, and the Models. With a hospital theme, we were able to give out Financial Operations Pain Points and Wellness Exams to the attendees that came to our booth. A combination of the aesthetically appealing elements and the wellness exam intrigued many attendees to come in and talk to our representatives in depth about their inefficiencies and "pain points" within their financial operations and learn how Vizant can help with implementing real world solutions to their inefficiencies. We were able to connect with over 30 people from different organizations, that all scored below a 70 percent on their exam.

As exclusive sponsors of the HFMA Tech Bar, we were able to provide technology support to the attendees and introduce them to innovative technologies that they might not have already experienced. The TechBar also provided a charging station, so attendees could recharge their tablets and phones. The Tech Bar staff provided the help with the technology and we assisted them.

As exclusive sponsors of the LunchByte Sessions, Vizant was able to bring innovation to the healthcare and medical industry. During lunch throughout the conference, the TechBar staff would give how-to presentations on the latest gadget, social media trend or application. Our Vice President of Business Development, Aeron Sharp, gave an entertaining presentation about Vizant that included video clips to lighten the mood.

As an exclusive sponsor of the Featured Speakers Sessions and Continental Breakfast on Tuesday, We not only provided breakfast to the 3,300 attendees, but we provided a phone pouch, executive summary and healthcare brochure for

July 2016

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Vizant Speaking Engagements

AFP Nashville - Nashville, TN
September 8, 2016

Dallas AFP Big D Conference - Dallas, TX
September 20, 2016

SCCC Space City Cash Conference - Houston, TX
September 22, 2016

NCTMA - Charlotte, NC
September 22, 2016

About Vizant

Vizant is an advisory, business intelligence and thought leadership firm. We specialize in the financial areas of inbound and outbound payments,

each attendee. We also introduced the three speakers, that all had new and innovative ways of thinking about the costs and finances in the healthcare and medical industries. The three speakers, Thomas Lee, Paul Keckley, and Sachin Jain all brought thought provoking and innovative concepts on where the finances of the healthcare and medical industries are going and how to have an impact on changing their high-cost paths.

Vizant's presence was felt throughout the HFMA ANI conference. We were able to introduce how we reach our real world solutions that have had so much success with our current clients in the healthcare industry and how we might be able to help them if they engage with us. Our healthcare industry presence ranges from hospitals to medical insurers to pharmaceutical companies and laboratories. We thoroughly enjoyed bringing ourselves to the forefront of the healthcare industry financial management professionals, as experts and advisors on efficiencies and cost reduction management. We look forward to seeing everyone at HFMA ANI 2017!

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Vizant Insight

Vizant Relocates North Carolina Office

Vizant is pleased to [announce](#) their Charlotte office relocation to a spacious 20,000 square foot office at Ballentyne Corporate Park. Due to our desire to expand the company, we decided to upgrade our office to accommodate. We see this office becoming our headquarters within the next couple of years, due quality of talent in the area.

The new address is:
Everett Building, Suite 500
11525 N. Community House Road
Charlotte, NC 28277

treasury management and financial operations. Vizant partners with its clients to implement actionable and real world solutions that maximize the efficiency and reduce the ongoing costs of their payments, treasury and financial operations. Vizant's business model is truly unique and it stands alone in the world of professional services and advisory firms: We operate with a 100% performance based professional fee model that validates our expertise.

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Current Payments and Treasury News

Blockchain Adoption Moving Beyond Finance

Traction for blockchain technology has been building this year, and a Moody's Investors Services report cites 25 use cases. The study describes blockchain as a "chain of blocks of encrypted information," and notes each block can be considered a record of some transaction between two or more parties. A blockchain is a continuously growing list of data records structured into a series of blocks, each containing a batch of records or transactions. Blockchain constitutes a distributed database based on the bitcoin protocol that maintains a continuously expanding list of data records shielded from tampering and revision, even by its operators. The most widely known application of blockchain technology is the public ledger of transactions for bitcoin.

Moody's notes the prominence of blockchain is a recent phenomenon, and many organizations are still in the early stages with the technology, deploying pilot projects and testing the ledger technology's effectiveness. "In the next year we expect more blockchain-related research and development, including proofs of concept, which will improve the understanding of potential benefits, approaches to overcoming known hurdles as well as identifying others, with increasing focus on developing large-scale applications," says Moody's analyst Nick Caes. The first uses of blockchain have concentrated on banking and financial services applications, but Caes points to "increased developments in blockchain applications in the government sector, for example for notary services and land registries, and non-financial corporates such as supply chain management, energy, and healthcare."

Moody's identified more than 120 ongoing blockchain projects, with many others yet to penetrate the public domain likely. The report notes IBM and Microsoft's development of open source platforms that enable developers to create and test their blockchain applications. "This unique open source approach will allow Microsoft and IBM to get many innovations developed on their platforms," Moody's says. "Several financial institutions and corporates are leveraging these platforms to build their own blockchain solutions. Additionally, both Microsoft and IBM are also actively participating in blockchain industry consortia, such as Microsoft in R3 and IBM in the Hyperledger Project."

From "Blockchain Moving Beyond Finance; Still in Early Stages"
eWeek (07/21/16) Taft, Darryl K.

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Clearing Up Confusion About Real-Time Payments

Banks need to clarify the concept of real-time ACH payments if they are to address confusion surrounding how to update their technology to support such payments, according to consultant Paul Schaus. "Banks across the country and of all sizes are struggling with the concept because they handle a wide variety of payments—from paper checks to wire transfers—that require different policies and procedures," he notes. Schaus points out the current ACH payment process

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typically takes one to three days from the file delivery date. "To instantly clear transactions through a centralized real-time payments system, banks will have to immediately approve payment upon receiving instructions for a transfer," he says.

The Clearing House's vision of real-time payments entails banks offering 24/7 customer support in case any problems crop up with a transaction, and providing continuous fraud monitoring and sanction screenings. Schaus says banks may have to examine their compliance processes to update them for real time. But he also notes banks could clear and settle payments in real time with other methods, such as blockchain-like distributed ledger technology. "In a distributed ledger, transactions are submitted to the network for validation before they can be added to the ledger—the official record of all previously settled transactions in the network," Schaus says. "The entire ledger can be viewed by all participants in the network at any time, vastly improving transparency compared to a centralized clearing mechanism."

Schaus says transaction submission would require the transaction to be cryptographically signed by the account owner, and there are differences in how transactions are validated once submitted, depending on the individual system. "Some distributed ledgers, including bitcoin's blockchain, turn the transaction messages into cryptographic hash functions," he notes. Schaus says the deployment of a national real-time payments system based on a distributed ledger would require banks and regulators to agree on how transactions would be validated and who would validate them. "Banks would also have to determine what information about individual transactions they want to share in the transaction message that gets sent for validation and how that data will be stored securely," he says.

From "First Step Toward Real-Time Payments: Clear Up the Confusion"
American Banker (07/20/16) Schaus, Paul

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Centralized Payment Systems Sought by Treasurers

Corporate treasurers and chief financial officers have unprecedented opportunities for facilitating safe, efficient payments, according to an FIS poll of more than 170 corporations globally. However, although U.S. companies are making some progress in this area, they have fallen behind their European counterparts. Approximately 35 percent of respondent firms are U.S.-based. "What we see in the U.S. is less centralization in payment processing activities," note FIS' Jerome Albus and Andrew Bateman. "As a result of that decentralization, you see less standardization in payment processing activities." The survey estimated 53 percent of respondents have standardized at least 75 percent of their payments by volume, and for more than 75 percent of their legal entities.

In addition, more than 40 percent of organizations work with more than five cash management banks, with 33 percent working with more than 20 banks, and more than 50 percent managing more than 100 accounts. "This makes it very difficult to implement consistent payment processes, controls, and formats, adding significantly to the cost and risk associated with payments," the report says. Participants cited improving controls and reducing fraud as the most common drivers for optimizing payments and connectivity, as opposed to cost

reduction. "Treasurers are trying to understand how their systems can add more value beyond traditional segregation of duties, reconciliation, and other fraud detection measures," Albus and Bateman say.

Worldwide, 83 percent of respondents have managed some level of payments centralization, with Albus and Bateman noting "a growing number of treasurers and finance managers are seeking to extend the value of centralization to leverage in-house banks, payments-of-behalf-of (POBO), and collections-on-behalf-of (COBO)." Overall, they see a sustained trend toward electronic payments from paper checks thanks to lower cost and better controls. Moreover, 28 percent of firms with a centralized payments model plan to use bank-independent systems in the future. "This is particularly timely given that some banks have chosen to exit certain markets recently to de-risk their business in a more challenging regulatory environment, and ongoing risk of bank failure in some highly volatile markets," the report says.

From "Centralized Payment Systems Sought by Treasurers"
Banking Exchange (06/30/16) Ginovsky, John

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Brexit's Impact on Payments

The Brexit decision could have wide-ranging ramifications for the payments industry, with the appreciating U.S. dollar affecting cross-border transactions. The result would be pricier U.S. goods undercutting their appeal to foreign buyers, limiting outbound commerce from non-U.S. countries. Likewise, payments made in foreign currencies are devalued when translated in U.S. dollar terms, and a sustained decline in these currencies could choke international volume for U.S.-based payment firms with cross-border operations, such as card networks and money transfer operators. Meanwhile, Brexit could be a windfall for remittance companies, which partly earn money based on the difference between the exchange rate applied to the sender and the exchange rate applied at payout. Remittance firms not only estimate an exchange based on the day's rate for a given currency, they also add a mark-up of 1 percent to 3 percent on top of that rate to earn revenue. Turbulent currencies could enable them to capture additional margin to offset the volatility and risk, according to Transfast CEO Samish Kumar. A third impact of Brexit could be the alteration of interchange rates in Britain, because the country could gain control over its own interchange fee caps. The revenue the various pay providers take on transactions could therefore be changed.

From "Brexit's Impact on Payments"
Business Insider (06/27/16)

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Same-Day ACH Payments Coming in September

Same-day ACH becomes a reality in September, and it will enable users to initiate payments faster under the new process. "The NACHA rule provides a two-day lead time for credits and one day for debits," says Fiserv's Susan Meyer. Meanwhile, the same-day rule provides a significant improvement to make funds available quickly. "People will benefit from enhanced abilities such as hourly and emergency payrolls, faster bill pay settlement and business to business payments or expedited, business-to-consumer payments," Meyer notes. Same-

day ACH will first apply to credit transactions only. Debit transactions will be allowed in September 2017, and six months after that there will be other changes, such as the guarantee of availability of funds by 5 p.m. local time, according to DT Bank's Rick Burke. However, the NACHA rule establishes a limit of \$25,000 for each transaction, and international transactions are prohibited. In order to be compliant, banks will need to gain greater management and oversight on their same-day activity. NACHA predicts the total number of same-day ACH transactions will increase from 213 million in 2017 to 1.4 billion in 2017.

From "Ready or Not, Here Comes Same-Day ACH"
Deposit Accounts Blog (07/10/16) Nance-Nash, Sheryl

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Survey Says Corporate Cash Earning Almost Nothing

Companies are still holding immense cash reserves in low-yielding bank deposits and pursuing the goals of principal preservation and liquidity, with no interest in earning yield on short-term investments, according to the Association for Financial Professionals' (AFP) annual Liquidity Survey. "In all the research we do liquidity continues to be high up on the treasurer's list of things they are paying attention to," says AFP's Chris Martin. The survey found 55 percent of U.S. companies' excess cash is maintained in bank deposits, while an additional 9 percent is in prime money market funds, 7 percent in government money market funds, 4 percent in Eurodollar deposits, 4 percent in Treasury bills, and 4 percent in commercial paper. "If there were a yield curve in the short term, between [U.S. Federal Reserve] funds and one-year, then I think the conversation between treasurers, CFOs, and boards of directors might be different," Martin says. October's enactment of new rules on prime money market funds from the U.S. Security and Exchange Commission could cause an increase in treasurers' conservatism, with 62 percent of respondents saying they would modify how they invest in prime funds as a consequence of the rules with respect to floating net asset values and "gates" on investor redemptions. Factors driving gains in excess cash flow over the past year were higher operating cash flow, greater debt outstanding, lower capital expenditures, and retirement of debt.

From "Corporate Cash Earning Almost Nothing"
CFO.com (07/19/16) Ryan, Vincent

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Main Payment Systems Market Development Trends

Current trends are driving the payment systems market toward faster, more secure, easier, and less expensive payments, according to Advapay's Alex Novik. "The issue of security of payments remains in the center of attention of the community of professionals," he says. Novik cites the development of biometric authentication and cryptography improvements, but he writes "one of the most groundbreaking technologies in that regard may be said to be the blockchain technology again. The very principle of formation of the blockchain network ensures a very high level of security of transactions and protection from fraud." In terms of payment becoming easier, Novik points to the deep penetration of smart devices into people's daily lives changing both online and offline payment strategies. Also aiding this trend is the interlocking of payment technologies with intelligent trade automation and electronic merchandising systems. "Virtual

storefronts, augmented reality systems, and mobile trading platforms link up with payment systems," Novik notes. "And at this junction, a new level of payment service is being created." Novik says the threats faced by further development of the payment service market are not very numerous, and the hope is that modern systems of protection of information, cryptography, and authentication will keep online payments safe.

From "The Main Trends of Development of the Payment Systems Market"
Finextra (07/06/16) Novik, Alex

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True Payments Innovators Adapt, Not Disrupt

There are about 1.9 billion corporate disbursements in the U.S. annually, and as much as 53 percent of that is currently paper-based, according to a recent Aite Group report. However, a range of disruptive products and services have emerged seeking to move customer bases to electronic payments overnight, notes TransCard president Greg Bloh. Some companies have hired external telemarketers to manually move customers over to ACH and other non-paper-based disbursement methods. These efforts are understandable given the ongoing problem of paper-based disbursement and the negative impact it can have on bottom lines, but Bloh says it also is not necessarily in the payer's best interest. Although ACH is more efficient than using checks, organizations will face similar problems in the future when new and better payment technologies emerge. Instead, the goal should be innovation without disruption. Innovations should be adaptable to all of the existing technologies, as well as to the technologies that have yet to be invented, according to Bloh. He says in terms of B2B payments, true innovation adapts to old and new alike.

From "True Payments Innovators Adapt, Not Disrupt"
Payments Journal (06/17/16) Bloh, Greg

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SWIFT Will Transform Cross-Border Payments

SWIFT recently announced 73 banks worldwide have joined its global payments innovation initiative, designed to improve the cross-border payments experience. Together, these banks conduct nearly 75 percent of all cross-border payments on the SWIFT network, according to SWIFT's Wim Raymaekers. As part of the initiative, banks will enhance their approach to cross-border payments and follow a set of strict business rules designed by SWIFT in collaboration with participating banks. In addition, participating banks will be able to give their corporate clients a dramatically improved payment experience. SWIFT is developing a database "in the cloud" to give end-to-end visibility on the status of a payment transaction. "For the first time, banks will be able to give their customers precise information about their payments, in real time, including confirmation of credit to beneficiary's account," Raymaekers says. The first phase of the initiative is already underway with a pilot focused on business-to-business payments. "The large number of banks, the new payments tracker, a pilot showing results, and a roadmap to deliver even more value—this initiative is the 'new standard' for any bank with cross-border payments," says SWIFT chief marketing officer Christian Sarafidis.

From "SWIFT's Global Payments Innovation Initiative Will Transform Cross-Border

Payments"
Bob's Guide (06/28/16)

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How Will PCI-DSS Evolve in Next 10 Years?

In an interview, PCI Security Standards Council chief technology officer Troy Leach offers his assessment of how the PCI Data Security Standard (DSS) will evolve in the next 10 years. Leach says a decade from now the types of security controls the PCI-DSS will need to include will hinge on the amount of static payment data used to conduct transactions. "What we need to be cognizant of is an ability to create dynamic data that changes how those transactions occur, how they work with security," he notes. Leach says if payments continue to evolve, relying more heavily on dynamic instead of static data, then the PCI-DSS will have to evolve as well. "If it is dynamic information, then we have to focus our attention on how that dynamic information is created, how authentication to that transaction occurs, and other relevant aspects of a payment transaction, rather than the...amount of controls that are required in the diverse types of technology environments we operate in today," he says. However, Leach notes in a dynamic payments environment, concerns about stored payment data evaporate. He also focuses on the PCI Council's accomplishments over the past decade, how EMV and the PCI-DSS will complement each other, and new topics to be addressed during this fall's round of PCI Council community meetings, which begin Sept. 20 in Las Vegas.

From "How Will PCI-DSS Evolve in Next 10 Years?"
BankInfoSecurity.com (06/20/16) Kitten, Tracy

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