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Treasury Operations and Payments from 2011 to 2021

While no one can truly predict the future when it comes to world events, the ecosystem of payments is somewhat predictable in this regard: Payments prognostications from those without a deep expertise are almost always wrong! Looking back about five years ago, and rolling the clock forward to today, one can see how many of these prognoses were actually incorrect. Vizant is proud to say that it made none of the below statements in 2011 and now let's review some of these predictions from these not so well-informed experts:

Prediction: Businesses will begin to shift away from traditional banks and opt to use the financial and banking services of FinTech companies.

Reality: While there are many great FinTech companies, with new and innovative financial products, they are mostly targeted to consumers and not businesses. FinTech companies have not been very innovative with business financial solutions.

Prediction: In the B2B world, paper invoices will disappear and most B2B transactions will be directly interfaced electronically from billing systems on one end to accounts payable systems on the customer end.

Reality: This prediction really missed the mark. While more and more businesses use digital invoices and payments by ACH are increasing, there is little direct integration of Seller-Buyer payment systems.

Prediction: Merchant rewards and mobile wallets will become integrated, offering what consumers will demand with mobile applications.

Reality: Not only has this not come true, today we are even further away from solving this problem. There is no settled technology solution for mobile payments; there are too many numerous closed loop solutions and there are very few merchant rewards that are integrated solutions. Consumers seem very disinterested in any of the many options.

Prediction: Paper checks will become obsolete.

Reality: Paper check usage has dropped significantly over the last five years. However, it remains a large part of the payment ecosystem for both consumer and business payments.

Prediction: Cash will rarely be used as a form of consumer payment.

Reality: Cash usage for consumer transactions has been stable for the last three years and the trend is that it could actually increase, not decrease.

Prediction: Banks will offer corporate treasury products that will supplement internal company resources in managing cash and working capital.

Reality: Banks made big promises, but mostly failed in this area. Banks continue to be siloed

and focused on more treasury services that generate fees for the bank than services/applications that actually assist the CFO or Treasurer. They are not interested in helping treasurers manage the flow of funds, nor assisting them to make the associated working capital management improvements. For banks, it continues to be all about fees.

Prediction: Payments via mobile devices will comprise the majority of all payments.

Reality: This prediction was also way off the mark. Many of the new mobile wallets and mobile payment platforms have failed. Even Apple, with its brand power, has stumbled in its efforts to gain consumer adoption with ApplePay.

Prediction: Plastic payment cards will be replaced by digital cards.

Reality: Not only was this prediction completely off target, but total payment cards (credit, debit and prepaid) in circulation hit a record in 2015. Consumers and businesses have NOT shown any inclination for the need to replace the plastic card.

Prediction: The wide adoption of FinTech and other new financial technologies will translate to very small billing and accounts payable functions, with greatly reduced associated head count.

Reality: Staffing in billing, accounts receivable and accounts payable functions have actually remained steady over the last five years. While systems and technologies have been a big value-add for business, they have not been able to eliminate the approval, review, internal process needs and, most importantly, the “human” “factor that is needed in such critical areas.

Prediction: Businesses will launch thousands of new strategic initiatives to improve the efficiency in all areas and aspects of their operations. Efficiency metrics will become the next big thing and the new mantra in corporate America.

Reality: While every well managed company is focused on cost cutting and increased profitability, most have failed to uncover the true driver of costs: inefficient processes and procedures and their associated direct and indirect costs. The simple reason is this: It very difficult to change core processes, but it is much easier to just cut staff, thus papering over the real problem and pushing it forward from quarter to quarter without ever addressing it.

In our March 2016 newsletter, we will unveil our look into the future with our perspective into Payments and Treasury Operations in 2021.