

The value of Virtual Payables

Paper to electronic conversion continues



Bank of America Merrill Lynch ranked No. 1 provider of **purchasing/virtual payables** programs by volume
Nilson Report ranking, June 2016

A comprehensive electronic solution goes beyond the ability to make and accept electronic payments — it streamlines the back office through accounts receivable integration and extends electronic payments to accounts payable to maximize cost reduction and risk mitigation.

“Virtual accounts help buying organizations improve DSO for their suppliers while extending their own DPO by up to 45 days.”

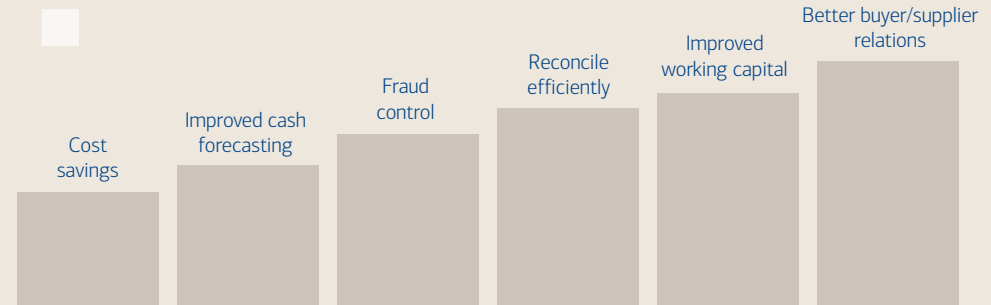
— Paystream Advisors 2015 *“How Virtual Accounts Generate Real Working Capital”*



Did you know?

74% of organizations have the ability to pay suppliers electronically.

— Ardent Partners, *State of B2B Payments 2015*



Companies are dramatically growing financial returns when

Process automation



Discounting and card settlement against AP spend



More efficient payables processing across supply chain activities

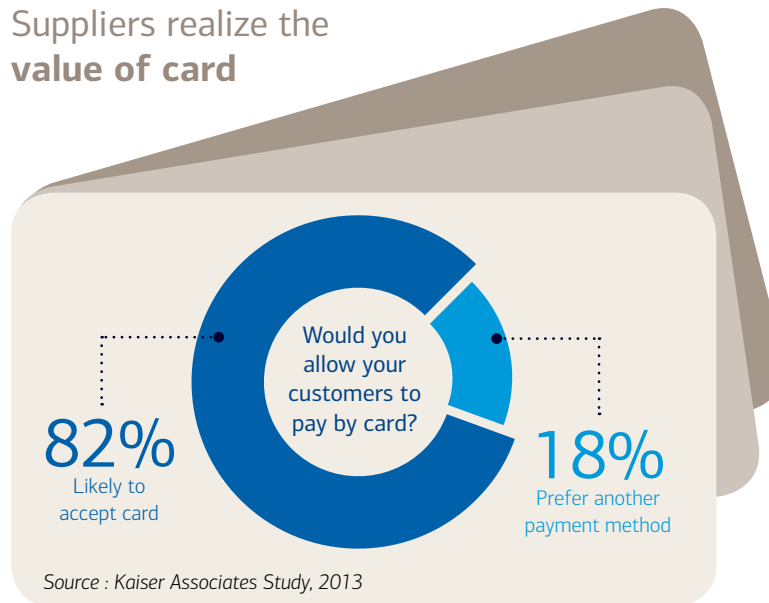
Virtual Payables for buyers

Improve daily working capital,
by increasing cash flow...

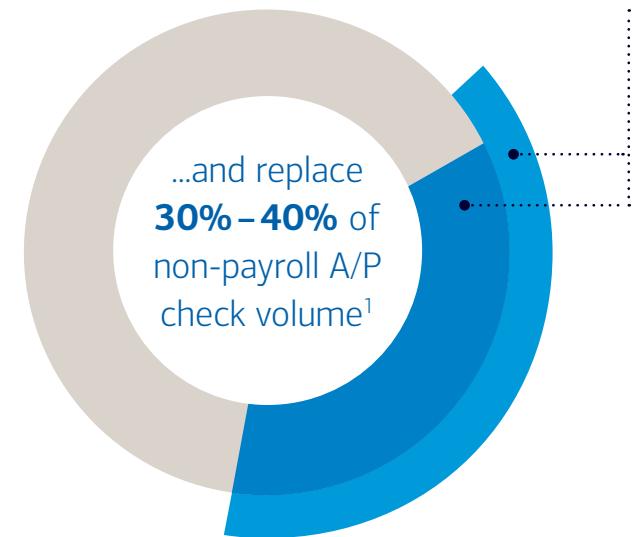


...while **eliminating inefficiencies**
of paper-based payments

Suppliers realize the
value of card



Consider **Virtual Payables** as a solution for
automating many of your check payments...



¹ Typical enrollment volume

Benefits of card payment:

- A no-cost alternative to traditional fee-based payments
- Provide suppliers with a fast, reliable payment option
- Eliminates per-item banking fees/processing costs
- Improves Days Payable Outstanding
- Extends float, increasing cash flow
- Reduces opportunity for fraud
- Requires no changes to the upfront A/P process

Payment delivery methods

Flexible for your payment and supplier needs

Supplier cards¹

Supplier-dedicated virtual card number

- Your supplier uses the dedicated card number to initiate all payments
- Payment is settled with the supplier usually within 48 hours
- You have ultimate control of the payment details, i.e. how much the card may be authorized for payment

[Sample Remittance Advice for supplier cards](#)

Straight-through processing (STP)²

Buyer-initiated payment pushed directly to the supplier's account

- Payment is sent directly to the supplier's account without any action needed by the supplier
- Lower fee structure available for suppliers who accept this form of payment method
- You have ultimate control of the payment details, i.e. how much the card may be authorized for payment

[Sample Remittance Notification for STP](#)

Single use accounts

Virtual card numbers generated on demand for each payment request

- Card number generated on demand and sent to supplier for payment processing
- You have ultimate control of the payment details, i.e. how much the card may be authorized for payment
- One-to-one association of payment and invoice simplifying reconciliation

¹Only available in North America ²Only available in the U.S.

With any virtual payables method...



Using your ERP platform, you initiate a payment instruction file to Bank of America Merrill Lynch



Bank of America Merrill Lynch processes the file, funds card with appropriate payment amount and sends remittance advice or notification to the supplier



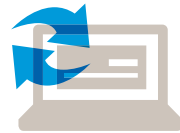
Once payment is processed, Bank of America Merrill Lynch receives transaction data and sends a reconciliation file to your ERP

Driving efficiency through virtual payables



Visibility

A more accurate view of your spend will allow you to monitor the health of your financial relationship with your crucial suppliers



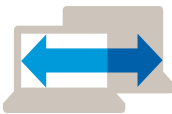
Control

Flexible limits and card controls giving you the ability to set specific transaction limits by merchant category code and single purchase limits within a time frame designated by you



Optimization

Realize benefits associated with payments optimization globally



Connectivity

Easily configurable to operate within your existing approval hierarchies and procedures so you can continue on as normal or take the opportunity to improve processes if needed

Transaction-level control

- Payment will be blocked if it does not meet your control criteria
- Eliminate inefficiencies of suppliers processing inexact amounts

Secure notifications

- Deliver card account information to suppliers securely in a remittance advice email
- Helps your suppliers meet Payment Card Industry (PCI) compliance requirements



#1

Fraud Prevention 10 Years in a row

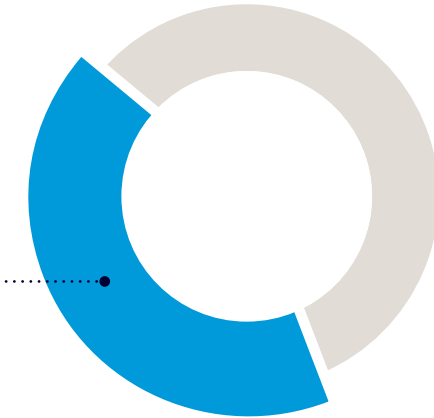
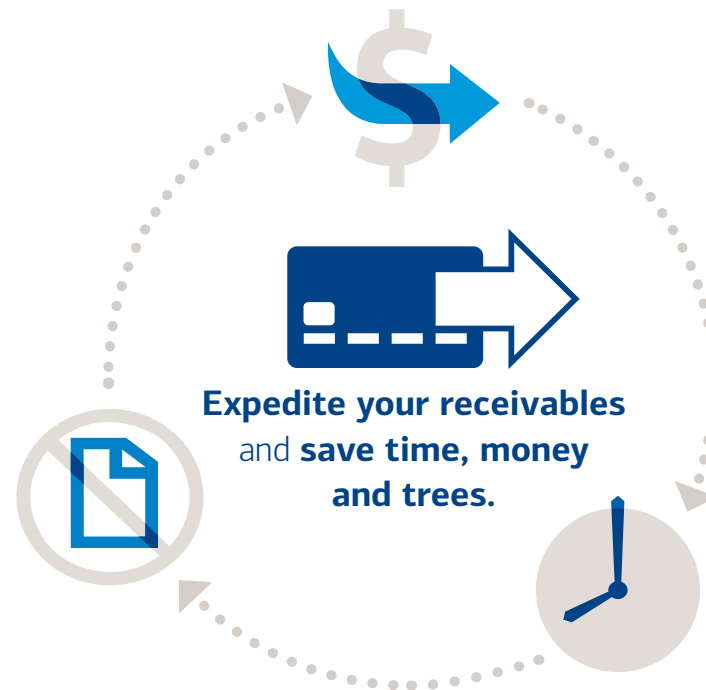
Javelin Strategy and Research, 2015

Virtual Payables for suppliers

Improve daily working capital,
by increasing cash flow...



...while **eliminating inefficiencies**
of paper-based payments



42% of card using organizations
increased share of business
with suppliers accepting card payment.

— RPMG Research “B2B Acquiring Advocacy,”
First Annapolis, June 2013

Benefits of card acceptance:

- Improve Days Sales Outstanding
- Enable faster, more reliable receipt of your payments
- Strengthen and expand relationships with buyers
- Reduce bad debt expense and lengthy collections processes
- Eliminate per-item banking fees/check processing costs
- No implementation or set-up costs associated with accepting virtual payments; leverages existing credit card payment process
- Improved reconciliation through remittance information that accompanies virtual payments

Payment delivery methods

Flexible for your needs

Supplier cards¹

Dedicated virtual card number for all your buyer's payment processing

- You use the dedicated card number to initiate payment
- Payment is usually settled within 48 hours
- No implementation or set-up costs associated with accepting virtual payments; leverages existing credit card payment process

[Sample Remittance Advice for supplier cards](#)

Straight-through processing (STP)²

Buyer-initiated payment pushed directly to your account

- Payment is pushed directly to your account without any action needed by you to initiate processing
- Reduced charge-back risk
- No need for you to keep the card number on file

[Sample Remittance Notification for STP](#)

Single use accounts

Randomly generated virtual card number for each individual payment

- Card number transmitted to you at proper time of payment
- You use the generated card number to initiate payment
- One-to-one association of payment/invoice enables easy, automated reconciliation
- No need for you to keep the card number on file

¹Only available in North America ²Only available in the U.S.

With any virtual payables method...



No change to your upfront process
– you invoice your buyer for fully rendered goods and services

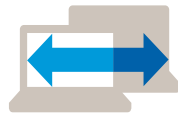


You receive a remittance advice with all payment and invoice details, as notification of payment from your buyer



Payment is processed and funds are typically available within 48 hours

Driving efficiency through virtual payables



Reconciliation

Remittance data transmitted with each payment will allow for improved back end reconciliation



Control

Buyer has ultimate responsibility for the payment details, i.e. how much the card may be authorized for payment



Optimization

Realize benefits associated with receivables optimization globally, including improved DSO and elimination of check processing costs

Transaction-level control

- Payment authorization can be restricted to the exact dollar amount
- Eliminate manual errors of processing an inexact amount

Secure notifications

- Card account information can be delivered to you in a secure remittance advice email
- Helps meet Payment Card Industry (PCI) requirements by not storing card account information



#1

Fraud Prevention 10 Years in a row

Javelin Strategy and Research, 2015