

# Beyond Paper: B2B Payments

Tech and consumerization fuel P2E conversion



As more people embrace technology to manage their personal finances, many see the increasing value of paperless solutions in their professional lives. This is one factor that's helping companies convert more B2B payments to electronic solutions. The benefits can be significant for both buyers and suppliers, including improved working capital, less manual process, lower fraud risks, faster receivables and stronger relationships. In an environment where buyers and suppliers are unable to access their physical offices, electronic payments allow us to continue business without interruption.

Here's how we're guiding clients through their journey to move beyond paper.

## Formulating the strategy

Although every client is different, we generally begin by focusing on three strategic actions:



Modifying payment terms for suppliers who accept card and electronic payments



Making card and electronic payments the preferred payment method in supplier contracts and RFPs



Creating "preferred vendor" criteria for suppliers who agree to accept electronic payments

Clients often find these actions reinforce each other. Offering reduced payment terms can be a powerful negotiating lever. New suppliers may agree to accept card in order to become preferred vendors, and existing suppliers may be willing to accept card in return for getting paid faster. Suppliers are often encouraged to select a preferred payment method to receive benefits, as designed by your organization, associated with being a preferred vendor.

## Segmenting suppliers

Dividing suppliers into the following four groups can help identify candidates to target for card and electronic payment conversion.

Suppliers who fall into the "new" and "strategic" categories are where you'll have the most leverage for P2E conversion. Many new suppliers will gladly accept electronic payments if it means growing the relationship. Strategic suppliers who provide commoditized goods are often incented to accept card to defend against losing your business to another supplier.

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Supplier segments	
<p><b>Strategic</b></p> <ul style="list-style-type: none"> <li>• Ample competition</li> <li>• Favorable terms help buyer fund fixed or less flexible costs</li> <li>• Focused on client retention per size and volume</li> <li>• Significant buyer leverage</li> </ul>	<p><b>New</b></p> <ul style="list-style-type: none"> <li>• Eager to grow relationship</li> <li>• Ample competition</li> <li>• Significant buyer leverage</li> </ul>
<p><b>Active</b></p> <ul style="list-style-type: none"> <li>• Low-dollar</li> <li>• One-time payments</li> <li>• No buyer leverage</li> </ul>	<p><b>High-value</b></p> <ul style="list-style-type: none"> <li>• Goods critical to buyer</li> <li>• Best of breed/only provider</li> <li>• Buyer dependency limits terms negotiation</li> <li>• Limited buyer leverage</li> </ul>

## Assess the solutions

It's important to recognize there are many ways to replace checks. At Bank of America, we offer the following as part of our Card and Comprehensive Payables platform.

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**Purchasing card**  
Accepted by 68% of suppliers<sup>1</sup>
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**Virtual payables**  
Centralized, card-like platform for invoiced spend
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**Paymode-X® Connect**  
Automated Clearinghouse (ACH) network that includes more than 450,000 suppliers
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**U.S. Real-Time Payments (RTP)**  
Instant payments, 24/7/365

<sup>1</sup> NAPCP and Accenture Supplier Acceptance of P-Card and ePayables.

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Wires and check printing are also available, and Comprehensive Payables is compatible with any enterprise resource planning (ERP) system, since these payment types can all be sent to us on a single file. And, when paying your suppliers via Card or ACH through the network, you remove the need to collect, store or manage supplier banking information.

Our business clients can also use U.S. Real-Time Payments (RTP), the first new U.S. clearing system in more than 40 years. RTP enables instant payments 24/7/365, with robust electronic messaging that simplifies reconciliation. Since RTP is a "credit push" rather than a "debit pull," it's less prone to fraud. RTP volume has grown steadily since the 2018 launch, and there are plans to bring more banks on board.

## Communicate with vendors

After identifying your best candidates, it's time to start talking to them about shifting to electronic payments. Your bank can help by directly reaching out to selected vendors and showing them the value of doing so.

Our vendor outreach is often multifold, consisting of emails and phone calls to educate suppliers. This includes reinforcing benefits that they may not have considered, such as the ability to reduce transaction fees through accurate Level 3 data, ways to qualify for lower interchange rates on larger transactions and opportunities to streamline their accounts receivable processes.

Another key to overcoming supplier reluctance is understanding their needs and offering options that are mutually beneficial. For suppliers who choose not to invest in card-processing infrastructure, there are solutions that can enable straight-through virtual card processing without the need for a traditional terminal. Also, ACH via Paymode-X Connect can be an attractive electronic alternative to card, with the ease of setup and security benefits. These solutions can help suppliers by cutting costs, automating workflows and increasing receivables efficiency.

With Comprehensive Payables, you can take advantage of the 'Network Effect' activating suppliers already in the network requesting the payment method and automated vendor notification options. It is also best practice to make supplier outreach an ongoing initiative, rather than a one-off pitch. Our most successful clients send us a 12-month purchase history at least annually, which our analysts comb through on their behalf to find suppliers who are willing to convert.

## Follow a success checklist

These steps can help you get the most out of your card and electronic payments program.

- Build a business case for executive support
- Create a working capital group
- Develop a scorecard that aligns goals across teams
- Appoint a program champion
- Ensure agreed-upon terms are followed
- Update contracts, supplier portals and messaging
- Educate all supplier-facing departments
- Do an annual refresh, targeting vendors who have previously declined

## Multiply your P2E conversion

The reasons to get rid of checks have never been greater, especially with so many barriers to office access. Going beyond paper can offer significant opportunities to transform treasury, creating ways to pay that are fast, smart, secure. At Bank of America, we specialize in working hands-on with clients and their suppliers to build mutually beneficial relationships for the long haul. Reach out to your BofA representative to learn more.

