



ENTERPRISE PAYMENTS ARE EVOLVING

When will you?

When will corporates embrace instant payments?

Many corporates still operate on a “9 to 5” basis, but instant payments could change all that. Account balance activity and currency positions would happen in real time. Forecasting and daily cash processes, and the ability to adapt and respond to changes in balances throughout the day would evolve.

Now that real-time cross-border payments are gaining steam, the traditional cross-border hindrances like unpredictable fees, multiple delays, and lack of certainty that destination accounts are finally being resolved. In fact SWIFT’s gpi, which enables payment tracking, has become the standard mechanism within their network with more than 60 percent of cross-border payments now going via gpi. As newer capabilities like pre-validation services and the ability to stop and recall payments become more widely used, cross-border payments should continue to become more user-friendly for those who do business internationally.

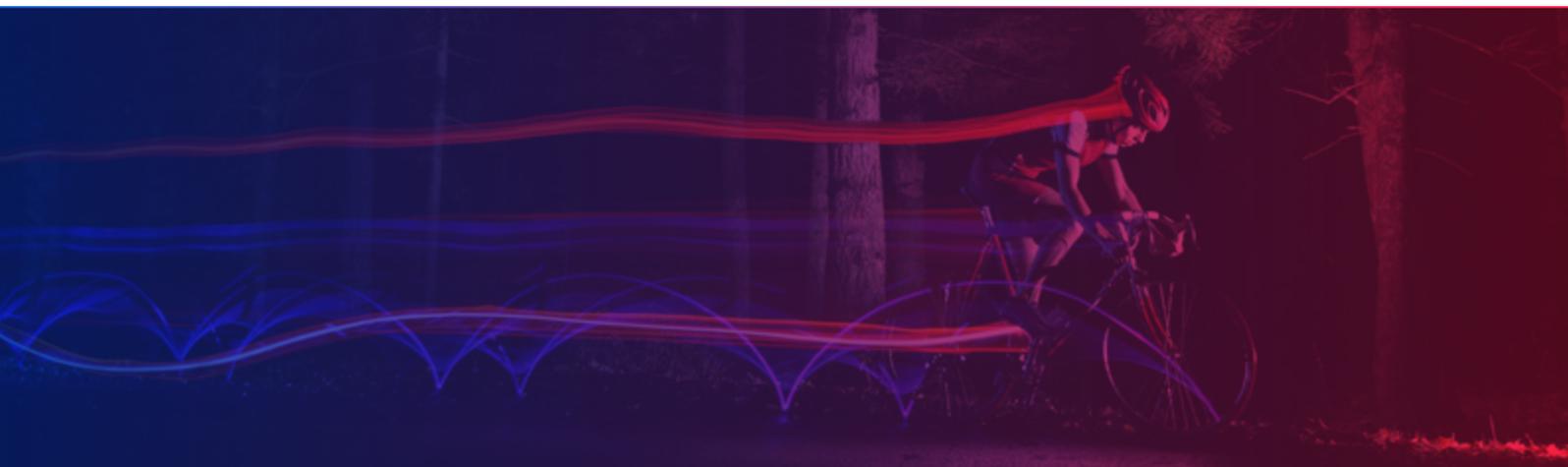
Real-time overlay services like Request to Pay can also offer broader account access, fraud controls, cost-reduction and the potential to minimize late payments. ISO 20022 data-carrying capabilities allow corporates to attach invoice data to a payment for efficient reconciliation.

But while getting paid faster and being able to pay easily is as valuable to corporates as it is to consumers, the ability to integrate instant payment processing directly into the business practice is as critical as the speed of payment alone.

How APIs Influence Instant Payment Adoption

Along with the support of their financial institution’s instant payment infrastructure, a corporate treasury needs modern cash management technology that operates in real time, supports real-time position updates and has API-connectivity for bank data and real-time cash positioning and forecasting. Corporate treasury departments already know how to handle urgent transactions or wires, but real-time payments use technologies that are typically based on API-connectivity. While not usually supported by older payments infrastructure, real-time payments are a natural opportunity to respond to high-value, urgent payments and/or B2C payments, especially in areas where the need to satisfy customer demand instantaneously is becoming essential.

Because real-time payments are a focus of the fintech market, the availability of B2C payment channels has accelerated tremendously. At FIS, we’re seeing a growing number of banks maturing their API offerings to expand their service, integrate and streamline connectivity to make everything else easier.



Corporate treasurers are consumers, too

Just as we've seen in the consumer market, changing expectations for what a payment experience should be will contribute heavily to the prevalence of real-time payments in corporate treasury. As the pandemic made limiting contact essential, small businesses in many parts of the world used overlay services like Request to Pay to evolve how they collected payments instantly from customers. Whether the item purchased was plumbing work or an ice cream cone, the value of instant payments became immediately apparent to many who may have otherwise not given them a chance.

Though instant payments haven't widely emerged in corporate functions yet, some sectors are already seeing the benefits. Insurance providers, for example, have put them to use to assess and settle claims quickly. Airlines are using them to issue instant passenger refunds and credits. As instant payment uptake increases, emerging use cases could apply to the collections or accounts receivables process, particularly where instant payment terms could lead to a discount.

Adoption of instant payments by corporates also rests on banks

Banks must not only understand how scheme-driven changes like SEPA Instant Credit Transfer (SCT Inst), ISO 20022 and cloud influence corporate use of instant payments, they must have an infrastructure that supports instant everything. Offering instant payments through the SCT Inst scheme, for example, demands the ability to handle a payment in less than ten seconds. Supporting systems also need to be capable of processing a large volume of individual transactions at any time. From a liquidity management perspective, financial institutions need to determine how to forecast instant payment patterns and accommodate instant anti-money laundering (AML) analysis and fraud detection.

Enterprise Payments is Now. Let's Power Next.

Most importantly, financial institutions must determine how they'll implement an instant payments system. Some may take the short-term approach of trying to enhance legacy systems for real-time capabilities, while others may opt to use a Payments as a Service cloud-based offering or a payments hub. Regardless of the option they take, the opportunity with corporates is there.

To learn more about how FIS can support your enterprise payments evolution, [click here](#) or contact us at getinfo@fisglobal.com.