AFP 2020 SURVEY
A Snapshot of Electronic Payments and Payment Fraud at Organizations conducted at the AFP 2020 Virtual Experience

Sponsored by BB&T SunTrust Now Truist
The AFP 2020 Survey was conducted virtually at AFP 2020, via the virtual conference platform. The primary objectives of this survey were:

— To determine the likelihood of organizations converting their business to business (B2B) transactions to electronic payments.

— To identify the top benefits of sending and receiving electronic payments.

— To compare the payment fraud attempts organizations have experienced since March 2020 with the same time period as last year and to gauge who or what is responsible for these fraud attempts.

The survey received a total of 202 responses, of which 156 responses were from corporate practitioners, i.e., those who execute and manage treasury functions at organizations. Responses received from corporate practitioners form the basis of this report.

AFP thanks Truist for sponsoring this survey.
Likelihood of Organizations Converting Majority of its B2B Payments Made to Suppliers from Checks to Electronic/Digital Payments

Nearly sixty percent of practitioners reported that their organization is either very likely or somewhat likely to convert the majority of its B2B payments to suppliers from checks to electronic payments. One-third of organizations are currently primarily using electronic payments for their B2B transactions. Only 5 percent of organizations have no plans to convert from checks to electronic payments, while five percent are unsure.
Primary Benefits of SENDING Payments via Electronic Payment Methods

As organizations increasingly use electronic payments for their B2B transactions, they are also realizing the benefits of doing so. Straight-through processing to A/P or A/R and general ledger is the top benefit of sending electronic payments, cited by 49 percent of respondents. Forty-five percent of practitioners reported their organizations benefited from cost-savings when sending payments via electronic payments. Improved cash forecasting and speed of settlement is considered a key benefit by 42 percent of respondents.
Primary Benefits of RECEIVING Payments via Electronic Payment Methods

Half of survey respondents note that the speed of settlement is a key benefit when receiving payments via electronic methods from customers. Other benefits of receiving payments from customers via electronic methods include:

- Straight-through processing to A/P or A/R, and general ledger (cited by 31 percent of respondents)
- Improved cash forecasting (30 percent)
- Improved matching for cash application (27 percent)
- Improved supplier/customer relations (26 percent)
Barriers on Increasing Use of Electronic Payments

As organizations use electronic payments to a greater extent for their B2B transactions, they are likely going to face greater barriers when doing so. A majority of practitioners cite major and minor barriers impacting their organization’s use of electronic payments. When examining both the major and minor barriers, at least 70 percent of respondents cite the following:

- Lack of customer or vendor adoption (cited by 79 percent of respondents)
- Cost of making changes to existing internal processes (74 percent)
- Absence of a standard format for remittance information (74 percent)
- Lack of integration between electronic payment and accounting systems (71 percent)

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<thead>
<tr>
<th>Major Barrier</th>
<th>Minor Barrier</th>
<th>Not a Barrier</th>
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<tbody>
<tr>
<td>Lack of customer or vendor adoption</td>
<td>27%</td>
<td>52%</td>
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<tr>
<td>Cost of making changes to existing internal processes</td>
<td>35%</td>
<td>39%</td>
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<tr>
<td>No standard format for remittance information</td>
<td>23%</td>
<td>51%</td>
</tr>
<tr>
<td>Lack of integration between electronic payment and accounting systems</td>
<td>35%</td>
<td>36%</td>
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Payment Fraud Attempts Compared to Last Year

Forty percent of organizations experienced a great number of fraud attempts since March 2020 compared to the same time-frame as last year. Another 40 percent of respondents report the number of payment fraud attempts at their companies is unchanged compared to last year. Only three percent of companies were targets of fewer payment fraud attempts than the previous year and the remaining 17 percent of respondents are unsure about the change in the instances of fraud at their companies.
Responsibility of the Attempted/Actual Payments Fraud Attempts Since March 2020

Forty-two percent of respondents reported that an outside individual (e.g., check forged, stolen card) is responsible for the attempted/actual payments fraud attempts at their organizations since March 2020, while 16 percent believe a third-party or outsourcer (e.g., vendor, professional services provider, business trading partner) targeted their companies. At 15 percent of organizations, attempted/actual payments fraud attempts are due to an account takeover (e.g., hacked system, malicious code – spyware or malware from social network). Crime rings are the cause of fraud attempts at seven percent of organizations and one-third of practitioners are unsure what caused the payments fraud at their companies.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Outside individual (e.g., check forged, stolen card)</td>
<td>42%</td>
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<tr>
<td>Third-party or outsourcer (e.g., vendor, professional services provider, business trading partner)</td>
<td>16%</td>
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<td>Account takeover (e.g., hacked system, malicious code – spyware or malware from social network)</td>
<td>15%</td>
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<td>Organized crime ring (e.g., crime spree that targets other organizations in addition to your own, either in a single city or across the country)</td>
<td>7%</td>
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<tr>
<td>Unsure</td>
<td>33%</td>
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Conclusion

The results suggest that organizations have converted or are likely to convert the majority of their B2B transactions made to suppliers from checks to electronic payments. They view the primary benefits of sending electronic payments to be straight-through processing to A/P or A/R, and general ledger, and cost savings, while half of survey respondents reported that speed of settlement is the primary benefit of receiving payments through electronic payment methods. While respondents noted the benefits to increasing their use of electronic payments, they are also cognizant of the barriers they face with the increasing use of electronic payments. Cost of making changes to existing internal processes and lack of integration between electronic payment and accounting systems are the barriers a majority anticipate.

Though 40 percent of survey respondents note that payment fraud attempts have been on the uptick at their organizations since last year, another 40 percent say fraud attempts at their companies stayed the same as the previous year.

As treasury teams have had to transition during the pandemic with many working remotely, electronic payment methods were more convenient and allowed for payments to be made and received with minimal disruptions.
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