**OUTRO**:

Welcome to the Treasury Update Podcast, presented by Strategic Treasurer, your source for interesting treasury news, analysis and insights, in your car, at the gym or wherever you decide to tune in.

Companies are facing a significant amount of pain in payments as they grow and expand their global footprint. On this episode, Host Craig Jeffery talks with Roger Comins, Senior Product Manager at GTreasury, to discuss how to understand the pain of payments and ways to address the challenges organizations are facing internally and externally. Listen in to learn what is changing for payments, what matters, and how it's impacting companies, treasury professionals, and the customer experience.

**Craig Jeffery**:

Welcome to the Treasury Update Podcast. This is Craig Jeffery. Our guest speaker is Roger Comins from GTreasury. Roger Comins is a senior project manager at GTreasury, and he is responsible for defining the product vision, prioritization and delivery of the payment factor and partner ecosystem solutions. He is a certified treasury professional and a SWIFT for Corporate qualified specialist. Welcome to the podcast, Roger.

**Roger Comins**:

Well, thank you so much for having me, Craig.

**Craig Jeffery**:

Now the title says quite a bit. There is a significant amount of pain in payments. There is an element of complexity. There's a lot of things that are changing, and these are significant in different ways. So today's podcast will explore how to understand that pain of payments, and what are some of the ways to address the complexity or challenges that organizations have. I guess we'll start with where you see the challenges for payment coming from, where are they originating from, and maybe you could help explain how significant these are for either all types of companies or for certain types of organizations.

**Roger Comins**:

Yeah, absolutely. You mentioned the factors of change, and companies are seeing these externally in terms of regulations or new clearing systems they have to work with, but plenty of it comes internally as well, and best to probably highlight those companies that are significantly growing their global footprint. Some of the banking relationships they had, they're starting to outgrow. As they get into new countries, as I mentioned, there's new clearing systems to work with, so constantly growing number of countries, currencies, banks, they're dealing with comes with more connections to manage with those banks. It comes with more formats, as each clearing system can have different nuances to how you deliver a format to your banking partner in order to straight through process, which is always kind of the end goal, is to have that straight through processing to make sure your payments settle as quickly as possible and don't have errors.

So that can be a lot to manage, and then as these companies are growing, maybe they're acquiring other companies, they're also gathering what I'll call tech debt, which comes in the form of different disparate legacy systems that they need to aggregate data or possibly even send out files from each to the banks. So it's not just managing from one central point, but likely across numerous systems, all these various nuances to formatting and conductivity.

**Craig Jeffery**:

Yeah, now Roger, did you say tech debt? Like debt that you acquire and have to handle?

**Roger Comins**:

Yeah, phrasing we use in product management a lot.

**Craig Jeffery**:

I like it. Right? You acquire multiple systems, you want to combine them, but you have to handle them, they have to last for a certain period of time. That makes good sense. I hadn't heard that phrasing before.

**Roger Comins**:

I think it applies here definitely as well.

**Craig Jeffery**:

It sure does. Now you said something earlier, and I'm sorry for jumping in there, but you mentioned different clearing systems, and you also jumped in and said, as you go into different countries, you're hitting different clearing systems, maybe the central banks, each of the central banks tends to have their own clearing systems. Are some of the new channels, if you will, or rails, part of that complexity, or were you just referring ... Just by the sheer nature of going into more countries, you're dealing with more payment channels?

**Roger Comins**:

So the new channels, I would say yeah, they add to the complexity, but definitely excited about the opportunity they bring,` and definitely want to get into that. I was speaking more towards just the existing channels that are out there. Let's say companies mostly operating in the US and they start to have a footprint in EMEA and now they need to consider how to straight through process SEPA payments, just as an example. So those were more of the clearing systems I was speaking to. As you get into each country you're dealing with new high value, low value clearing systems that you need to know how to format properly in order to process within.

One last point on the complexity side is always in the compliance area, going with the EMEA example, companies also need to start considering what PSD2 and other regulations for open banking bring their way, more so for the vendors they're working with and the banks they're working with. Some of these compliance changes are actually bringing in spring innovation, which is exciting in terms of new channels for APIs, which we'll get into in a bit.

In the US here, something we're digging into now is some of the upcoming regulation for NACHA around requiring vendors or any large participant within the NACHA network to have fraud prevention measures. Again, another thing that will spur innovation. Solving that problem is important, but it does require work.

**Craig Jeffery**:

That idea of ... These challenges and complexity obviously grow as the organization expands or acquires their tech debt, et cetera. I'm wondering if you can dive in a little more deeply on what is changing with payments and why it matters. You had mentioned a couple of items like the regulations, and you said the terms PSD2, and you mentioned a couple of other elements there, but maybe you could explain what that is as an example. You mentioned formats, desire to do more things, but maybe you could start with the PSD2 as a regulation. What does that mean for someone who's not in the payments space all the time?

**Roger Comins**:

Absolutely. So the European union came out with version two of the payment services directive. You hear a similar movement around open banking coming primarily out of Europe. While yes, it's regulation, we're really excited about kind of the innovation it's spurring. Having the banks roll out extensibility to their platform, it's not only for payment settlement and services, but also to get all of your bank statement data out of the banking platform more easily. It comes with, essentially, APIs for any service or data point that you might need from your bank, and some of the banks have more work to do on this front, but I think it's going to give us a real shift in this space in terms of having real time connectivity for our data and services, on demand connectivity as well. API end points essentially are a contract for you to be able to call for your data whenever you need it, no schedule reliance.

Also, the way APIs are created and hosted and put up on these developer portals that the banks are created are going to allow more self service between the customer, their vendor and their bank. Hugely exciting innovation that is coming out of the compliance area.

**Craig Jeffery**:

Why does on demand ... Why is that superior to scheduled in some cases? What makes that attractive? You talked about the open banking and using an API. I know one of the contrasting methods is you have an FTP or SFTP process setup to go, dial in, retrieve a file at 2:00, 4:00, 6:00 and 8:00 PM. What makes that different or better, or where is it better?

**Roger Comins**:

Yeah, maybe I'll use it in terms of an example. I'll think of a financial services company that we work with and why they need this real time and on demand nature of the APIs. With file based and schedule based, the ways that we normally work in, at least in the vendor to bank space, they get the job done, the straight through processing, the update to your payments, but why customers are clamoring for this more realtime nature is in the example I'll highlight. They have customers of their own looking for that acknowledgement that a payment has settled with a beneficiary, or incoming funds are now available that they can relay to their own portal and their own customers. So every minute counts, and this is why some of our customers are really clamoring for that new channel in terms of API connectivity.

**Craig Jeffery**:

Yeah, that's good. I always think of an example of some of the rideshare apps, they integrate with an API to the map, and they integrate to a couple other elements, and it just pulls the information when you need it, versus something that takes a lot of setup.

Sorry to take you off track on that, but I wanted to get back to what's changing and what matters for payments.

**Roger Comins**:

Yeah, so APIs are a channel, but also, the settlement networks are changing in terms of new faster payment networks or real time payment networks. Some of these have been around for a little bit, but the real time settlement networks are really in their infancy. There's growth needed there, I would say, but it's exciting to see lots of discussions with our own customers around what's coming here and with the banks as well. So those networks are growing.

**Craig Jeffery**:

What's an example, Roger? Give a couple of examples of those networks.

**Roger Comins**:

You see in the US the Federal Reserve's getting involved, but some of the banks even working with the real time payment network ... When I say there's growth to be done there, it's mostly for that in terms of two things. One, the participants among the banks that we need to see get involved. If only three banks are participating, it's not as interesting, but also things like the dollar amount that you can send through these networks. I've seen some that are sitting around 25,000 USD. It's hard for a customer to have to put in place logic that I can only send certain payments through this network, I have to know to send them through this channel and this settlement network if they're over this amount. I know customers and vendors like us deal with that, but the more that this can grow in terms of participants and the scope of what you can send, the better it's going to be, of course.

There's certain settlement systems that are getting better, but not quite real time where it's exciting to see some improvements to visibility coming. I'll point to Swift GPI, cross border, and if foreign exchange is involved, there's still quite a bit of work to be done in terms of settling those faster, but at least now with what GPI is bringing to the table in terms of universal tracking, we can at least see where our payments are. It was somewhat of a void before, so we're definitely excited to see that improvement there, and it's interesting to hear from Swift some of the stories they've mentioned around seeing improvements in the processing time, because now everyone is able to track every step in the way. It's all very welcome change on that front in terms of visibility.

**Craig Jeffery**:

Yeah. Moving from a time of, can't see anything until maybe three, five days later, to knowing where it is every step of the way. That's a massive shift, and that's great. Anything about settling efficiency or new channels that are changing that you wanted to comment on?

**Roger Comins**:

Yeah. A couple of things around mobility. The corporate space has been lagging a little bit behind kind of retail and consumer in terms of mobile capability, but I'm starting to see quite a bit of demand for treasury professionals needing to approve payments on the go or be able to see status updates as they're out. I think some of it is because resources are sometimes limited at these companies, so you can't always just completely walk away. It's going to be important to factor in the customer experience to the payment space in terms of mobility, especially. Then I'll call out a B to C case. We've been recently working to be able to settle through Zelle. Any industry or company that has B to C payments, this is more interesting, actually, for the true end user experience. Not necessarily the treasury professional or the accounts payable team, but for the actual customer that they are dealing with at their company, and the ability to no longer have to wait for a check to come in the mail.

If think of a claims person out in the field for an insurance company, if they need to make a claims payment to one of their customers on the spot, that person can have their money in their account all visible through their mobile device right then and there. So it's important that we're thinking about the user experience for the treasury professionals and their teammates and the finance org, but also for their owned end users and customers.

**Craig Jeffery**:

Yeah, that's a pretty comprehensive definition of the customer experience. You're thinking of your customers and who they're paying on the other side. Very, very useful. Interesting that you handle Zelle. That's not so common nowadays.

Anything else that you would say matters in what's changing for payments? Anything else we or anybody needs to think about in terms of what's changing?

**Roger Comins**:

I think we've covered quite a bit. It's exciting to see things are getting faster, there's more visibility, there's more options in terms of channels, huge improvements to customer experience coming to kind of the corporate side in terms of more mobility, more smart systems, et cetera.

**Craig Jeffery**:

Moving on from, what's the complexity to what's changing, why it matters, and then that comprehensive end to end customer experience with all of this dynamism, how should a company address or solve the complexity or challenges that these issues bring about? I'm pretty sure there's not one size fits all, or I don't expect you to say that. Is there a one size fits most, or how do you go about and calibrate what a company should do based on certain elements of their size or reach in terms of number of payments or channels? How do you give that advice?

**Roger Comins**:

Sure. Some of the people listening might be already shopping for payment hubs or TMSs or payment aggregator software to solve some of the workflow challenges in terms of reducing the number of banks they have to log into, giving them one central point to approve payments and get them settled straight through. What I would say is if you are kind of shopping this technology, bring your finance teams, your IT team, technology team along for the ride. It's not just treasury experiencing these challenges. You're going to find out that the rest of your organization, especially in the other areas of finance, are likely dealing with this as well, and maybe from multiple back-office systems. So definitely look at this from a holistic company perspective.

You mentioned it's likely not one size fits all, and I completely agree. I do think it's somewhat one size will fit most with some of these solutions out there, but there's a size threshold or a level of scale that some of the companies will need to consider in terms of their payment volume and to where they may be a little more focused on the payment aggregators out there, and it may just not be volume, but it could be the scope of the amount of countries and banks they do need to connect to, where it's important to look at some of the aggregation software out there as well. Not just in terms of a centralized workflow.

**Craig Jeffery**:

Sure. Let me just do a quick definition of a couple of the terms that you used, or at least what we use and some of our analysts reports. So a payment hub is a system that allows you to take files and data in from a number of places, format it properly, do whatever checking's necessary, deliver it to the end bank, either directly or through some other type of network. A payment factory is a centralized group that handles payments, and a treasury aggregator would a system that handles a payment factory on the disbursement side, and then the aggregation of information for data coming back. So balances, transactions, et cetera.

So those are some of the terms that we use for that. I know as you read material in different literature, there's a number of different definitions for some of them that can be conflicting, so I just want to do a side note on that.

So there's one size fits most, and you've spoken, it seemed like you were quite favorable on this payment factory because there's so much complexity, and we certainly see a massive percentage of organizations that deal in two, three, four or more countries, multiple currencies, and deal with multiple numbers of banks and have to make changes. Is that a fair statement that payment hub will be right for quite a few organizations to simplify this connectivity?

**Roger Comins**:

Yeah, completely. The more that footprint grows globally, the harder it gets to maintain this through the disparate systems they may have currently. You need to leverage the economies of scale that you get from technology that have teams that deal with this day in and day out across the globe.

**Craig Jeffery**:

Yeah. So your point about engaging finance and technology teams. What have you seen as the most successful way of getting finance and tech to work together in the same direction?

**Roger Comins**:

More and more, we're seeing the trend to the RFP as companies are shopping, having those questions that are important to the technology team, and beyond just the treasury operational payments, it's clear to see from the RFP questions that folks are engaging the teams in accounts payable, payroll, claims. So it seems like a positive trend is going that way. That's more for the customer who is currently shopping. Maybe you're a customer that already has a technology in place for the treasury team, let's say. Look to have a conversation with that vendor. Can you leverage that technology for the rest of your finance team?

There may be challenges your teams are facing that you're not aware of in terms of trying to straight through process with the bank. Many, if I'll point to the US, are likely sending NACHA files off the back of ERP systems. Even if they have a TMS in place for their treasury operational payments, your teams are about to face some significant challenge with some of the NACHA regulations coming up. If you do have a payment hub in place for your treasury team, I think it's important to have that conversation with the rest of the organization. Like I said, leverage those economies of scale.

**Craig Jeffery**:

So Roger, what's an example of a regulation that would create that type of a challenge and need for more flexibility? Is it just around security or is it something else?

**Roger Comins**:

Let me define a little bit more about what I'm specifically referring to, because there's quite a few changes that come all the time with NACHA, but there's one that we get asked about a lot, and I think it's because of the impact it'll have and the scope of it. It's the requirement to do account verification. Basically the beneficiary matches the beneficiary account listed to prevent some of these account takeover scams that we're seeing. So a really important change to be driving, and we're happy to see NACHA doing that with some of its larger participants. I think it'll spur some important change in the space. That's what I'm specifically referring to, because it's important, but it's also going to be an impactful, large change for vendors and for the customer trying to manage that themselves from their ERP system.

**Craig Jeffery**:

Yeah. So let me see if I have it correct. So historically, you could send an ACHLO value payment, it would go to the account based upon the account number, it might include the payee information, it might include their name, but there's no requirement to do any type of matching. The name that's listed on the account actually matches the account number, and what you're saying is there's some regulations that'll allow you to do some checking, that way if someone takes over somebody's payroll system and they leave the payee name the same, but they change the account to go to an account that the criminal controls. Is that what you're referring to? Do I have that right?

**Roger Comins**:

You nailed it. Yep. You nailed it.

**Craig Jeffery**:

Yeah, and you could see how that'd be so important on the security front and compliance, so that's a good example. I guess I'm just going to do a couple of comments about that, because you saw what happened on the card arena. PCIDSS, the Payment Card Industry Data Security Standards, arose and created standards for making sure you're locking down the information, protecting the data. That's been out for a long time, and it's become a formal process. Then if you look at Swift, for example, the Swift CSP, or Customer Security Program, got put in place several years ago, and it continues to increase in terms of what they do to protect the network, the surface area of attack on payment systems, and now we see it spreading to a third area of settlement, in this case, NACHA, for some additional requirements to tighten down security. Now it's not a whole security standard. It's certainly some requirements that address part of it. So I guess one question is this security issue, do you see that continue to expand across all channels with more requirements, and maybe even more security frameworks, or are we at the end?

**Roger Comins**:

No, absolutely, we'll be expanding. The account takeover for one is just one piece of it. There's also a huge amount of companies experiencing spear phishing scams with the attempt to essentially make it seem like your CFO's mandating an urgent payment instruction, and too many times, those actually work and those payments get out the door. So there's so many forms of fraud to combat. It's always growing, mostly specific to the US, but this account takeover piece is important to solve globally. It's not just a US domestic problem. So for a vendor like GTreasury, this is constantly top of mind, and the scope is definitely expanding.

**Craig Jeffery**:

Yeah, that's good. Roger, before I ask you to give any final thoughts on this topic of understanding the pain of payments, I wanted to just mention to the listeners that there is an ebook, The Pain of Payments, underwritten by GTreasury. That ebook is available for download. You can find that in a couple locations. Some of your notes on strategictreasurer.com/podcast. There'll be a link there, and you can also find that link on strategictreasurer.com's website and in some of the show notes that you have on your phone, so I encourage you to look at that, as that book explores a topic in some more depth.

Now Roger, I wanted to get back to you on any final thoughts you want to leave with people about understanding the pain of payments.

**Roger Comins**:

Yeah, to maybe address the treasury professionals listening. We spoke a lot about the specific pain to straight through process payments from numerous technology stacks that might be in the back office to their banks successfully. One thing that's not noted, but is very important, when you're looking at technology out there, you're going to find there's a ton of other benefit here. Managing these numerous technology stacks in the back office and getting the data from each of those is not just a payments problem. So treasury folks are also dealing with this in terms of forecasting. All these data points are important. So I would just mention, make sure you keep that in mind as you're looking towards maybe some of the technology out there, that it's also a benefit in terms of gathering data for your forecast, for your reconciliation processes as well. It should all be connected to make that experience better.

**Craig Jeffery**:

You can tell you're in product because you think end to end, end to end on data, end to end experience from the different users. I think that's awesome. Excellent. Roger, thank you for your time and your insight into understanding the pain of payments.

**Roger Comins**:

Thank you, Craig.

**OUTRO**:

You've reached the end of another episode of the Treasury Update Podcast. Be sure to follow Strategic Treasurer on LinkedIn. Just search for Strategic Treasurer.

This podcast is provided for informational purposes only and statements made by Strategic Treasurer LLC on this podcast are not intended as legal business consulting or tax advice. For more information, visit and bookmark strategictreasurer.com.