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# It's Alive – Bringing a Payment Strategy to Life

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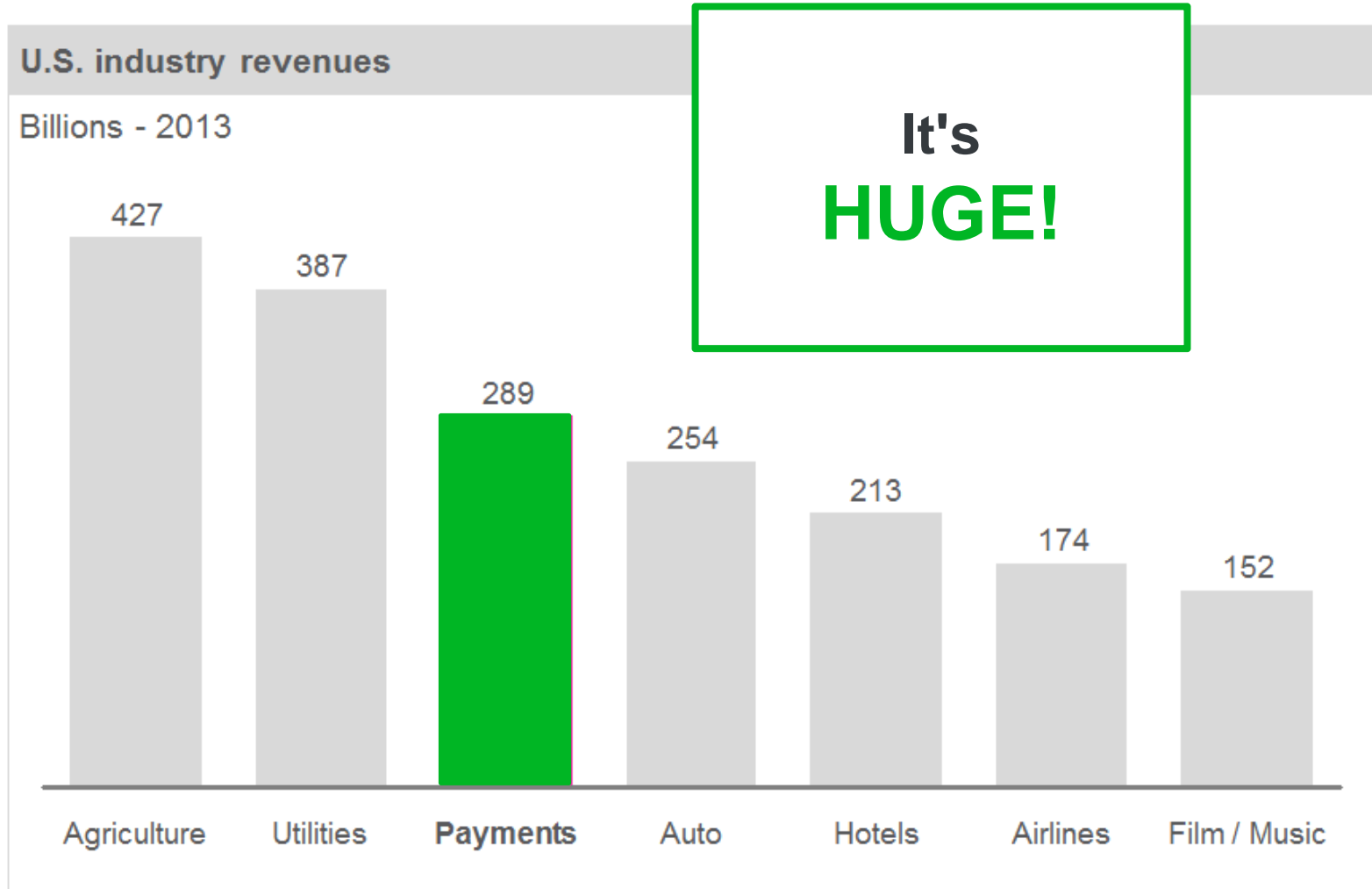
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# Agenda

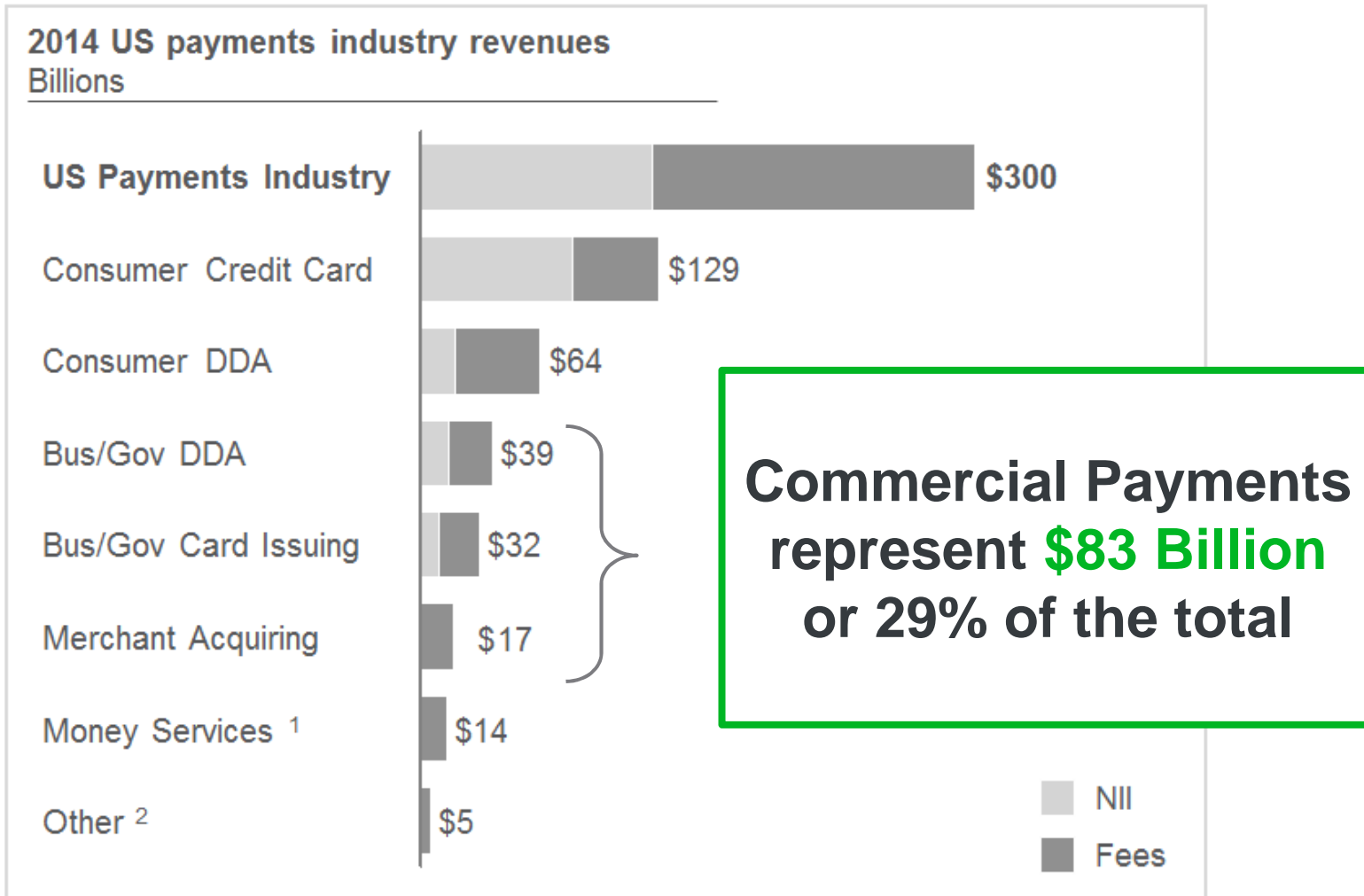


- n Industry Overview
- n Payment Strategy – Concept
- n Payment Strategy – Nuts & Bolts
- n Implementation
- n Best Practices
- n Parting Thoughts

# Payments Industry



# Payments Industry



# Payments – What's Happening?



## n **The Status Quo has been challenged**

- Rapid innovation
- 4,000 FinTech startups / \$12B invested
- Changing Customer behaviors and expectations
- Banks and Non-Banks
- Upside down approach (good thing)
- New tools using established infrastructure
- Value creation is key

# Payment Strategy – Why?



*“Reduce your plan to writing. The moment you complete this, you will have definitely given concrete form to the intangible desire.”*

**Napoleon Hill**

# Policy to Strategy



## Payment Policy

- § Make Timely Payments
- § Minimize Costs
- § Basic Efficiency
- § Contract Compliance
- § Reporting
- § Mitigate Risk

## Payment Strategy

- § Electronify Payments
- § Migrate to STP
- § Enhanced Efficiency
- § Technology / Integration
- § Visibility / MIS
- § Optimize Economic Value

# Payment Strategy Design



## 1. Roles and Responsibilities

- Available resources, job functions, segregation of duties, approvals
- Payment type, amount and purpose

## 2. Supplier Segmentation

- Type, frequency, dollar amounts, contractual terms, goals
- Help to determine the payment type and channel used

## 3. Payment Formats and their Utility

- Cash, check, ACH, wire, card
- Cost, technology, speed, convenience, security, reporting, preferences

## 4. Delivery Channel

- Manual vs. automated - in-person, phone, fax, online, file transfer
- Cost, technology, speed, convenience, security, reporting, preferences

## 5. Fraud Protection and Company Liability

- Segregation of duties, secure info, multi-factor authentication, dedicated PC(s), audits, software
- Bank provided solutions – Check Positive Pay, ACH Blocks/Filters, ACH Positive Pay



# Roles & Responsibilities



## n Job Functions & Responsibilities

- Functional areas
- Clearly defined titles and roles
- Initiation, Approval, Exceptions

## n Payment Controls

- Segregation of Duties
- Approval Levels
- Vary by payment type / purpose?
- Information Access

## *Payment Related Disciplines*



# Supplier Segmentation



n **Supplier Type**

n **Frequency**

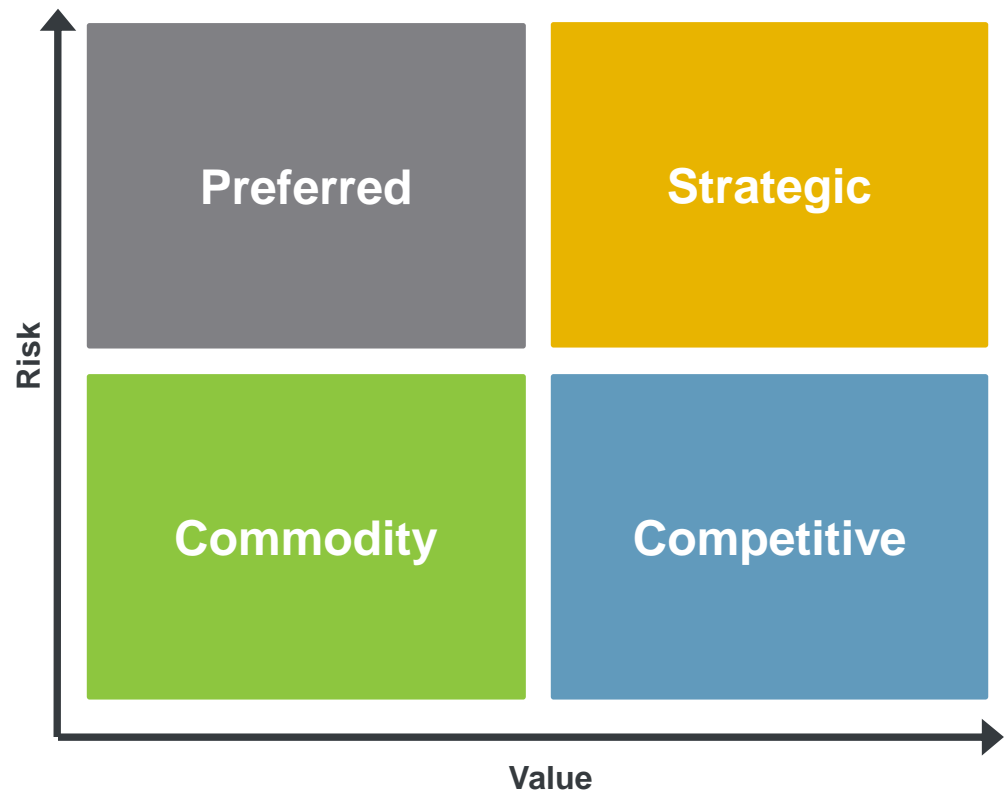
n **Spend**

n **Supplier Contract**

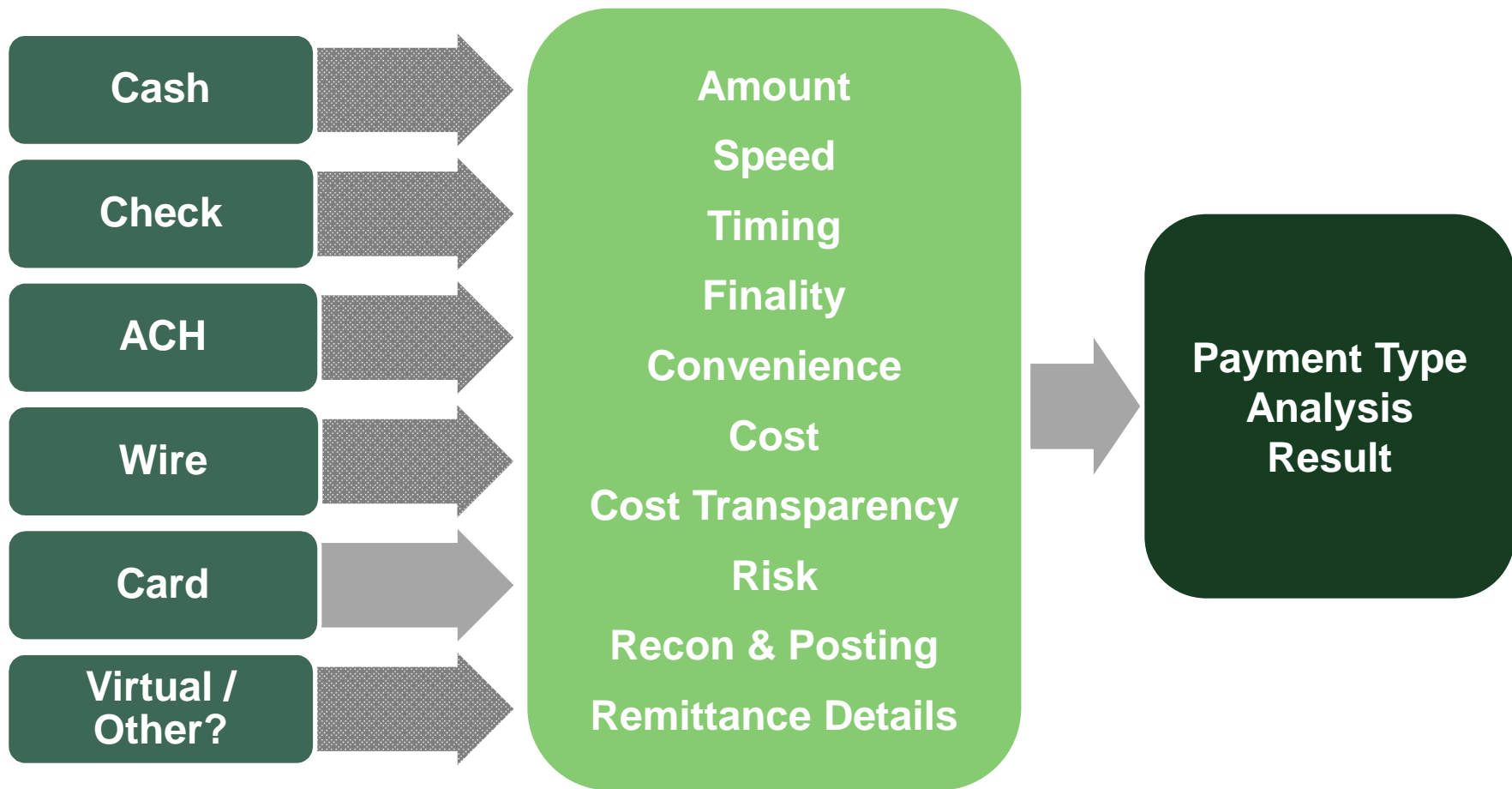
- Price
- SLAs
- Payment Terms
- Payment Type

n **Experience / Relationship**

*Supplier Type Matrix Example*



# Payment Formats & Utility



# Delivery Channel



## n Channel Considerations

- Channel
- Payment Direction
- Infrastructure
- Costs
- Convenience
- Interfaces
- Security
- Speed
- Remittance Details
- Trading Partners

### *Payment Channel Alignment Example*

Channel	User Type	Payment Types
In-person	Consumer	Check, Card, ACH
Mail	Corporate	Check
Online	Consumer, Corporate	ACH, Card, Wire
Mobile	N/A	N/A
File Transfer	Corporate	Check, ACH, Wire, Card
EDI	Corporate	ACH, Wire, Card

# Fraud Protection & Company Liability



## n Fraud Prevention

- Segregation of Duties
- Dual Authorizations
- Multi-factor Authentication
- Documented Procedures
- Formal Audits
- Employee Checks
- Separate or Standalone Computers
- IT Security
- Fraud Prevention Software/Solutions
- Automation with Controls
- Culture

## Rules & Regs

**Fed Regs**

**NACHA**

**UCC**

**Card Networks**

**OFAC**

**FDIC**

**FinCEN**

**SOX**

# Implementation / Execution



## Good

- Top Down
- C-Level Direction

## Better

- Bottom Up – Grass Roots
- WIIFM?

## Best

- All of the Above
- Organizational Momentum

# Best Practices / Considerations



- n Trends – Macro and Micro
- n Industry Standard Formats
- n Organizational Culture / Preferences
- n Trading Partner Culture / Preferences
- n Goals (Interim / Long-Term) with Timeline
- n Communications / Awareness / Reporting
- n Administration – *Keep the Payment Strategy Alive!*

What does  
**success** look  
like?

# Resources



n **Bankers**

n **Peers**

n **AFP**

n **Fed, NACHA, etc.**

n **Google**

- **Studies**
- **Surveys**
- **White Papers**
- **Reports**



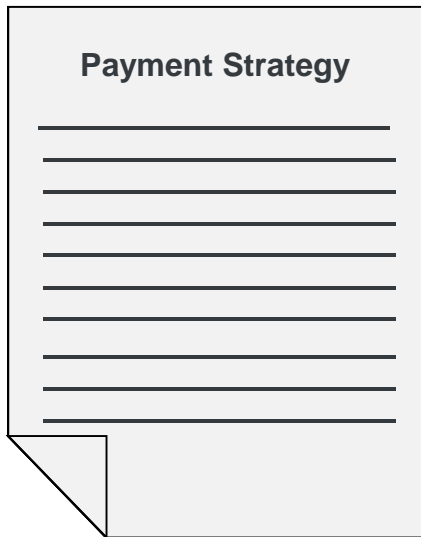


# Parting Thoughts



Which one is better?

*1-Page*



*Multi-Page*



# Parting Thoughts



***“A good plan today is better than a perfect plan tomorrow.”***

**George S. Patton**

**Thank You**



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