According to American Banker, commercial payments are due for a few changes in terms of innovation and accounts receivable. CNBC has recently reported that by the year 2020, it is expected that people around the world will make approximately 726 billion transactions via digital payments. In recent years, non-cash transactions have risen by almost 12 percent. However, competition from – and collaboration with – fintech is now prompting a shift in the market as companies discover the advantages of online payment systems such as electronic commercial payments (ECP) and cloud-based accounts reporting, payment and collection.

Inevitable collaboration

Fintechs or banks? Start-ups or traditional providers? According to PYMNTS.com, this conflict was headline news in 2013 but the predicted showdown never came. Instead, forward-thinking banks have partnered with financial technology innovators to create cloud-based offerings that solve their most pressing problem – customer satisfaction.

For fintechs, this means overcoming client reluctance to trust start-ups with large financial transactions, while traditional banks face the stigma of being “too old” or “out of touch” with digital innovations. With company finance departments watching HR, marketing and other divisions adopt agile, as-a-service solutions, there’s a pressing need for collaboration across industry lines. As a result, corporate payment processing is now a top concern for organizations. Markets Insider notes that clients are now experiencing “a lot of pain upstream and downstream of payment processing” with the lack of accelerated and efficient cash flow – it’s no surprise that ECP and other initiatives are getting off the ground.

Big benefits

So how can enterprises benefit from the implementation of digital ECP? First, this type of system consolidates multiple transactions, from ACH services to consolidated payables to wire transfer. It also helps overcome the problem experienced by many financial departments: Fragmentation.

Multiple report types and templates spread out across legacy systems that may not interact well with the cloud, let alone each other, and tasks that should take only minutes can quickly spiral into personnel-heavy, time-intensive efforts to find one specific form or backtrack a singular receipt.

ECP solutions can help solve one of the most pressing company problems: Getting paid (and paying accounts) more quickly. American Banker reports that “automating your AR processes is one of the simplest ways a business can reclaim operational costs, improve efficiency and accelerate cash flow.”
**Drilling down**

For company finance department leaders, it’s also critical to take a hard look at the ROI of ECP and the advantages of online payment systems. Consider the adoption of cloud computing – distributed resource allocation is designed to allow multiple processes and platforms to coexist. That’s the key benefit of digital ECP – instead of funneling cash through multiple points of contact and subjecting transactions to potential human error, the adoption of bank-backed, fintech-designed ECP ensures that all accounts payable and receivable are funneled through a single contact point. This both reduces the need for human oversight and improves auditing and reporting, allowing finance leaders to obtain AP and AR answers at a glance.

Achieving this kind of streamlined ROI doesn’t happen in a vacuum. With so many disparate platforms and systems in place across the company, it’s critical to partner with a financial firm that understands current pain points and can actively facilitate the integration, deployment and support of cloud-based ECP systems. Just as cloud innovation spawned a host of providers, some of which simply “cloud washed” existing network services, so too has the rise of digital banking prompted many institutions to roll out “digital” solutions that do little more than clean up existing systems and attempt to reconcile basic differences. True ECP is a shift away from the traditional methodology. With the right support, companies should be able to both reduce complexity and increase cash flow.

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