

# Emerging Trends in Treasury Management



October 12, 2023

Prepared By:  
David Velazquez

## Topics of Discussion

### Fraud Mitigation

- Are you prepared...

### Payables

- RTP, FedNow, Same-Day ACH...

### Receivables

- Why focus on receivables
- Cash Handling

# Fraud Prevention



# Fraud Prevention



Contrary to what some might believe, a company's size doesn't necessarily affect its ability to be targeted. Although the media focuses on high-profile cases, middle-market and smaller companies are just as likely to be victims. A 2021 cyber claims study found that 99% of cyber insurance claims analyzed are made by companies with annual revenues of less than \$2 billion<sup>†</sup>.



82% of reported incidents involved "the human element," whether through stolen credentials, malware, phishing attacks, or human error<sup>‡</sup>.



The average cost of a data breach in 2021 rose to \$4.24 million, the highest figure recorded in 17 years<sup>§</sup>. These costs involved everything from notifying customers to paying damages and fixing compromised systems, not to mention the cost of operational downtime and compliance fines

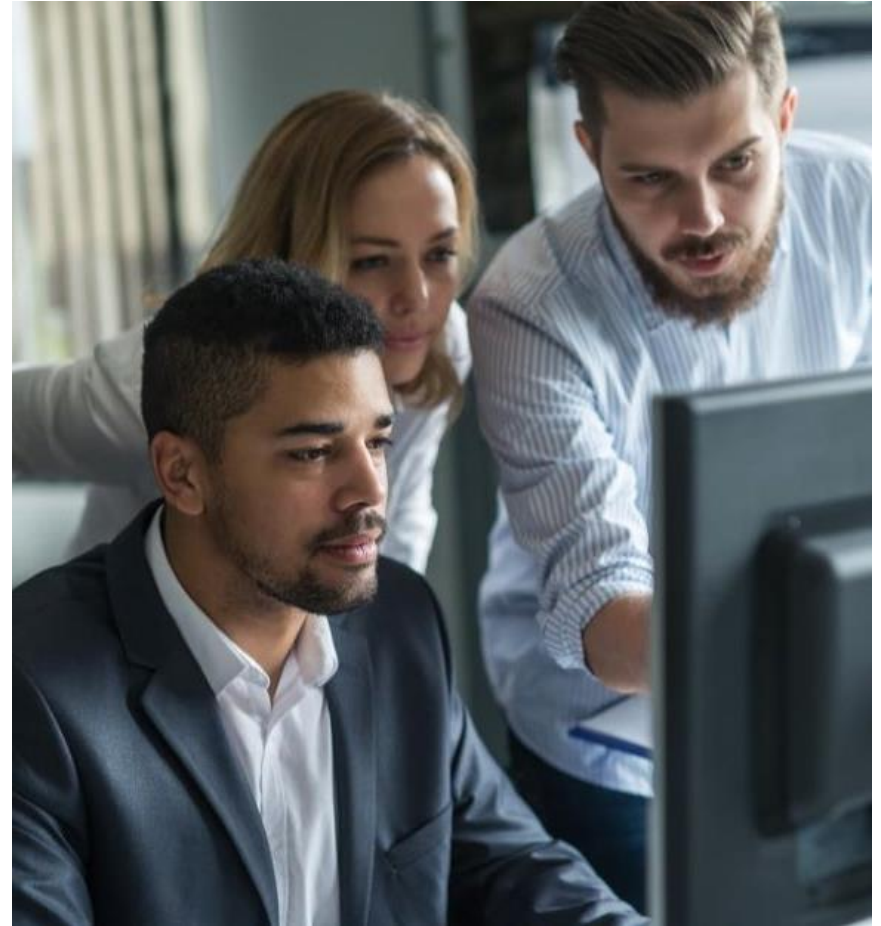
<sup>†</sup> Goodnight-Hoffmann, Heather and Patrick Florer. 2021. [Netdiligence Cyber Claims Study 2021 Report](#). Accessed March 14, 2022.

<sup>‡</sup> Verizon. 2022. [2022 Data Breach Investigations Report](#). Accessed June 13, 2022.

<sup>§</sup> IBM. 2022. [2022 Cost of a Data Breach](#). Accessed April 17, 2023.

## Fraud Prevention

- Fraud continues to be an issue that banks and their customers are dealing with
- Because of the volume of requests, resolution timeframes have also seen an increase. Some investigations are taking 6-9 months before a resolution is reached
- Although companies are more vigilant and aware of Business Email Compromise, there are still instances where wires are sent under false pretenses
- In addition, the frequency of online banking takeover schemes are on the rise



# Fraud Prevention

## What Can We Do?



Implement identity and access management (IAM) policies. Control access to account information by limiting the number of users who have online access



Positive Pay continues to be the strongest protection against check fraud as well as electronic debits



Two Factor Authentication, Dual Administration and Dual Approval controls are a strong deterrent and limiting factor in online takeover events



When account change instructions are received, calling to verify and/or requiring a bank letter can prevent payment fraud

# Different Forms of Fraud Prevention

---

ACH Positive Pay

Protection by placing filters and/or blocks on ACH transactions. **Only electronic payments that meet personalized criteria will be** processed. Easily set up and receive alerts via email.

---

Check Positive Pay

**Early detection of fraudulent, altered, or counterfeit checks by verifying items presented against a check issue file.** Exception or non-matching items are referred to the customer for review and decisioning via Business Online. Easily set up and receive alerts via email regarding exceptions, decisions, and approvals.

---

Reverse Positive Pay

Review daily exceptions on one screen and decide to pay, return, or pay but correct. This **allows the monitoring of checks posting to the account without uploading a file.** Easily set up and receive alerts via email regarding exceptions, decisions, and approvals.

---

Check Block

**Protects against fraudulent checks posting to the account** by transforming into an electronic only account. All paper based debits will be blocked.

---

Wire Block

The **ability to manage wire transfer activity;** blocks all incoming or outgoing wires on an account depending on business needs.

---

Confidential & Proprietary

---

# Payables





## A Brief History of Recent Changes in Payments

2016

**NACHA launches Same-Day ACH for credits**

Transactions were capped at \$25,000 and processing windows were limited

2017

**NACHA adds debits to Same-Day offering**

Transactions were still limited to \$25,000

**The Clearing House launches RTP (Real Time Payments) Network**

Payments settle 24/7/365 and are credit (push) only

2020

**NACHA increases per transaction limit to \$100,000**

Followed in 2021 by extending the operating hours by 2 hours

2022

**NACHA increases per transaction limit to \$1,000,000**

2023

**The Federal Reserve launches FedNow**

# Payment Options

In addition to cash, the industry standard available payment options cater to different needs.

	CARD	REAL-TIME PAYMENTS	AUTOMATED CLEARING HOUSE	WIRE TRANSFER	CHECK
<b>Description</b>	Physical or virtual credit card	RTP supported by The Clearing House's real-time payments system, enables customers to make an immediate payment at any time.	ACH allows you to make payments electronically to or from any domestic U.S. bank and many foreign countries, using a standard format.	Wire Transfer is a same day method of transferring available funds and supporting information to virtually any domestic or foreign financial institution.	Draft from a specific business account
<b>Funds Settlement</b>	Varies based on merchant settlement	Real-time (15 seconds)	Next Day (Standard) or Same Day, but dependent on settlement and bank processing windows	Same Day (10 minutes - end of Business Day unless wire held overnight for review)	Mail/Delivery Time
<b>Day Availability</b>	Authorization: 24/7/365 Settlement: Sunday-Friday	24/7/365	Business Days Only (follows Federal Holidays)	Business Days Only (follows Federal Holidays)	Business Days Only (follows Federal Holidays)
<b>Funds Availability</b>	Varies based on merchant settlement	Funds available upon settlement/posting to account	Funds available upon settlement/posting to account	Funds available upon settlement/posting to account	Float Schedule
<b>Payment Finality</b>	No; card transaction may be disputed with issuing bank	Yes; Irrevocable without receiver's consent	No; Returns possible and Revocable based on Nacha rules,	Yes; Irrevocable without receiver's consent	No; checks may be returned
<b>Transaction Limits</b>	Based on Customer Needs	\$1,000,000	Based on Customer Needs	Based on Customer Needs	Based on Customer Needs
<b>Send Debit Transactions</b>				X	
<b>Send Credit Transactions</b>	X	X	X	X	X
<b>Domestic or International</b>	Domestic and International	Domestic only	Domestic and International	Domestic and International	Domestic and International (foreign checks may settle differently)
<b>Automated Recurring Payments</b>	Cardholders may allow vendor to hold the card number for recurring payments.	Yes	Yes	Yes	
<b>Immediate Confirmation of Received Payment</b>	X	X			
<b>Extended Remittance Information</b>	X	X	X	X	
<b>Payee Information Required</b>	None	RT and Account Number	RT and Account Number	RT and Account Number	None
<b>Message Capability</b>	Invoice detail for virtual cards provided via email or online portal	Memo in payment message (140 characters)	Freeform Addenda record (94 character)	Four lines of Orig-to-Bene information (35 characters each)	Hand-written memo line

# Payables Practical Insights

Nearly half (49%) of organizations surveyed say it is very likely that they will convert the majority of B2B payments to electronic payment methods for their major suppliers in the next three years.<sup>1</sup>

## SAVING TIME

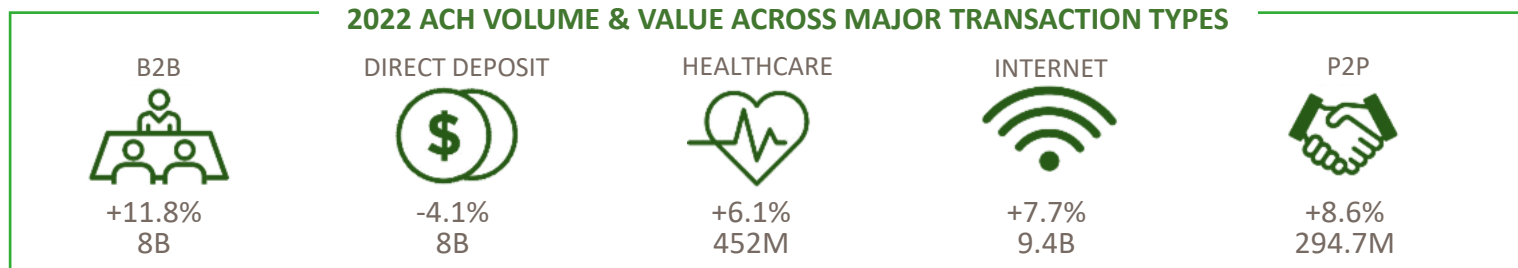
ACH payments help reduce the transition time between the payer and payee. Tracking of payments is much easier when electronic payments are adopted. **Over 60% of organizations believe faster payments will have a positive impact on their business.**<sup>1</sup> Further, the batch processing nature of ACH payments improves efficiencies for the accounting staff in processing and reconciling payments.

## IMPROVING CASHFLOW

Managing the flow of cash and the timing of receivables/payables are critical functions of any accounting department. **ACH payments dramatically improve access to funds vs. paper checks - shortening the payment cycle to 24 hours or less instead of 7 to 10 days for paper checks.** Using ACH templates reduces the possibility of human error and oversight. Improving flow and access while limiting mistakes is another solid reason to utilize ACH.<sup>2</sup>

## SAVING MONEY

Processing a check is **16 times more expensive** than electronic payments.<sup>3</sup> Help eliminate the research around lost or stolen checks too.



1. Association for Financial Professionals. 2019. *2019 AFP Electronic Payments Survey Report*. Bethesda: Association for Financial Professionals. Accessed April 14, 2020.

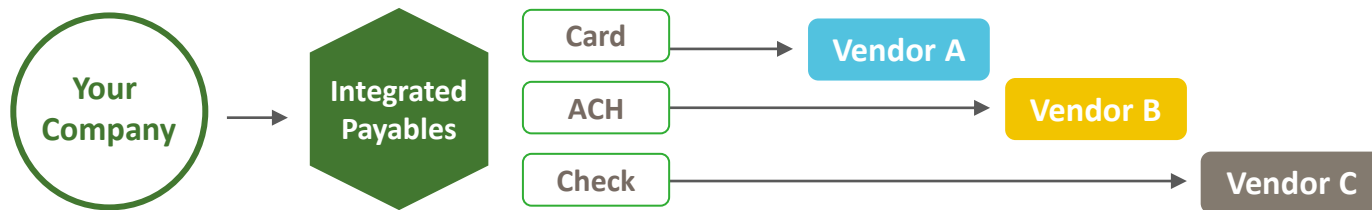
2. Broussard, Sarah. 2017. *Five Reasons Why ACH Payments to Vendors Make Sense*. Broussard Logistics. May 25. Accessed April 17, 2020.

Association for Financial Professionals. 2017. *Not Going Anywhere: Why Checks Still Matter*. Association for Financial Professionals. Accessed July 20, 2017.

3. Nacha. Accessed March 10, 2023

# Integrated Payables

Simplify the outgoing payment processes by converting paper checks to electronic formats (Virtual Card and ACH) and make reconciliation easy.



## WHAT HUNTINGTON DOES

- Automate the process of preparing AP disbursements, placing controls within an automated workflow
- Print and mail checks to eliminate the highly manual process in place today
- Provide check issue file information to protect checks from fraud
- Provide support to convert vendors from receiving checks to electronic payments where possible
- Provide reconciliation data by AP system to ease balancing and reconciliation back to the source system
- Program ACH Notification of Change (NOC) process by updating the vendor's account information automatically

## HOW HUNTINGTON DOES IT

- Huntington's portal is mapped to any data format file exported from AP systems to minimize IT work
- Create a file of payments to be made, including Vendor Name, Vendor ID, Check Number, Payment Amount, and Invoice information and upload it in the Portal
- Payment method is maintained by Huntington so there is no need to maintain payment method or manage separate General Ledgers

# Benefits to Electronic Payments



## Fraud Control Method

Replacing check payments with electronic payments limits the circulation of sensitive account information



## More Control

Because you're able to control the effective date of the transaction, you're able better manage the timing of the payments

In a rising rate environment, this becomes more valuable as you can more finely calculate your cash position



## Cash Rebate

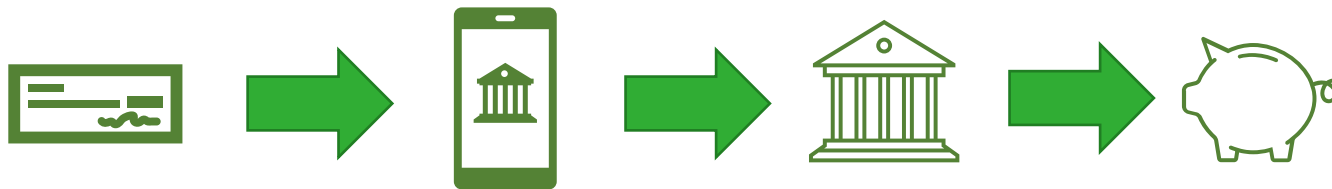
Adopting the use of a commercial card program can result in a cash rebate back to the organization

---

## Receivables

## Why Focus on Improving your Receivables Process?

- Much attention and development has been made in the payables space to improve data availability and speed of payment
- Paying attention to new payment methods and customer preferences allows you to expedite deposits, enabling you to generate interest revenue through additional investments if you're in a liquid position.
- Implementing a new payment collection model or invoicing system with tie-in payment options like this can help automate steps in the receivables process, reducing costs and increasing efficiencies.
- As payment methods evolve, so do payment preferences. What worked at one point in time – mailing invoices and receiving paper checks in return – might not be the best fit for your customers today.



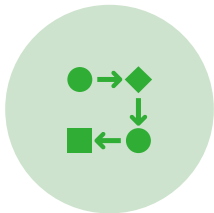
## Steps to Consider



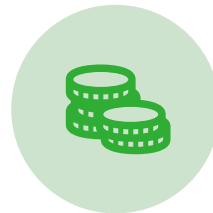
Assess the full cost of your process.



Evaluate personnel and operating costs for invoicing and posting.



Identify legacy or outdated processes that could be slowing you down.



Outline payment methods, costs, and timing.



Pay attention to best practices for your industry.

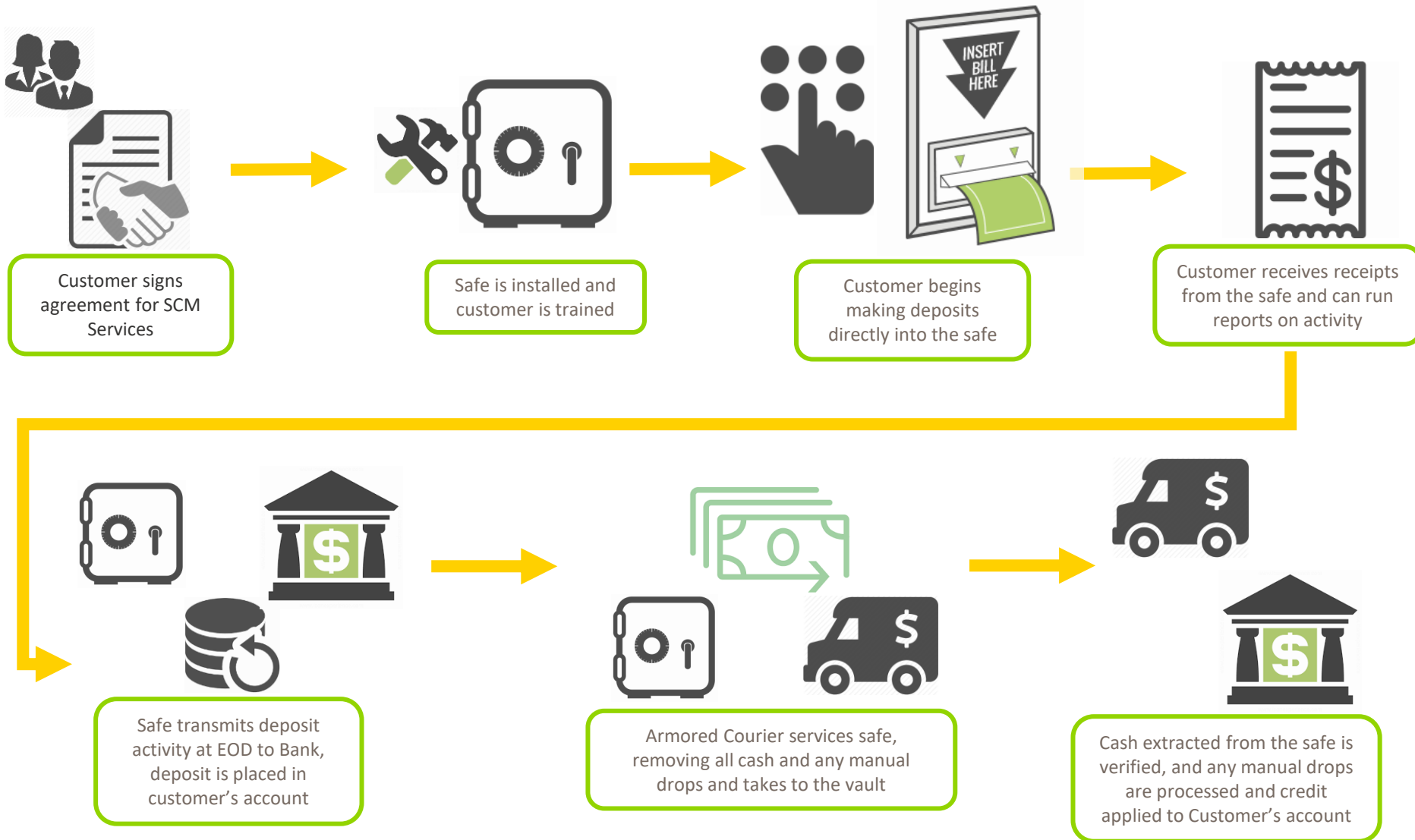


---

## Cash Handling

# SafeCash Manager Overview

## How does it work?



# Benefits of TM Cash Handling Products



- SafeCash Manager
- Vault Services
- Both Cash Products

# Disclosures

These materials have been prepared by The Huntington National Bank (HNB) and are provided for informational or illustration purposes only. Nothing herein shall be construed as an advertisement or offer to buy or sell any Huntington product, nor shall the information be considered advice or a recommendation to enter into or refrain from any transaction. Any statements, including opinions and recent quotations on rates and products, are subject to change without notice. The content presented within this material is based upon information that HNB believes is reliable, but HNB does not warrant its completeness or accuracy, and it should not be relied upon as such. Additional information to what is presented in this material can be made available upon request. HNB does not provide accounting, legal, or tax advice; you should consult with your accounting, legal, or tax advisor(s) on such matters. HNB is a wholly owned subsidiary of Huntington Bancshares Incorporated.

HNB and its affiliated companies, and their respective directors, officers, and employees, expressly decline and are not responsible for any liability for loss or damage whatsoever caused by or related to the use of information contained in these materials.



The Huntington National Bank is an Equal Housing Lender and Member FDIC. The ®, Huntington® and  Huntington. Welcome® are federally registered service marks of Huntington Bancshares Incorporated. ©2022 Huntington Bancshares Incorporated. All rights reserved.

Lending and leasing products and services, as well as certain other banking products and services, may require credit approval.

**Huntington Capital Markets®** is a federally registered service mark and a trade name under which investment banking, securities underwriting, securities sales and trading, foreign exchange and derivatives services of Huntington Bancshares Incorporated and its subsidiaries, Huntington Securities, Inc. and The Huntington National Bank, are marketed. Securities products and services are offered by licensed securities representatives of Huntington Securities, Inc., registered broker-dealer and member, FINRA and SIPC. Banking products and services are offered by The Huntington National Bank, member FDIC.

Capstone Partners is a trade name under which financial advisory and certain investment banking services of Huntington Bancshares Incorporated are marketed. Securities products and services are offered by licensed securities representatives of Capstone Capital Markets LLC, registered broker-dealer and member, FINRA and SIPC.

## **Huntington Insurance, Inc.**

Insurance products are offered by Huntington Insurance, Inc., a wholly owned subsidiary of Huntington Bancshares Incorporated and underwritten by third party insurance carriers not affiliated with Huntington Insurance, Inc.

## **HBI Title Services, Inc.**

Title Insurance products are offered by HBI Title Services, Inc., a subsidiary of Huntington Bancshares Incorporated and a licensed title agency authorized to sell title insurance in the following states – CO, FL, IL, IN, KY, MI, MN, OH, PA, SD, TN, WI and WV.

## **Huntington Private Bank®**

Huntington Private Bank® is a team of professionals dedicated to delivering a full range of wealth and financial services. The team is comprised of Private Bankers, who offer premium banking solutions, Wealth and Investment Management professionals, who provide, among other services, trust and estate administration and portfolio management from The Huntington National Bank, and licensed investment representatives of The Huntington Investment Company, which offers securities and investment advisory services. Huntington Private Bank® is a federally registered service mark of Huntington Bancshares Incorporated. Trust and investment management services are provided by The Huntington National Bank, a national bank with fiduciary powers.

## **Huntington Financial Advisors®**

Huntington Financial Advisors® is a service mark and trade name under which The Huntington Investment Company offers securities and insurance products and services. The Huntington Investment Company is a registered broker-dealer, member FINRA and SIPC, and registered investment advisor with the U.S. Securities and Exchange Commission (SEC). The Huntington Investment Company is a wholly-owned subsidiary of Huntington Bancshares Incorporated.

**Investment, Insurance and Non-Deposit Trust products are:** NOT A DEPOSIT • NOT FDIC INSURED • NOT GUARANTEED BY THE BANK • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • MAY LOSE VALUE