



Optimizing Receivables to Reduce Friction

Navigating solutions in a time of change.

A close-up photograph of a person's hand holding a black smartphone over a payment terminal. The phone's screen is blue and shows a white icon of a card with a signal wave below it, indicating a contactless payment. The payment terminal is black with a numeric keypad and a small screen. A receipt is partially visible on the left. The background is a blurred indoor setting, possibly a cafe or restaurant, with a white table and chairs.

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Optimizing receivables to reduce friction

Emerging technologies and new payment methods and patterns have created disruption in the world of receivables management. The COVID-19 pandemic forced customers to embrace digital and remote payments, exacerbating the disruption and speeding the change we've all seen for years.

In order to understand where your company should be headed, we suggest considering how systems have changed due to COVID-19 and ongoing industry transformations. By analyzing major trends, you can implement forward-thinking solutions that optimize performance for your company and your customers.

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\$6.7 trillion The value of worldwide digital transactions per year.

Year over year, analysts suggest that growth will continue at **12%** until at least 2025.¹

¹["Digital Payments," Statista](#), retrieved May 2021.



Why are receivables rapidly changing?

The fallout from the COVID-19 pandemic has forced all industries to implement digital-first business models, creating a rapid shift to exclusively online payments.

Pair this with the long-standing need for companies to keep up with the competition, as all companies must structure their internal systems to quickly and smartly receive and process payments and information. They must incorporate seamless, automated workflows and leverage new technologies to help them with their reconciliation efforts. And they must find organized and adaptive partners to support their efforts.

Where should your company make investments in your receivables solutions in order to foster your next stage evolution? Consider the following three trends.



The COVID-19 impact on receivables

43% of invoices in North America were not paid by the due date in 2020.

72% 2019-2020 year-over-year increase in payment defaults.²

“When we think about the future of receivables, our primary goals are to address pain points that cause friction when collecting payments as well as optimizing processes to maximize incoming cash flow.”

— Mike Allen

Head of Commercial Digital /Receivables /Payables Product, CTP, M&T Bank

²[Atradius: Huge Rise in Late Payments as Pandemic Recession Bites](#), July 2020.



Three major trends in receivables

Trend 1: Optimize liquidity and access to funds

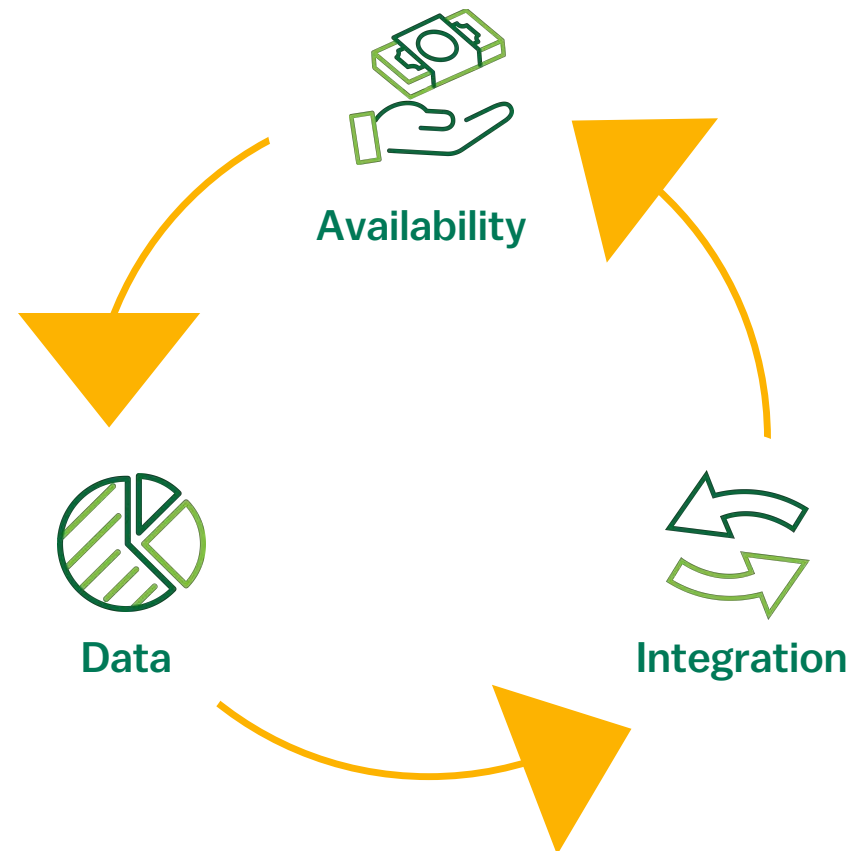
Funds today must move quickly. The speed at which you can access payments will determine how much cash you have available to allocate to your downstream budgets.

Trend 2: Leverage rich data to improve decisions

How much data is associated with each payment, how is that data collected and how are you using it to satisfy reconciliation needs? Thinking through raw and aggregated data will be essential, and how you organize it will provide deeper insights.

Trend 3: Create an innovative experience

Implement a nimble, flexible and adaptive experience not just for your customers, but for your company as well. All processes should be integrated, branded, seamless and as efficient as possible.





Trend 1: Optimize liquidity and access to funds

When was the last time you rethought deposit flow?

What exactly is your receivable department trying to accomplish? At the core you are trying to maximize the deposit flow to optimize your liquidity and speed up your access to funds. We all want to make sure that inbound money arrives as quickly as possible.

Tech can improve the flow of funds

The more you rely on technology, the better your company can streamline your businesses. Technology can create more efficient point-of-sale options, proactive financial alerts and more adaptable reports. Today, you can implement solutions that allow for same-day payment delivery and extended batch times to help you get paid quickly. As receivables technology continues to advance, your company will benefit by automating all processes that can be automated so that you can get paid faster with less administrative burden.

Average collection times based on automation³

Companies with higher degrees of automation can see significantly quicker availability of funds.

MEDIUM OR HIGH AUTOMATION

40 days

LOW OR NO AUTOMATION

52 days



"The biggest picture item for most businesses is availability—how funds move into your account, and how quickly you have access to it."

— Bob MacDonald Jr.

Product Manager – Commercial Deposits, Sweeps & Escrow Services, M&T Bank

³["B2B Payments Innovation Readiness,"](#) PYMNTS.com, September 2020.



Trend 2: Leverage rich data to improve decisions

Knowledge is power

The core function of any receivables technology is to accomplish reconciliation: matching inbound payments regardless of the transaction type or the payment channel back to an open record.

But examining the data associated with those transactions can deliver so much more. Accessing and analyzing data can increase your organization's abilities—and give your company power.

Easily identify what money is for what purpose

What is more important at the end of the day: how much money you have in your account or your ability to identify what it's for? While the bottom line matters, of course, being able to identify funds via instant and accessible data can be endlessly useful for allocation. Reduce your dependency on paper reports and instead use all-digital versions to allow for quicker access to reconciliation information.

"With so many types of payment available, being able to socialize key payment information back to our clients in a digestible way is a core component of how we think of receivables."

—Glenn Bett

Commercial Product Manager, M&T Bank

Three ways smarter use of data can benefit your company⁴



Identify who pays early and who pays late. This may seem simple, but it can streamline the way (and with whom) you do business.



Analyze payment methods to identify efficiencies. Want to know if your website is more streamlined than your brick-and-mortar? The data will show you.



Optimize your deals and incentives. Predict future incentives by analyzing what happened with past ones.

⁴["Can Data-Driven Accounts Receivable Management Strengthen Client Relationships?,"](#) Smart Data Collective



Trend 3: Create an innovative experience

Customers want to pay how and when they want

Create a reliable and adaptive experience for your clients, not only because that is what they want now, but because that is the future of receivables. If it's not already, the ability to be flexible in how payments are accepted from customers—whether via ACH, credit card or smartphone payments—will be essential for the future of most businesses. Customers and clients want frictionless payment experiences, so options should be fully integrated into existing webpages and be fully branded.

A seamless experience can benefit your company

Consolidated receivables can be difficult because there are so many variables. When companies accept different channels of payment, their information reporting comes at them in various formats and various channels. Web-based receivables might look starkly different from direct transmissions, for example, under systems that don't integrate all transaction types together. Streamlining that experience and data is essential, as is finding a cross-platform processing solution.

Three ways to accept payment today⁵

Make sure your merchant services and receivable solutions account for each of these methods or integrate one solution that allows any payment type.

PAY IN-STORE	PAY ONLINE	PAY ON A SMART DEVICE
<i>Countertop, wireless and compact payment types. Consider newer technologies as well, such as Apple Pay or Samsung Pay.</i>	<i>Take your business online or expand electronic payment processing options.</i>	<i>Securely transform your smart device into a mobile payment terminal to bring business directly to customers.</i>

⁵ Based on M&T Payment Services.

Navigating the ongoing shift to digital

Follow the needs and wants of your customer base

Your customers will be shifting to more innovative payment solutions so make sure your company is keeping up with how and where they want to pay. As payment systems evolve, innovations benefit the companies that integrate them.



"As you open up your payment options, make sure you choose receivables solutions with features and functionality that can accommodate those new payment technologies."

—Brianne Christiano

Commercial Product Manager, M&T Bank

Top 5 benefits of innovative receivables⁶

FASTER PROCESSES

68%

IMPROVED TEAM EFFICIENCY

64%

COST SAVINGS

60%

BETTER CUSTOMER EXPERIENCE

59%

AVERAGE DAYS SALES
OUTSTANDING IMPROVEMENT

46%

⁶["B2B Payments Innovation Readiness,"](#) PYMNTS.com, September 2020.

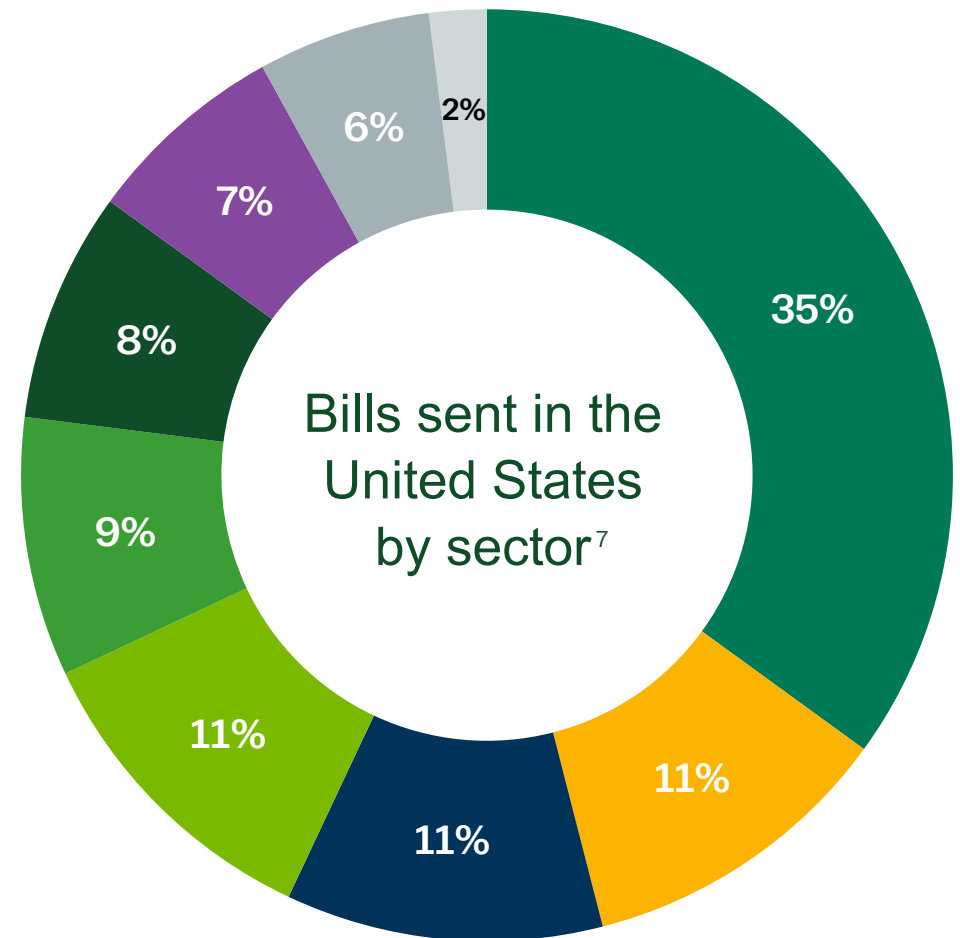


Receivables issues impact most sectors

The wide world of receivables

Business sectors have different needs, but they all can benefit from smarter uses of technology when it comes to receivables.

Regardless of what sector your business operates in, it is essential to design a customized receivables system that creates a direct line of visibility (with as little effort as possible) into your incoming funds.



- Financial services
- Utilities
- Healthcare
- B2B invoicing & payment
- Professional services
- Insurance
- Government
- Real estate
- Other

⁷Transactis Industry Specialization

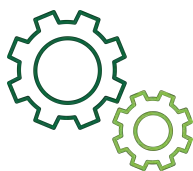


Three strategies to keep in mind for the future



Focus on comprehensive solutions

Configurable electronic billing and payment solutions, like our Invoice & Pay service, can give your business control over how you get paid, help automate receivables and streamline all of your payments operations. This includes automated file ingestion and posting via our Lockbox.



Boost operational efficiency

Remote deposit services streamline your business's cash flow, especially one like our Image Deposit Services, which uses your check images to process payments. You will have the ability to establish and manage business-rule driven exceptions.



Modernize your deposit process

Enhance your organization's efficiency by scanning checks for deposit and sending them to M&T Bank electronically, via our Remote Check Deposit. Away from your computer? With our Commercial Deposit App you handle stranded payments or low volume right on your smartphone.



Six solutions you should implement now for the future



Invoice & Pay

A comprehensive, configurable electronic billing and payment solution that gives businesses more control over how they get paid, automate receivables and streamline operations.



Lockbox Accounts Receivable Solutions

Get assistance with receivables processing and enjoy faster deposits and availability of funds.



Cash Vault Services

Manage your large volume deposits and orders with cash and coin processing, armored courier services and improved reconciliation.



Image Deposit Services

Boost the operational efficiency and cash flow of your business with our remote deposit service that uses your check images to process payments.



Remote Check Deposit

Enhance your organization's efficiency by modernizing your deposit process—scan checks for deposit and send them to M&T Bank electronically.



Merchant Services

Your customers may want to pay in-store, online or on a smart device, so make sure your receivable solutions account for every payment type.



Remember these takeaways

Advance to meet the pace of change

As you plan for the future of your accounts receivables department, remember that the way everyone does business will likely continue to change over the next few years. Keep these trends in mind and talk with your M&T Bank relationship manager about other emerging trends.

"We know business owners are looking to take the wisest, most-informed steps. At the end of the day, technology and organized data can be major drivers toward smart decision making."

—Raj Iyer

*Head of Commercial Digital Onboarding
/ Payables Product, M&T Bank*

MAKE FUNDS AVAILABLE	LEVERAGE THE POWER OF INFORMATION	CREATE AN INNOVATIVE EXPERIENCE
<i>Funds today must move quickly to allocate your downstream budgets.</i>	<i>Analyzing the data associated with each payment will improve decision-making.</i>	<i>All processes should be integrated, branded and as nimble as possible.</i>

Are you ready to optimize your receivables experience?

Speak with your Relationship Manager
or Payments Consultant today about
how we can help your business.

For more information, visit:

<https://www3.mtb.com/commercial/treasury-management/receivables>



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