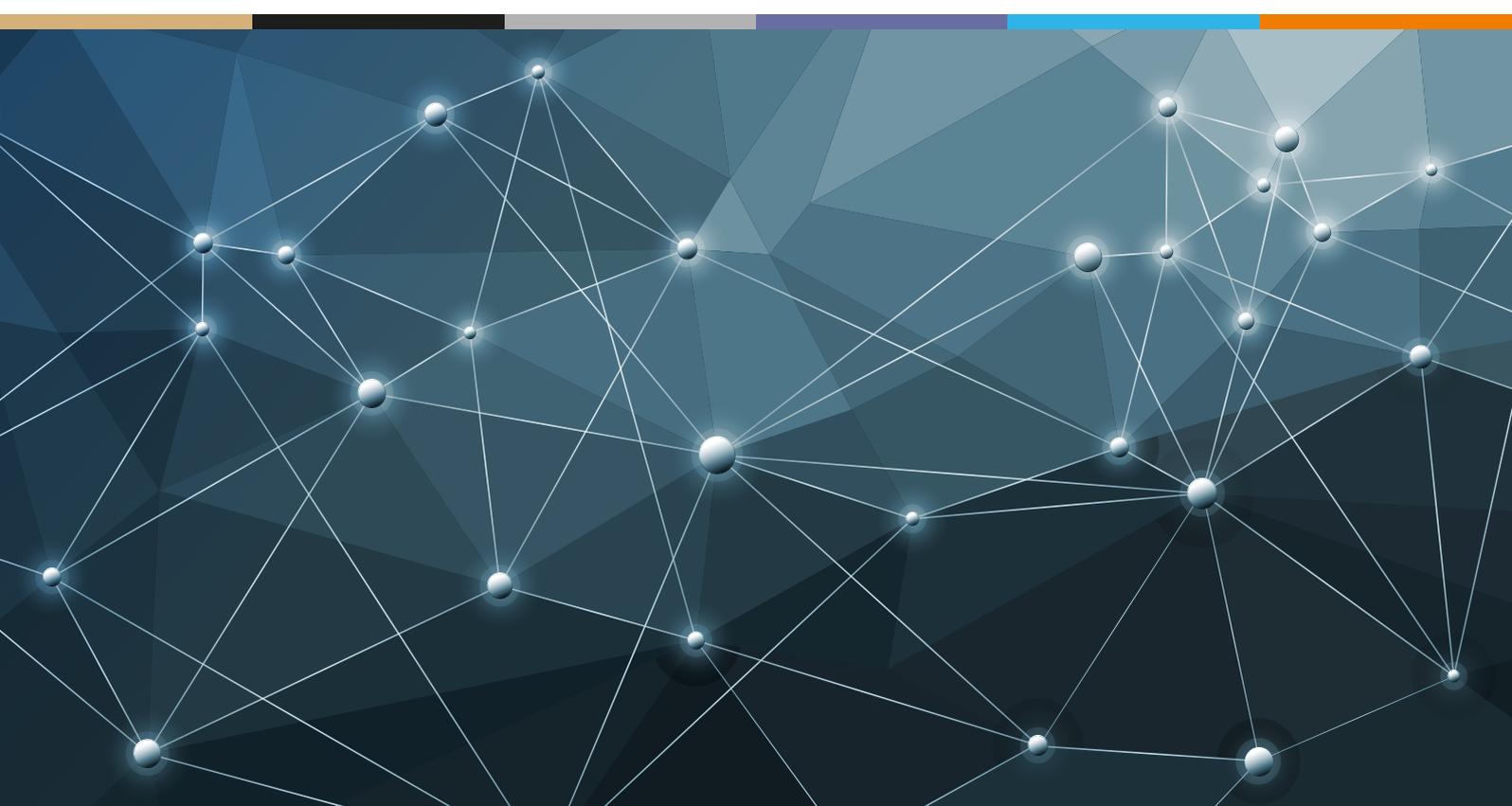


## B2B Fintech: Payments, Supply Chain Finance & E-Invoicing Guide 2016

INSIGHTS INTO THE B2B PAYMENTS, SUPPLY CHAIN FINANCE & E-INVOICING MARKET



“ The Guide offers invaluable market insights for professionals in the B2B payments, e-invoicing and supply chain finance space .

Friso Spinhoven | Senior Manager | Innopay

“ This guide, carefully documented, keeps readers informed about the latest developments and opportunities in Fintech, B2B payments, SCF, and e-invoicing .

Michiel Steeman | Co-founder | SCF Community

We'd love if you shared your newfound wisdom with friends:



## Commercial Payments under the Scrutiny of New Technology

New technology and innovation are words typically associated with consumer payments. Whilst technology and payments continue to converge in our consumer lives, the pace of convergence and innovation has accelerated in the commercial payments space. Recent innovations have impacted corporate payment behaviour, but are yet to truly disrupt commercial payments. In this article, we call out three themes that hold the potential to disrupt the payments space.

### Shared ledger technologies

There has been increasing interest in shared ledger technologies, with many global financial institutions looking into its use as a commercially viable tool, e.g. for trade finance transactions, for more streamlined cross-border payments, etc.

Shared ledgers, or blockchains, are digital and publically open records allowing transactions to take place without an intermediary such as a clearing house. The open source nature of these ledgers allows corporates to trade directly with any counterparties around the globe, offering various cost and time-saving benefits. Uneditable records are also created and shared with anyone associated with a 'trade' to enhance control and transparency.

The challenge for the industry is that wider adoption will impact existing operating models as corporates come to expect faster and lower-cost transactions. This technology could also drive disintermediation within the commercial payments space, e.g. by removing the need for the card payment schemes.

### Mobile, Wearables & Biometrics

The rise of the mobile savvy and the constantly connected customer is forcing traditional providers to rethink how they deliver commercial payment solutions to satisfy ever-changing and increasingly demanding expectations.

Mobility is a key word and mobile devices and wearable technology are ideal bedfellows. People are increasingly mobile in both their corporate and personal lives and expect technological advancements to support this.

Mobile and wearable technology not only provides a more streamlined and frictionless payment experience but also offers benefits such as more accurate employee location tracking (helping to reduce fraud incidents and supporting an employer's duty of care).

The convergence of commercial payment solutions with mobile devices is a salient trend and one that will remain at the crest of the innovation wave. We have already seen a number of mobile apps being developed for commercial banking and commercial cards being included as part of digital wallets – this is only the beginning.

Wearable payment development has also gathered pace, be it wristbands, smartwatches or NFC-enabled clothing. Device battery life (imposed by device size and current screen energy consumption), data privacy and security remain key barriers to wider adoption.

Biometrics will become interwoven with mobile and wearable technology. Passwords can be broken and authentication will shift towards identifiers like facial features, fingerprint, retina, heartbeat and vein recognition. All of which could be performed by a smartphone or wearable device.

Although challenges remain surrounding data privacy and educating corporate clients, biometric technology will eventually help increase payment security and provide more convenience when making payments.

### Virtual cards

Virtual cards, or single-use accounts, also have the potential to disrupt the payments space. Corporates, travel companies and governments increasingly understand the benefits these solutions offer (real-time expense capture, enhanced control, security, reconciliation and reporting) and spend levels have skyrocketed in countries where virtual cards are being effectively marketed. Growth has also been fuelled by the product's success in unlocking B2B and increasingly T&E spend that has traditionally been captured by other payment solutions, e.g. cash, cheque, etc. →



Chris Holmes

Senior Vice President  
KAE

About Chris Holmes: Chris leads various work streams across the Financial Services practice. He has managed multiple global projects across the payments, banking, FinTech, AltFi and tech industries. His specialist skills are geared to NPD, sizing and opportunity assessments, benchmarking, and best practice identification.

About KAE: KAE is a strategic marketing consultancy that has provided support to some of the world's largest payment and tech brands for the past 25 years. Operating globally from a London HQ, KAE has provided consulting and strategic advice in more than 50 countries across three core areas: Insight, Strategy and Analytics.

[www.kae.com](http://www.kae.com)

Share this story



→ Virtual cards hold the potential to disrupt the commercial payments space on two fronts:

- 1) Physical cards are likely to disappear
- 2) These solutions hold the potential to drive a step change in card adoption and usage levels

The challenge for the industry is clearly communicating and providing compelling evidence of the benefits that virtual cards offer and ensuring sales teams are trained to sell the solutions over and above traditional ones, e.g. corporate cards. To help unlock the opportunities in underpenetrated industries such as telco, construction, and healthcare, etc., issuers must develop tailored solutions to cater for any idiosyncrasies and overcome the card acceptance challenge.

### The Future

Technology holds the key to disrupting commercial payments and the growing FinTech movement will support this. Traditional commercial payment providers will look towards and work more closely with FinTech's as an alternative source of innovation to their own product development and delivery functions. The opportunity for banks is to build and launch disruptive technologies more quickly. The challenge is picking the right FinTech(s) that will help deliver scalable solutions. In the short-term, we expect issuers to increasingly focus their attention on developing virtual solutions and integrating these onto mobile and wearable devices.

Stargazing into the future, wearables will be the game changer as mobility becomes ever more important. Wearables will also be the bridging technology for embeddables. In the next 10-15 years, embedded chips in humans could become a reality. We are increasingly connected and interact with technology in our personal and business lives, and embeddables are the next logical step. More sophisticated chips will soon replace wearable technology, such as payment devices and fitness bands, and will help us all get used to a more connected and augmented lifestyle. As a concept, it is well aligned to payments. Embedded and inner-connected biometrics will enhance security and offer a more seamless experience.

The future looks bright for commercial payments but will not be without its challenges!