

CPI European Advisory Board's Working Group

Presenters:

Joanne Robinson, CPI

Chris Holmes, KAE

CPI European Advisory Board

- Provides focus on issues that are relevant to the region
- Advises on the development of the European Summit agenda and other European activities of CPI

Today's panelists

 **Andrew Auden**, Head of Product, Corporate Segment, Barclaycard

 **Eric Spencer**, Head of B2B Cards, EMEA, Citi

 **Alan Hawkins**, Head of Commercial Payment Solutions, ING

 **Edward Galvin**, Senior Director, Visa Global Commercial Expansion & Engagement

 **Chris Holmes**, Senior Vice President, KAE

Objective

- To generate **ideas** about how the commercial card industry can **work together** to **increase the level of acceptance** of commercial cards in Europe

Key Themes

- 4 key themes emerged:



Priority for
acquirers



Cross-industry
collaboration



Education &
communication



Co-opetition with
other solutions

Theme: #1



Priority for acquirers

- B2B acceptance is **not a priority** for acquirers
- Acquirers are **more focused on the consumer business**, which requires less complex skills and sales capabilities



- B2B merchants **require a dedicated sales force** that understands the specific characteristics of B2B and therefore this is **resource intensive**
- There is a **limited financial incentive** for acquirers to actively target B2B merchants



- **Quantify the B2B opportunity** for acquirers
- **Create flexible commercial models**, e.g. lower / flexible rates for B2B purchases (including interchange and passing margins onto suppliers), fee sharing, financial incentives to encourage B2B merchant targeting

Theme: #2



Cross-industry collaboration

- Issuers and acquirers have **not worked coherently to promote the benefits of cards** to B2B suppliers
- Even the case for issuers with internal acquiring operations



- Currently **no clear ownership** of who should lead the B2B conversation with suppliers
- Resulted in **B2B suppliers not being targeted or effectively engaged**



- Collaborate with acquirers to build more **value-laden propositions**
- Work with acquirers to **effectively identify and target B2B suppliers**
- Potentially **engage external companies or create an industry funded body** of B2B specialists to work with and educate suppliers en masse

Theme: #3



Education & communication

- A trend that has **continued over the years**
- Agreement that the industry **can rectify this situation quickly**



Issue

- Continued lack of **knowledge across the B2B marketplace** on the value of using and accepting commercial payment solutions
- Often compounded by **less than perfect education and capabilities** of internal sales teams at acquirers and issuers alike



Solution

- Create **compelling case studies** / provide **quantifiable evidence**
- Promote **ALL benefits** for suppliers: SOP, data provision, more revenue etc. but also **back office** efficiencies (reconciliation, invoice chasing)
- Enhanced **training and incentivisation** (where possible) for sales teams

Theme: #4



Co-opetition with other solutions

- **Working capital** is a **key concern** for suppliers (and buyers)
- Opportunity for cards to be positioned as an **effective solution to support suppliers' working capital needs**



- **Range of solutions are available** on the market for sellers (SCF / Reverse Factoring) and buyers (Invoice Financing and Factoring)
- **Card is not seen as a viable solution** for large transactions due to costs
- **Incoherent selling** - specific teams selling specific solutions to suppliers



- **Promote card as a viable solution** (longer DPO and shorter DSO)
- **Work closely with asset based lending colleagues** to provide a wider solution suite (expand working capital solution use vs. cannibalization)
- Target/engage **senior decision makers** in a more **consultative** manner



Navigating the regulatory landscape and finding emerging sectors is critical



- Q: “How’ll **interchange cap** impact views and **wider impact of PSD2?**”
- Consumer cap is likely to **exacerbate merchant concerns** on MDRs
- If **commercial cards included** in the future, **margins would be reduced** even further and **lessens the likelihood of cost sharing initiatives**, etc.



- Q: “What are the **emerging sectors** that present an opportunity for the schemes, issuers and acquirers?”
- Emerging sectors **likely to include**: IT, Telco, construction, manufacturing, engineering, transport, and healthcare

Call To Action



We need your support to help drive commercial payment acceptance in the B2B marketplace



- **Engage** more actively with acquirers (incl. quantifying opps & benefits)
- **Blue print** possible new commercial models for review
- **Identify and share** examples of best practice
- Consider **creating an industry funded body** to educate suppliers



- Promote card as a **viable working capital solution**
- Engage and work closely with **your asset based lending colleagues**
- **Target/engage senior decision makers** in a more consultative manner
- **Enhance training and incentivisation** (where possible) for sales teams

Over To Our Panel...

- Questions & Answers