

The check is
NOT in the mail:
Electronic
Receivables

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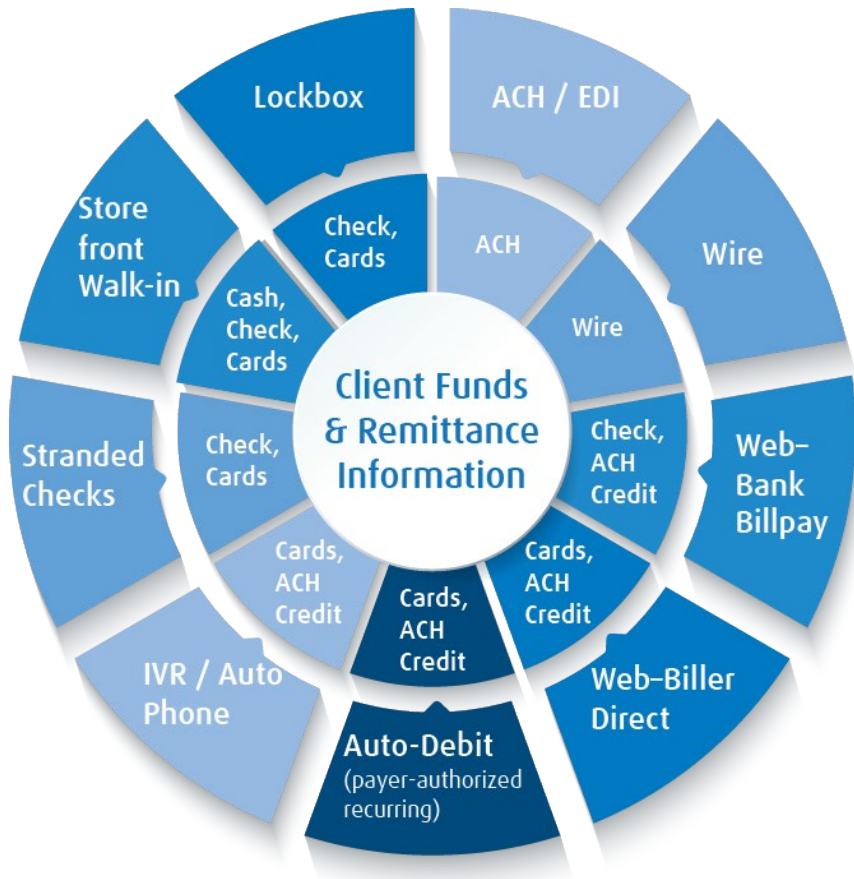
Accounts Receivable Simplification

- Why does it matter?
- Which receivables should you target?
- What are the associated costs?
- Which service(s) should you consider?
- How do you move forward?

Why does it matter?

- Proper cash application
- Timely reporting
- Fraud reduction
- Improved interest earnings/fee offset
- Ease burden to train new staff members

Sample Receivables Structure



Client Receivables Objectives



Getting paid for the goods and services they provide to their customers



Cash application – obtaining, posting accurate and timely remittance information

BMO helps our clients



- Choose and implement the right solutions to meet end-customer payment demands
- Simplify, reduce remittance complexity

Client Benefit



Reduce Days Sales Outstanding (DSO)

- Accurate, timely remittance information

Improve cash application

- Straight-through processing

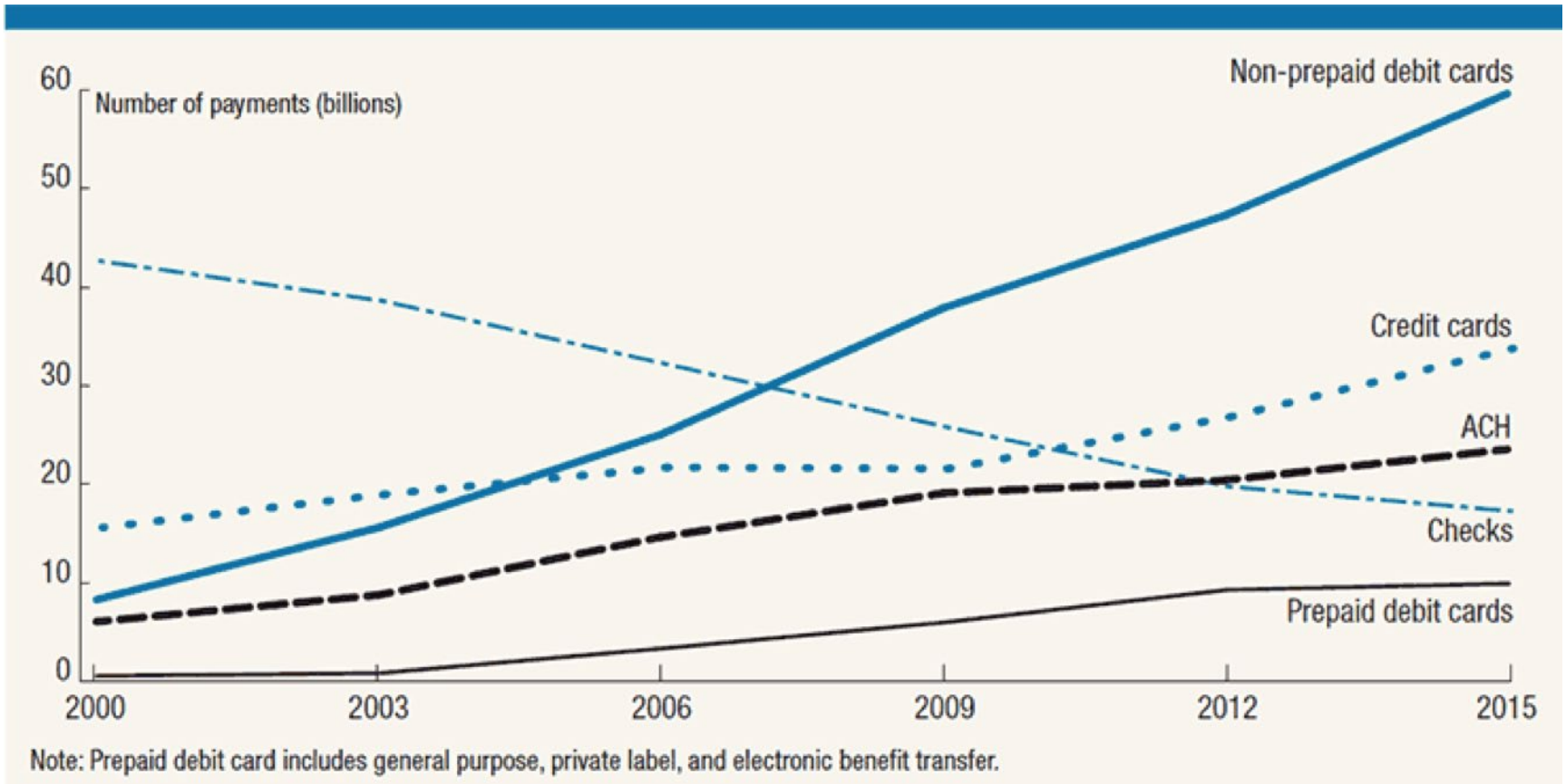
Reduce resource needs

- Refocus on core activities

Which receivables should you target?

- Nuisance payments
- Most significant internal pain/frustration
- Particular departments
- High volume, low dollar
- Recurring

Payment Trends



Source: 2016 Federal Reserve Payments Study, Federal Reserve Board

➤ Checks are no longer the primary way that most companies get paid

What are the associated costs?

- Cost/benefit analysis – internal time spent
- Technology infrastructure
- Implementation – staff resources and training
- Bank/vendor costs

According to The Association for Financial Professionals...

Receiving a paper check is more than 5 times more expensive than receiving an ACH transaction. The median cost of receiving a paper check is \$1.57. The median internal cost for receiving an ACH payment is \$0.29.

Source: 2015 AFP Payments Cost and Benchmarking Survey

What Service(s) should you consider?

1

Receivables Baseline

Discussion with senior receivables leaders

Results

- Business overview
- Goals definition

2

Analysis & Research

Data collection by your receivables team,
with BMO support
Review with receivables team and BMO

Analysis Tool

- Receivables Map

3

Receivables Solution Design

BMO preparation & presentation of receivables solution

Results

- Completed Map
- Solution Recommendation

4

Solution Implementation

Results

- Implement
- Realize Benefit

Automated Clearinghouse (ACH) for Receivables Initiation



Accelerate the availability of funds by collecting your payments electronically. ACH collection enhances cash flow forecasting, increases control over your receivables and reduces collection expenses.

- Select from the ACH Service in Online Banking for Business or opt to send payment files directly
- ACH is ideal for the collection of recurring payments. Schedule the collection of regular, repeating receivables to increase the predictability of cash flow
- Direct send enables you to initiate receivable files with full integration to your own internal Accounts Receivable system
- Converting paper to electronic receivables reduces the time and money spent on manually receiving and processing checks and invoices.
- Electronic receivables processes are more efficient and less costly than paper based collections
- Financial information and transaction approval is protected via a multi-level security framework that includes password management, system controls and multi-factor authentication via a change to an RSA SecurID® device

Example Municipality- ACH Initiation

- Before:
 - Received 2,700+ checks monthly
 - Seasonal increases due to water collections
 - Employees spent 4 hours monthly opening envelopes!
 - \$4,239 average internal cost in posting check payments
 - During:
 - Letter included in billing statement; included option for recurring
 - After:
 - 27% of payments converted to Muni initiated ACH
 - 2 hours quarterly updating billing amounts
 - Payment application = 3+ hours saved each month!
- \$748.80 based on AFP Survey

Same Day ACH – Moving Payments Faster

ACH has been enhanced, providing more benefits for our customers. Use Same Day ACH as an innovative and immediate solution to support the demands of our customers who need same day payment.

Same Day ACH Debits are useful to collect:

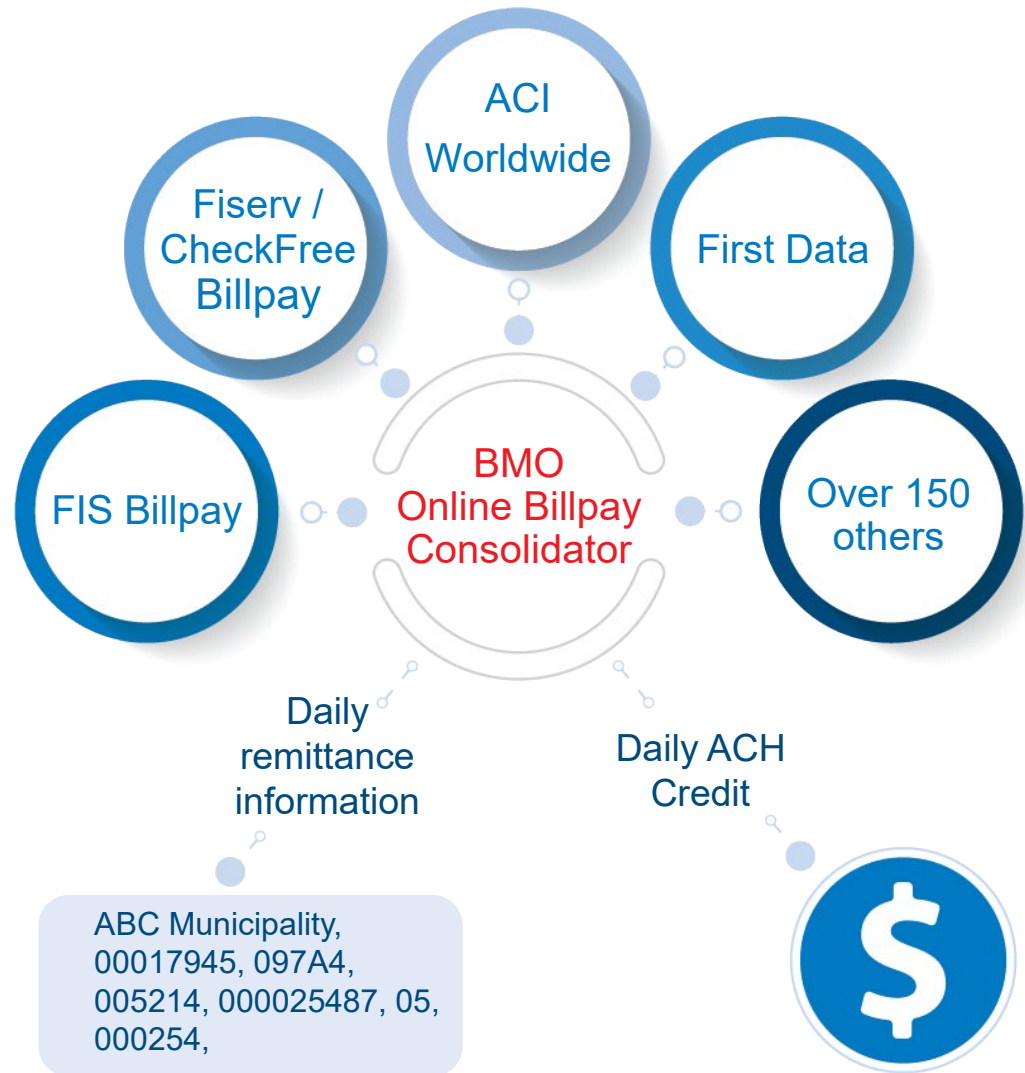
- ✓ Late consumer bill payments or to resolve service cut-off situations
- ✓ Other consumer payments through check conversion
- ✓ Expedited business-to-business invoice payments

Key Considerations:

- Some ACH transactions are ineligible for same-day processing. International transactions and transactions greater than **\$25,000** are not eligible. *Note: NACHA will increase the limit to \$100,000 beginning on 03/20/2020.*
- BMO deadlines for entering/sending ACH payments.
 - **12:15 p.m. CT** – File submission deadline for ACH Settlement line clients using [ACH via OLBB](#)
 - **12:30 p.m. CT** - File submission deadline for ACH Settlement line clients using [ACH via FTF or OpenText](#)
- Communications to trading partners / consumers that their account may be debited or credited on the same day as authorization has been received by end of business.
- Ensure sufficient funds are available for settlement of same day activity

Bank Billpay Checks – Online Billpay Consolidator

- Online Billpay Consolidator aggregates and digitizes payments made to you from many different bank billpay systems that would otherwise mail machine-printed checks.
- If you receive consumer payments, you may benefit from Online Billpay Consolidator.
- The solution aggregates payments into a single ACH credit each day, remittance information is delivered in your Comprehensive Receivables cash app file.



Example Municipality- Online Billpay Consolidator

- Before:
 - Utilized Lockbox for 3,700+ payments
 - 525 Billpay checks received at office or Lockbox
 - Exceptions created
 - Manual processing of checks in office
 - Employee time on these payment applications = \$824.25
 - Bank lockbox exception processing costs=\$194.75
 - After:
 - 1 ACH credit received daily with remittance file
 - Employee time spent on payment application = \$152.25
 - Bank fees for Billpay Consolidator = \$263.00
- Monthly net savings= \$603.75

How do you move forward?

Online BillPay Consolidator				8 Weeks
Initial Configuration				
1	Complete Processing Profile	ABC Municipality	week 1	
2	Provide samples for all bills, related account masks and types used	ABC Municipality	week 1	
3	Provide (if any) bill or account types not meant to be routed through the Online BillPay Consolidator system	ABC Municipality	week 1	
4	Provide list of all bills received in the last month	ABC Municipality	week 1	
5	Create RPPS ACH Debit Authorization Letter on Biller's (client) letterhead	ABC Municipality	week 1	
6	Compose Direct Send Termination Email if biller has Direct Sends	ABC Municipality	week 2	
7	Add Biller to Online BillPay Consolidator network according to processing profile specifications.	BMO Operations	week 2	
8	Program remittance file to Biller specifications	BMO Operations	week 3	
File Testing				
9	Create and provide test cash application file	BMO Operations	week 4	
10	Verify remittance file is received via specified method	ABC Municipality	week 4	
11	Verify that remittance file downloads and posts to internal systems properly	ABC Municipality	week 4	
Live Production and Promoting Service to Payers				
12	Move file configuration into production. Payment information will be received in cash application file.	BMO Operations	week 5	
13	Send Direct Send Termination Request email to route these payments through Online Billpay Consolidator	BMO Operations	week 5	
14	Production monitoring takes place – incoming payment volumes are recorded	BMO Operations	weeks 5,6	
15	Notify payers of new payment methods	ABC Municipality	week 7	
Post-Implementation Review for Online BillPay Consolidator				
16	Hold post-implementation review meeting	BMO Solution Delivery Project Manager /BMO Operations/ABC Municipality	week 8	
17	Perform any additional customization or adjustments as needed	BMO Operations	week 8	

How do you move forward?

ACH Debits – Sample Internal Process

- Consider internal controls
- Determine method for delivering ACH file to bank
- Communicate availability to payers
- Gain approval for recurring ACH debits
- Gather and securely store account data
- Process for managing changes in ACH instructions

BMO Comprehensive Receivables

The right solutions for each payment type

- Lockbox
- ACH / EDI Collections
- Remittance Email
- DirectBiller®
- Lockbox Distributed Capture
- Wire Collections
- Online BillPay Consolidator
- DepositEdge

Simplified

We identify key remittance information across remittance types and translate all to a common format.

We apply consistent processing rules and information improvement across all remittances.

Intuitive client access and cash application

Access all of your paper and electronic remittances through a single online dashboard that includes consistent information for all payments and is searchable across all payment types.

Receive a single cash application file each day to auto update your system with essential remittance information from all payment types.



Simplify your receivables, refocus your resources, get better information faster . . . increase auto cash application

Please reach out to your
BMO Harris Bank team for
details on services that
would best drive efficiency
for your municipality.

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