TREASURY SERVICES

UPDATE

An e-newsletter for treasury professionals

SPRING 2014

IN THIS ISSUE

Ian K. Stewart, BNY Mellon Treasury Services Chief Executive Officer

IAN STEWART APPOINTED AS NEW BNY MELLON TREASURY SERVICES CHIEF EXECUTIVE OFFICER

30-YEAR BNY MELLON VETERAN BRINGS BROAD INDUSTRY PERSPECTIVE AND EXTENSIVE BANKING INDUSTRY EXPERIENCE

BNY Mellon has appointed Ian K. Stewart as Chief Executive Officer of its Treasury Services business. A veteran industry executive with experience in multiple banking segments, Stewart most recently served as head of BNY Mellon's Global Client Management (GCM) group for North America, Developing Markets and the Europe, Middle East and Africa (EMEA) region. Throughout his 30-year BNY Mellon career, Stewart served as president of BNY Capital Markets, Chief Operating Officer of BNY Mellon GCM, as well as in various capacities across a number of banking businesses, including lending, corporate trust and risk management. He replaces David Cruikshank, who has been appointed BNY Mellon Market Segment Leader for Corporate and Public Finance clients within GCM.

Stewart recently sat down with Treasury Services Update *to discuss his perspective on the important issues that are most prominently impacting our clients today, what the future may hold, and how his past experience continually influences his vision for how to lead organizations toward successful treasury solutions.*

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TREASURY SERVICES UPDATE **(TSU):** Can you tell us about your background in the financial services industry and how that experience will help you in your new role?

STEWART: First, I am extremely excited and honored to embark on this new path to help our business guide and assist our valued clients as they move forward into this oft-changing, sometimes daunting, industry. My main goal at the outset is to leverage the wide perspective I've gained, from the various BNY Mellon businesses I've had the privilege to lead throughout my career, to embolden our thinking behind, and work for, institutions that look to us for solutions to their supply chain, liquidity and global payment needs.

This broad perspective allows me to bring a fresh understanding of the changes we're experiencing and ideas for how we can best adapt as an industry. Regulatory impacts are a global phenomenon necessitating top-notch compliance processes that affect how our clients do business with us. We are the conduit and keepers of their important data, and we need to remain vigilant to new requirements as they evolve. (The articles in this issue showcase many of our efforts in this area.)

As these mandates impact different industries and regions (abroad and locally) in various ways, BNY Mellon Treasury Services is leveraging its deep knowledge of the financial industry as a whole – and it is my goal to add to that bevy of knowledge – creating solutions that help organizations adjust to the headwinds while successfully running their operations.

TSU: We've recently received some encouraging news from our 2013 Global Treasury Services Client Satisfaction Survey. *(Editor's note: see the articles in this issue titled, "Survey Results Reveal High Client Satisfaction" and BNY Mellon Treasury Services Client Service Receives Top Scores to read more*). Looking deeper into the details of those survey reports, what do you believe are the main takeaways for our business, and how can we build upon this important feedback to continue providing effective solutions for our clients?

STEWART: As you'll read in the articles, the high satisfaction ratings that we've received globally from responding clients are truly great news. The areas of highest achievement – for client support, product and service and relationship team quality – reveal that we are indeed focusing on what our clients need from a service provider in today's marketplace – and delivering. We also know that high client satisfaction has a strong correlation to internal growth, so we are happy to say that we are on the right path.

But we also want to continue improving where we can. We're looking to increase our understanding of how our clients' businesses work so that we can build the exact solutions they need to handle the unique treasury issues they face. Their needs continually change, so our offerings need to keep pace. Our Relationship teams are taking an active role in conveying those issues to our experts who in turn are developing blueprints for future solutions. *(Editor's note: see the articles titled "Check Image Platform Upgrade Enhances Operational Quality" and "Streamlining Payments Collection via Automation" for more details on how we're looking to make a positive difference for how our clients operate.)*

TSU: On the subject of client needs, what is your assessment of the critical issues that treasury industry practitioners face today in trying to contain costs while expanding their profit margins, and what solutions do you see the industry needing to focus on as a result to help providers solve those issues?

STEWART: Two of the main areas of paramount importance I see, as they impact the treasury space and clients within it, are the ability to combine a global treasury perspective with organizations' regional (and global) needs, and effectively mapping the global regulatory landscape as it impacts how their businesses operate. My experience in cross-border financial markets, gained primarily from my tenure as head of Global Client Management for North America, Developing Markets and EMEA, has lent a unique global insight into the interplay of strategic client relationships across borders and how that impacts clients' financial issues, strategy and future needs.

In particular, the requisites for streamlined payment and trade systems become clear as we see organizations' demand for global financial solutions rise. And our recent commitment to a unified, global payments infrastructure is set to handle a complicated problem in a streamlined flow for our global clients. *(Editor's note: please see the article titled, "Shaping the Future of Global Transaction Banking," on the rolling out of this new system for more details.)*

As for understanding the needs of and dealing with the industry's risk climate, we maintain an ongoing awareness of regulatory issues as an evolving and changing mandate so that we can continue to develop products, services and corollary programs to adapt as the market requires. As we seek continual accordance with the industry's latest compliance requirements, our procedures need to adapt to evolving scrutiny as well, as we are important partners in the world of financial oversight.

TSU: Specifically, how do you see us evolving our services to keep pace with changes in the regulatory environment, such as those driven by initiatives including important regulations of the day, like Single Euro Payments Area (SEPA) legislation and The Affordable Care Act, to name a few?

STEWART: Our latest solutions – those recently launched and those currently in development – are in response to this environment of heavy oversight, and provide direct ways for clients to handle information availability and accessibility in this new era. Our global payments infrastructure, as mentioned above, is a prime example of how we are effectively and constructively responding to the industry's need for transparency, control, and centralization in payments via a stable and trusted provider. Focused initially on Euro clearing capabilities for our global clients, the new infrastructure will harness and extend BNY Mellon's established strengths as a processor of US dollar-denominated payments across the extensive array of global currencies that BNY Mellon supports as a major provider of global payments and foreign exchange services.

For corporations with payments impacted by SEPA legislation, which aims to harmonize Eurozone payments and collections, we provide services designed to assist clients in their efforts to comply with the new requirements via a few easy steps through our Global Mass Payments (GMP) service. *(Editor's note: please see the article in this issue titled, "BNY Mellon GMP Solution Allows SEPA–compliant ACH Payments").* The solution is designed so that affected BNY Mellon payments will continue to be processed with minimal potential impact to clients.

Overall, to help clients operate successfully within this expanding environment, our latest offerings provide organizations with greater insight into their key performance data – an integral factor when making strategic cash decisions. Our Intraday Liquidity Analytics solution, for example, is designed to help clients in their efforts to address liquidity transparency and intraday overdraft coverage requirements. Available via the TreasuryEdge℠ electronic banking platform, the service aims to help clients better manage costs associated with intraday liquidity, reduce intraday overdrafts and manage payment flows more easily and efficiently.

And in response to the greater need for insight into data and quality analytics as a result of The Affordable Care Act, our soon to be available Healthcare Analytics℠ solution (offered as part of our Healthcare iRx Solutions®) is being designed to supply key health system stakeholders with actionable intelligence around extensive data – currently available in disparate systems – to help validate and accelerate their decision-making on cash flow, investment and purchasing matters.

Additionally, as the legislation is transforming multiple aspects of the healthcare business model, our services for healthcare systems and providers offer a series of payment collection and data tools designed to assist clients in their efforts to address this changing marketplace *(Editor's note: see the article in this issue titled, "The Changing Healthcare Business Model" for more on these services.)*

These are just a few examples of how our products and services are homing in on the regulatory landscape with new solutions to our clients' evolving needs.

TSU: As you've touched on, a growing number of diverse industries have been successfully using treasury services to help them manage their cash flows, streamline their back-office operations and improve their access to and data around liquidity. Looking ahead, what industries do you see moving toward greater usage of treasury solutions to help solve these issues, and why?

STEWART: In North America, we are seeing an uptick in the need for new treasury solutions in industries as diverse as healthcare (as mentioned above), and insurance, specifically as the latter faces the need to streamline payment collection, disbursement and online payment services. Each of these markets is unique in its particular needs, stemming from their particular niche of payers, collection systems and regulatory oversight, which again comes into play as its overarching importance impacts all industries we help.

In addition to the healthcare regulatory needs we've discussed, the insurance industry faces increased oversight in many areas, including strict guidelines around the processing of regulated remittances and the effective management of retained asset management programs, to name a few. Our solution sets available to this important segment address these particular needs, as well as crossover solutions to address issues that both industries face. Our Automated Medical Claim Payment solutions, for example, are designed to streamline claim processing requirements via one flexible solution for both industries – a growing necessity to accommodate changes mandated by several upcoming regulations.

(Editor's note: for more on our insurance solutions, please see the article in this issue titled, "Regulated Remittance Processing for Insurance Companies-Elevating the Receivables Process to Meet New Requirements".)

For more information on how BNY Mellon Treasury Services – under the new leadership of Ian Stewart – is actively engaged in our changing marketplace, please call your Relationship Officer or contact us at 1 800 424 3004 (Option 2) or treasury@bnymellon.com.

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ANTHONY BRADY APPOINTED

GLOBAL HEAD OF BUSINESS STRATEGY & MARKET SOLUTIONS FOR BNY MELLON TREASURY SERVICES

Anthony F. Brady
BNY Mellon Treasury Services
Global Head of Business Strategy & Market Solutions

EXPERIENCED TREASURY SERVICES EXECUTIVE SERVED PREVIOUSLY AS CHIEF ADMINISTRATIVE OFFICER AND INTERIM HEAD OF GROUP

BNY Mellon has appointed Anthony F. Brady as managing director and global head of the Business Strategy & Market Solutions (BS&MS) Group for BNY Mellon Treasury Services.

A veteran BNY Mellon Treasury Services executive, Brady has served in leadership positions in a number of important areas during his 31-year career with the company, including new business development and Treasury Services operations. He managed the merger and integration program that combined the relevant technologies and operational support structures of heritage BNY and Mellon into a cohesive global Treasury Services product set. Most recently he has served as interim head of the BS&MS group, Treasury Services Chief Administrative Officer and senior Treasury Services executive for BNY Mellon in the Pittsburgh region.

“Tony’s appointment reflects his strong performance as interim head of our BS&MS group,” said Ian Stewart, executive vice president and chief executive officer by BNY Mellon’s Treasury Services business. “His leadership skills and extensive operational and organizational experience make him the right person at the right time to guide our development and delivery of client-focused treasury services solutions.”

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SHAPING THE FUTURE OF

GLOBAL TRANSACTION BANKING

Alan Verschoyle-King, Global Head of Sales and Client Management for BNY Mellon Treasury Services, discusses innovation and commitment to the payments business in a recently released video on bnymellon.com. Specifically, he describes our investment in a new payments architecture at a time when the demands of regulatory change are causing some providers to question whether to exit the payments business altogether. He explains that, where many banks saw problems and obstacles, we saw opportunity.

[Watch the video]

BNY MELLON IS CHANGING THE FUTURE OF GLOBAL TRANSACTION BANKING

In the years since the financial crisis, the need for greater transparency, comprehensive risk management and financial stability within the banking industry has become evident to regulators, customers and banks themselves. Recognizing this, BNY Mellon Treasury Services has made an investment in global payments technology that will reshape the future of transaction banking.

When fully rolled out, this enterprise-wide project will enable the processing of any payment on a single platform, regardless of the payment initiation method, its value, currency, domicile, or clearing or settlement mechanism, and it will support payment transactions in more than 130 currencies.

While the rollout of this new global technology will take place in several planned phases over the next few years, our European offices have been the first to benefit from these expanded services. Our Frankfurt and London offices moved to the new platform on January 12 and February 10, respectively. Additionally, London became a direct participant and shareholder in the Clearing House Automated Payment System (CHAPS) on May 19.

As a member of CHAPS, we have expanded our direct clearing capabilities to include GBP (pound sterling) in addition to the USD and EUR we have been supporting for many years. Future phases will include the continued expansion of the currencies we support via our London multicurrency hub, which is currently targeted for fourth quarter of this year and expansion of the services to our New York multicurrency hub currently scheduled to begin in 2015.

BNY Mellon is a leader in customer satisfaction among its peers and recognized as one of the world's safest banks[1]. Our investment in the future of

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transaction banking underscores our commitment to innovation and our consultative approach to client relations.

[1] Global Finance magazine, World's Fifty Safest Banks, 2013.

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BNY MELLON GLOBAL MASS PAYMENTS SOLUTION ALLOWS

SEPA-COMPLIANT ACH PAYMENTS

PAYERS ABLE TO CONTINUE EURO TRANSACTIONS WITH MINIMAL CHANGE/IMPACT

As of the February 1, 2014 deadline for the Single Euro Payments Area (SEPA) migration end date regulation,* BNY Mellon Treasury Services has implemented a solution to offer SEPA-compliant payments via our Global Mass Payments (GMP) service. SEPA – which aims to harmonize the Eurozone's payments and collections landscape – seeks to standardize all next day, non-urgent euro payments through the use of a single, all-electronic straight-through processing system. As a result, the 18 previously existing national payment systems will be decommissioned, leaving a single European-wide ACH system for euro transfers. U.S. multinational corporations using one or more of the localized low-value euro systems to send international ACH (IACH) transactions in the 18 euro countries are impacted by the regulation and must make their ACH payments SEPA-compliant.

Using our GMP solution, corporations with payments impacted by SEPA can transform their payment files via a few easy steps. The SEPA legislation requires payers to add IBANs (International Bank Account Numbers) and BICs (Bank Identification Codes) to their existing payment files that are affected by the new requirements. BNY Mellon's GMP solution allows customers, by changing their payment file submissions from the current BBAN format, to automatically transform their payment files to add IBAN and BIC to their payment files without having to send different file formats. The solution is designed to help ensure that affected BNY Mellon payments will continue to be processed with minimal potential impact to customers.

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Why the Industry Change?

Previous to the SEPA implementation, many U.S. corporations were hindered by an overly-complex system for making low-value payments in Europe. Participants tended to manage multiple bank accounts with numerous banking relationships and payment formats, along with various cut-off periods. With SEPA in place, the goal is to create easy access to a streamlined system that is designed to give multinational corporations greater flexibility and market opportunities. It also allows corporations to consolidate banking relationships that may lead to lower costs, more payment processing efficiency and faster payment transfers when moving euros within the Eurozone.

SEPA payments – as offered via the GMP solution – may provide organizations with:

- **no lifting-fees** – The low value payments across euro countries will not include lifting fees. The beneficiary will receive full value of the payment;
- **single-day settlement** – SEPA payments will settle in one day when they reach Europe, instead of transaction settlement times varying by country, as was the case previously;
- **easy format compliance** – IBANs and BICs are easy to obtain from beneficiaries, as many banks have been using IBANs for many years, and several online look-up tools exist for adopting BIC formats. Additionally, BNY Mellon offers assistance with IBAN and BIC format validation.**
- **consistent payment formats** – With format consistency, payments are designed to be streamlined, there are virtually no limitations on the types of payments made in a country, and the total number of settlement accounts that payers must submit are reduced; and
- **faster, more uniform processing** of returns, rejects and recalls – as the new standards offer clearer reasoning for payment exceptions.

For more information on how BNY Mellon's GMP solution may help ensure your international payments are SEPA-compliant, please contact us at treasury@bnymellon.com or 1 800 424 3004 (option 2).

*Although the SEPA deadline was extended to August 1, 2014, many countries adopted the legislation prior to February 1, 2014. Conversely, some countries are extending the adoption of SEPA by a few weeks, and some are extending the adoption until May 1, 2014.

**Contact your BNY Mellon Relationship Officer about how to obtain or confirm correct IBAN/BIC formatting information.

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2014 ACH

OPERATING RULES UPDATE

AMENDMENTS IMPACT ACH SYSTEM GUIDELINES

Each year, NACHA, the Electronic Payments Association, announces Automated Clearing House (ACH) operating rule changes that affect the ACH system. Recent amendments to the NACHA operating rules include the following:

Shortened Prenote Response Time – Effective September 19, 2014, the period for issuing a notification of change (NOC) in response to a Prenote has been shortened from six banking days to three. This allows for live transactions to be sent earlier (i.e., the second banking day after the Prenote's settlement date versus the fifth banking day after the Prenote's settlement date). Additionally, the amendment to this rule addresses NOCs received after the allowed waiting period has elapsed and the originator's responsibilities in making corrections.

Proof of Authorization for Non-consumer Transactions – Effective September 19, 2014, receivers can request proof of a non-consumer receiver's authorization. Upon receipt of a written request from the receiver, the originator must provide either the actual authorization or contact information (i.e., name and phone number or e-mail address) within 10 banking days of receipt of the request.

Expanded Automated Returns Process to Assist in Unintended Credit Resolution – Effective March 20, 2015, the automated returns process will be expanded to support resolution of situations where the reversal process has resulted in, or not resolved, an unintended credit to the receiver. This applies to both erroneous debits (and their correcting credits) and erroneous credits (and their correcting debits) sent, after which the receiver allows the credit to post but returns the debit.

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For more information on the latest ACH Rules updates, please contact us at treasury@bnymellon.com or 1 800 424 3004 (option 2).

BNY Mellon Clients Receive Discount

To help you stay up to date with current ACH operating rules, BNY Mellon clients can order a copy of the Corporate Edition of the 2014 NACHA Operating Rules and Guidelines at a discounted price of $35.* To receive your copy (book or CD), access the order form at http://www.bnymellon.com/treasuryservices/forms/rules.pdf and mail or fax it to the address listed on the form. You can also use the Internet Customer Service feature of BNY Mellon TreasuryEdge^{SM}, our electronic banking portal, to request a copy. The order form is located within the Internet Customer Service menu item of TreasuryEdge under 'Service Requests', 'ACH', 'Order the ACH Rules Book'.

Purchasing a copy of the rules book allows buyers to access convenient online research tools, key words and compliance topics via NACHA's Web site at www.nacha.org.

* A one-time charge of $35 per copy will appear on your BNY Mellon monthly billing statement.

THE CHANGING HEALTHCARE BUSINESS MODEL:

MANAGING IMPACTS TO PAYMENT COLLECTION PRACTICES

By Rose Wojciechowski
BNY Mellon Healthcare iRx Solutions®
Market Manager

MULTICHANNEL PAYMENT AND DATA DELIVERY SERVICE IMPROVES PATIENT PAYMENT EXPERIENCE

The Affordable Care Act has altered the healthcare business model, shifting additional financial responsibility to patients as their medical costs continue to grow. It is projected that healthcare patient out-of-pocket expenses will rise to more than $340 billion by 2016, which is a 12 percent increase over 2011 costs.[1] This shift in responsibility is due in part to the growing use of high deductible insurance plans, such as Health Savings Accounts.

As a result, Healthcare providers are experiencing a rise in self-pay collections both at the point of care and post billing. According to the American Hospital Association, hospitals lose about $40 billion annually in bills that go unpaid.[2] And the fact remains that healthcare providers continue to compete for patient payments against the many rising costs that continue to pull at consumers, such as escalating insurance premiums and everyday essentials, including housing, groceries, fuel and education, to name a few. As a result, implementing appropriate tools and payment strategies that place more emphasis on patient engagement and improved collection practices is critical for healthcare providers to stay financially sound. Offering patients intuitive payment and data tools can be a key component in successful payment collection.

Benefiting All Players

BNY Mellon Healthcare iRx Solutions® offers a multichannel payment and data delivery service that can span a health system's payment collection points, including Point of Service, call center, pre-arrival, Web, mobile and the central business office. The solution manages the payment process from bill presentment through bank account deposit reconciliation, and offers the ability to process healthcare payments within hospitals, clinics, ambulatory care and physician practices as well as non-healthcare transactions (i.e., gift shop, cafeteria and parking lot fees) through a single platform.

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The solution allows patients and other users to receive one consolidated bill of their account activity, including their dependents. Payments can be submitted using cash, check, credit/debit card or ACH debit, and the service allows the provider to offer installment payments – an option that may determine patients' ability to pay balances on time. Transaction tracking and balancing, automatic reconcilement of deposit accounts, posting to a provider's general ledger and billing systems are all simplified through this process.

An integral feature is the solution's flexibility, which allows it to be integrated into a provider's branded Web site using portal-based authentication or quick pay services. Future enhancements are currently planned to expand the service, including digital wallet payment collection capabilities. This feature would allow the electronic payment of services via a patient's mobile device, such as their smart phone or tablet.

By deploying our multichannel payment and data delivery service, healthcare providers may improve and simplify the payment experience by eliminating multiple transactions when patients have more than one medical encounter within a single day, identifying pending payments and reducing multiple customer requests for a payment. In addition, healthcare providers can automate payment collection workflows to assist in their efforts to ensure consistent payment management across the enterprise to support centralized research, reporting, audit and control and reconcilement. Bank deposits are easily reconciled, regardless where a payment is remitted or the type of payment made (e.g., cash, check or credit card) due to the integrated payment platform and data repository. And our integrated approach also provides patients and staff members with real-time information including pending payments, which eliminates the need for multiple requests to patients for payments that have already been received.

The solution aims to support the goals and objectives of providers' revenue cycle operations designed to help ensure the financial integrity of an organization's patient payments program and process.

To learn more about how delivering unified, enterprise-wide views of total patient responsibility across multiple billing systems can help increase your payment collection opportunities, please contact us at treasury@bnymellon.com or 1 800 424 3004 (option 2).

[1] http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/index.html

[2] http://pwchealth.com/cgi-local/hregister.cgi/reg/pwc-hri-medicaid-expansion-report.pdf

REGULATED REMITTANCE

PROCESSING FOR INSURANCE COMPANIES

ELEVATING THE RECEIVABLES PROCESS TO MEET NEW REQUIREMENTS

Increased scrutiny surrounding effective corporate governance across many industries is now commonplace in today's marketplace – and insurance is no exception. The increasing oversight confronting the industry extends to include the handling of variable priced product investments, such as variable annuities and mutual funds, and the need to ensure that these payment receipts are processed in a specialized environment. As a result, insurance firms' ability to improve internal controls over financial reporting to comply with new requirements – while controlling accounting costs – is more important than ever. But a critical challenge remains: how to strengthen the receivables process without making significant investments?

Through our Regulated Remittance service, BNY Mellon's specialized Image Lockbox environment helps ensure that insurance companies' qualifying payments receive same-day processing, are time- and date-stamped, and are subject to the same procedures applied in our transfer agency business. Our flexible systems can accommodate client-specific operating rules and workflows. And by handling or automating many of the labor intensive and manual regulated receivables processing functions, the service frees organizations to focus on more strategic initiatives.

Advantages of a Complete Solution

The benefits of automated regulated remittance processing extend to all aspects of the transaction workflow, from check receipt through exception management, reporting and record archiving. Our solution provides a centralized point of contact for heightened control of its specialized receivables processing, and includes such benefits as:

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- reduced manual oversight – and associated costs – of remittance operations;
- improved payment processing via our advanced technology, supported by staff who understand the complexities of specialized remittance processing;
- streamlined reporting through our Workflow Management System, enabling payments to be applied directly to a specific customer database;
- enhanced exception process that pinpoints items to be removed from the daily workflow for same-day review;
- quick access to comprehensive transaction images, based on individual record retention policies; and
- dedicated customer service support for quick inquiry resolution.

As an industry leader with more than 30 years of experience with receivable/regulatory processing, we have the expertise, experienced staff and technology to meet insurance companies' processing needs. For more information about how our electronic services can help transform the regulated remittance process, please contact Ed Shane at 610 651 8702 or ed.shane@bnymellon.com.

CHECK IMAGE PLATFORM

UPGRADE ENHANCES OPERATIONAL QUALITY

SINGLE CHECK PROCESSING REGION IMPROVES SET UP, MAINTENANCE AND RETURN-ITEM DETECTION

In an ongoing effort to advance our technology and streamline our processes, BNY Mellon Treasury Services completed the first phase of its multi-year upgrade to the Payments Director platform for receiving and sending Image Cash Letter (ICL) files. These files are comprised of digital reproductions (image and electronic data) of paper checks received from corporate clients and financial institutions as well as our internal channels, such as lockbox. The platform is designed to help automate payment delivery, providing clients with a more cost efficient and timely deposit process for improved cash application.

According to Tony Brady, Treasury Services Chief Administrative Officer and Interim Head of Business Strategy & Market Solutions, “This technology upgrade is a key enhancement to our check processing infrastructure. The platform now supports the receipt and processing of image-based deposits, which allows us to reduce the number of items clients must review. Also, our disbursements processing is now further strengthened through workflows that more accurately identify items to be rejected from our system. These combined advancements are designed to expedite cash flow – a critical need for clients.”

Prior to the platform upgrade, deposits were made into four separate processing regions and handled independently, requiring separate procedures and system setups to be maintained in each region. The upgrade merges the four independent regions to a single processing region, minimizing set up and maintenance required and improving operational excellence. Enhanced quality control features enable our Operations team to more comprehensively review items for deposit and verify ICL files for system-defined rejects and suspect items that fail to meet our Image Quality Assessment

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standards. The upgrade aims to improve error detection while creating better resolution of false positives – items that the system detects as suspect, but deems acceptable to process (e.g., an item that is not a duplicate, but is flagged as such due to MICR line similarities of previously deposited items).

With the initial platform upgrade now complete, migrations of each system processing region to the new platform are currently underway and will continue into 2016. For more information about BNY Mellon's Image Cash Letter service and how the Payments Director upgrade may benefit your business, please contact us at treasury@bnymellon.com or 1 800 424 3004 (option 2).

BNY MELLON SURVEY RESULTS REVEAL HIGH CLIENT SATISFACTION

RESPONDENTS GIVE TOP SCORES TO RELATIONSHIP AND PRODUCT PERFORMANCE AND QUALITY

BNY Mellon Treasury Services recently conducted the 2013 Treasury Services Client Satisfaction Survey as part of our commitment to delivering premier client service to our valued customers across the globe. The survey provides a tool to help us gauge – from the client perspective – where we are excelling, whether we are attaining our key goal to exceed client expectations, and to recognize and address where improvements may be necessary.

Results of the online survey, which was conducted by BNY Mellon and included participation from more than 200 clients worldwide, reveal that BNY Mellon Treasury Services continues its standing as a marketplace leader in client satisfaction: overall relationship satisfaction among survey respondents was 91 percent.

Ratings on the survey's other key performance indicators (e.g., the factors that respondents consider the most important when maintaining or growing a financial provider relationship) were consistently high across all of our global regions, including North America; Europe, Middle East & Africa; Latin America; and Asia Pacific. Among these indicators, overall relationship team and client service quality showed satisfaction ratings of 94 percent and 91 percent, respectively.

Survey respondents also rated other key performance indicators highly, including the following:

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When a question about my account arises, I know whom to contact (95%)
Plans to continue using BNY Mellon Treasury Services over the next 12 months (94%)
Knows me as a client (92%)
Product and service quality (91%)
Listens to my business needs (90%)
Would recommend BNY Mellon Treasury Services to others with similar cash management/payment and trade services needs (90%)

“These exceptional numbers say a great deal about the value we’ve been able to provide to our clients while helping them navigate through tough times as well as good,” said Ian Stewart, BNY Mellon Treasury Services chief executive officer. “Globally, our staff works closely with clients to help ensure that our products and services are helping them meet their cash management and liquidity goals. That is no small order – given the vast differences between markets and industry needs across the global regions that we serve. This survey is an important lens into how effective – and thus successful – those relationships are, and why they remain an imperative deliverable for a provider in this economy.”

When asked about their perceptions of BNY Mellon overall, 95 percent of participants regard us as a safe, reliable, trusted company.

For more information on the 2013 Treasury Services Client Satisfaction survey and complete results, please contact us at 1 800 424 3004 (Option 2) or treasury@bnymellon.com.

BNY MELLON TREASURY SERVICES

CLIENT SERVICE RECEIVES TOP SCORES

SURVEY HIGHLIGHTS CLIENT SERVICE OFFICERS' EXCELLENCE IN MULTIPLE CATEGORIES

When it comes to assessing our performance in providing our treasury offerings, we know that a top consideration for clients is their level of satisfaction with our overall servicing. With this in mind, and as part of our efforts to thoroughly gauge our performance levels, BNY Mellon Treasury Services recently conducted a Global Client Service Survey to measure the effectiveness of our Client Service area, and in particular of the Client Service Officers (CSOs) who interact with our clients globally. The more than 600 global clients who responded to the survey (conducted by Corporate Marketing) rated our Client Service performance as outstanding, with 96 percent reporting that they are very satisfied or satisfied with the quality of our client service, and 90 percent responding that our call turnaround time is excellent or good.

As an integral part of the team that is available to support our clients on a day-to-day basis, our CSOs work with various BNY Mellon operating units to resolve inquiries, field requests, help ensure that our clients' Treasury Services products and services are running as smoothly as possible, and address any potential issues in a timely and effective manner.

Respondents to the survey ranked our CSOs as providing great service in all of the key categories that measured levels of satisfaction, as shown below:

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Attribute	Percent of Positive Ratings (Very Satisfied or Satisfied)
Courtesy	98%
Knowledge of our company’s accounts and services used	94%
Resolves our issues in timeframes that meet our expectations	93%
Knowledge of BNY Mellon’s Treasury Services products	93%
Fulfills our requests correctly the first time	93%
Recommends solutions to our problems and needs	91%
Opens accounts and sets up services in a timeframe that meets our expectations	90%
Provides frequent updates on the status of open issues	90%

Survey respondents also bestowed high ratings on various additional servicing attributes, across all regions, in the following categories:

Attribute	Percent of Positive Ratings
Am very satisfied or satisfied with my CSO relationship	96%
Was very satisfied or satisfied with the transition to a new CSO	93%
Consider CSO’s accessibility as excellent or good	93%
Consider the First Alert client issue e-mail notification system (North America only) very helpful or helpful	92%
Would very likely or likely recommend BNY Mellon Treasury Services to others with similar needs	91%

“Our resoundingly positive scores in this Survey point not only to the high level of service quality that we consistently provide to our global clients,” said Alan Verschoyle-King, Global Head of Sales & Client Management for BNY Mellon Treasury Services, “but also to how important it is that we understand what aspects of servicing, from the clients’ perspectives, are most important in order for us to help them have their businesses operate successfully. The top-level results indicate that we are excelling at delivering the value that is needed, in the areas that are crucial to clients, and that we are on course to provide even greater value in the future.”

For more information on the Treasury Services Client Service Survey and its complete results, please contact us at 1 800 424 3004 (Option 2) or treasury@bnymellon.com.

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BNY MELLON WINS AWARD FOR

BEST TRADE OUTSOURCING BANK

FIFTH CONSECUTIVE YEAR FOR SECURING TOP GLOBAL TRADE REVIEW RANKING

BNY Mellon, the global leader in investment management and investment services, has been named best trade outsourcing bank by *Global Trade Review* for the fifth consecutive year.

"Our repeated success in this category is proof that our collaborative approach continues to resonate with the market," says Alan Verschoyle-King, Global Head of Sales and Client Management for BNY Mellon Treasury Services. "Our processing expertise, coupled with a global network of correspondent banks, means that we can combine local knowledge with global reach to help our clients minimize costs, expand their cross-border trade networks and harness the latest developments in technology. This combination has proven crucial to the success of our client banks and financial institution partners, and by extension, our own business success."

"We work to develop trade processing solutions that can be tailored to market and client-specific concerns," adds Vince Galloni, Global Head of Trade Processing for BNY Mellon Treasury Services. "Such flexibility is vital if our local bank clients and their own customers are to successfully connect the dots between where the market is heading and their individual business strategies. We also have the ability to help those clients that either don't have the in-house expertise to do this type of work or do not want to develop in-house expertise and carry the expense or regulatory burden of providing these solutions."

Global Trade Review is an international trade finance magazine, read by and featuring the market's key banks, credit insurers, corporations, traders, law firms, brokers and consultants. The publication’s Leaders in Trade 2013

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awards, which highlight achievements across a number of regions and product lines, were judged by the magazine's global and regional editorial boards. Full coverage of the 2013 awards appeared in the magazine's January/February issue.

BNY MELLON DESIGNATED AS

DISTINGUISHED PROVIDER OF GLOBAL TRANSACTION BANKING SERVICES FOR SECOND CONSECUTIVE YEAR

DESIGNATION BASED ON INTERVIEWS BY FIMETRIX, LLC, WITH SENIOR LEVEL EXECUTIVES AT MORE THAN 640 BANKS IN NEARLY 100 COUNTRIES

BNY Mellon Treasury Services has been designated for the second consecutive year as a Distinguished Provider of global transaction banking services. Based on a survey of global banks conducted by the market research firm FImetrix, the designation recognizes leading performers in the Global Transaction Services market space.

Fimetrix survey respondents across six global regions were asked to evaluate U.S. and Western European banks that provide international cash and trade transaction services. Based on the results of interviews with executives at 646 banks in 97 countries, BNY Mellon was designated as a Distinguished Provider for USD-denominated transaction services. Renewing the distinction awarded to BNY Mellon last year when the survey was first conducted, the designation as Distinguished Provider for USD-denominated transaction services was awarded to BNY Mellon and five other banks.

To be eligible for consideration, providers have to be active in regions that cumulatively account for more than half of the total World GDP. The evaluations are based on 22 attributes related to operational efficiency, client service, technology, product range and employee skill sets. Leading attributes as prime indicators of client satisfaction are identified within each of the global regions, and providers are scored based on their ability to deliver high levels of client satisfaction in each region. Scores by region are then weighted based the region's contribution to World GDP, and providers with higher than average Global Satisfaction Scores are designated as a Distinguished Provider.

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“Renewal of our Distinguished Provider designation underscores our strengths as a provider of USD-denominated transaction services,” said Ian Stewart, executive vice president and chief executive officer of BNY Mellon’s Treasury Services group. “As the rollout of our new global payments infrastructure continues, we’ll be applying across a growing array of major currencies the technological and financial strengths that have positioned us as a leader in USD payments. The end result will be better payment and fund transfer support for clients across all of BNY Mellon’s businesses, and significant growth opportunities for our Treasury Services group.”

For more information on the Fimetrix survey, please contact us at treasury@bnymellon.com or 1 800 424 3004 (option 2).

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ACHIEVING TRUE

STRAIGHT-THROUGH PROCESSING

By Lynne Marlor,
BNY Mellon Treasury Services Deputy Head of Sales - Investment Managers

A FUNCTION BEYOND THE TREASURY

In this cash and liquidity-focused business environment, transparency, standardization and efficiency are paramount. As a result, many organizations look to Straight-Through Processing (STP) to help boost efficiencies across the supply chain to help achieve these goals. But the way an organization defines the scope of STP may impact not only which department owns the process – and therefore its development and effectiveness – but also whether the process can reach its ultimate potential for cost savings and streamlined work flows.

Many companies, thinking that the process applies strictly to the payment itself, place ownership of STP squarely within the Treasury department. But this narrow definition bypasses the larger function of "true" – or fully realized – STP, which is a holistic process that aims to increase efficiencies throughout the entire continuum of moving goods, services and associated transactions through all the relevant levels and departments of an organization. Focusing on the payment process alone hinders efforts to pinpoint (and therefore avoid) problems that may occur throughout the complete transaction trail (from order through delivery), minimizing organizations' ability to discover where improvements (to departments, process flows, etc.) can be made to prevent future mishaps.

If your organization's thinking around STP focuses squarely on the payment portion of the continuum, it may be time to broaden your ideas around how true STP can be achieved, and the cost savings it can bring.

The STP Value – Expanding the Scope

Because true STP can offer an organization condensed transaction workflows, minimized settlement times and reduced operating costs[1], developing an

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effective process can be well worth the effort. Instituting a framework with built-in standards and measures for all areas, departments or processes that comprise an integrated transaction workflow, from the beginning to end of an executed transaction, can go a long way toward boosting its value.

Workflows included in true STP reside within those areas associated with the front office (e.g., client facing units, such as sales and service departments) where transactions are often initiated; the middle office (including operations, risk and control functions/areas) that prepare goods and services for movement/delivery; and back-office processes and departments (such as treasury and finance), where a transaction's final settlement and reconcilement occur. When problems occur in STP, a system that can follow the trail of goods and services as they touch all of these areas is better prepared to pinpoint where breakdowns may have occurred along the continuum, and devise enhancements as needed.

Efforts to build a true STP include the following important considerations:

- **Comprehensive information gathering – and sharing – at all points in the continuum.** Efforts and resources to help ensure the availability and accuracy of the latest purchase and delivery information around the movement of goods and services as they travel from department to department along the STP continuum are imperative. Readily available updates on order or processing status also keep clients informed throughout the progression, helping to boost servicing efforts. As a result, a process that closely tracks all aspects of stock/service availability, implementation steps and delivery and payment workflows – extending to all global regions that may handle portions of each of these steps – can offer a fast way to monitor, detect and deal with expensive processing delays that can ultimately impact customer service.

  STP reviews may help reveal, for example, that organizations with front-, middle- or back-office operations in emerging or frontier markets may not have the same built-in information gathering functions and standards across all global regions. For example, an STP review may result in instituting rules to help ensure that all local offices (even those that are remote or represent a small percentage of the continuum) are responsible for gathering and maintaining STP data as part of their day-to-day process (via spreadsheets, process monitoring, etc.), which can help to fill gaps where lack of information could otherwise cause expensive product or service delays, or expose your organization to unintended risks.

- **Troubleshooting tools to pinpoint where errors occur**. A single mistake can easily create cascading problems that impact multiple departments (e.g., if a product is unavailable when the payment goes through), the real culprit may lie not in inventory mismanagement but in poor information gathering and sharing between points in the continuum. The original error – buried within a multilayered delivery web – can be easy (and costly) to miss if proper tools aren't in place.

  To avoid this domino effect, metrics and standards at all points of the process can help alleviate order inaccuracies, transaction errors, supply oversights or payment issues. Examples include streamlined data analytics for each department; electronic dashboards to reflect the latest status at all points in the system (with accessibility to the information by all touch points); industry templates and benchmark reviews for standard processes such as Wires, SWIFT transactions, etc.) Backtracking to pinpoint where errors occurred in the system can be greatly simplified when standards that clearly delineate smooth workflows have been implemented. Tools that establish forecasting accuracy and integrity of data improve awareness – imperative in global organizations with cross-border communication needs.

- **Commitment to resource availability and deployment.** To realize a successful, true STP process that is designed to encompass all aspects of the comprehensive workflows involved, a commitment from all levels of the organization is also essential. For example, steps necessary to critically test and implement the varied workflow checks and balances would require senior management buy in, and dedicated, skilled IT and project management teams to spearhead the project to help ensure that proper security and technology considerations are regarded throughout. Data transparency and sharing, project controls and troubleshooting roles are also areas that would include compliance, risk and legal team reviews and input to maintain integrity along the way.

There can be several essential requirements for an organization's STP to run at its optimal best. The scope of a "true" STP – one that is fully realized and comprised of the tools necessary to succeed – encompasses all departments that touch a transaction, not just the Treasury. Its effectiveness is built into the checks and balances that are critical to locating where problems originate, and implementing processes to fix them at their source in a fast and methodical way. To be fully realized, the process should be championed, understood and implemented at all levels of an organization. Once the steps toward a true STP are in place, tested and in working order, the rewards – smoothly running transactions and improved customer satisfaction – can help streamline and integrate complex workflows, and solidly support efforts to boost the bottom line.

[1]"Frequently Asked Questions on Straight Through Processing"; Securities and Exchange Board of India. Retrieved February 16, 2012.

EXPANDING
TRADE PROGRAMS

Bob Dyckman
BNY Mellon, Managing Director,
Head of Trade Finance, Americas

NEED WORKING CAPITAL? LOOK TO YOUR SUPPLY CHAIN

When looking to boost working capital, many companies overlook the significant value of leveraging their core payables function into a working capital advantage that can help fund other strategic initiatives, such as increasing dividends, share repurchase or plant expansion. A robust supplier finance program set has the potential to accomplish this while also offering the ability to lower the overall cost of the financial supply chain.

Not long ago, companies needing additional working capital sought financing on their own terms with rates reflective of their own financial situation. With buyers and sellers having conflicting goals – the buyer wanting to extend payment terms for as long as possible to maximize working capital and the seller seeking to accelerate collections to increase cash flow – a single, mutually beneficial program for both buyers and sellers seemed unattainable.

Supplier Finance Programs

In recent years, however, this dynamic shifted as it became apparent that the larger, more financially strong player in the supply chain could support the credit/risk needs of its supply chain while meeting the working capital needs of all involved by instituting supplier finance programs. Demand for these services – for both domestic transactions and imported purchases – increased during the 2008 financial crisis as bank credit lines dried up and the financial viability of the core supplier base became vulnerable.

The concept behind supplier finance programs is fairly simple: a large corporate buyer leverages its financial strength by approving supplier invoices in advance of payment, allowing the supplier to receive an early-payment discount from a bank or a third party provider at a rate that reflects the buyer's creditworthiness in the market. The bank accepts the buyer's repayment risk and receives settlement for advancing funds to the supplier at the time of the invoice. Generally, the buyer will look to extend payment terms to suppliers and realize a working capital gain (e.g., $2.7 million per day based on $1 billion in cost of goods sold) in return for giving suppliers access to low-cost financing and accelerated payments. Other buyer benefits include payment term standardization; reduced bank disbursement fees (as the bank or third party is now making supplier payments); and a strengthened supply chain given the reduced cost and working capital support provided to suppliers.

For suppliers, the benefits of supplier finance programs include greater visibility into the procure-to-pay process – a valuable cash forecasting tool; the ability to marry collections to cash flow needs; sales concentration risk mitigation through true sale accounting treatment (i.e., turning the receivables into cash); and the potential to boost borrowing capacity by removing receivables from the credit borrowing base.

Supplier Finance Programs for Importers

The supplier finance concept is also adaptable to import transactions where the presentation of documents drives the payment process. In this situation, the supplier is allowed to present documents to the buyer's chosen bank for examination and the bank then processes the documents in accordance with pre-set criteria and notifies the buyer of its findings (i.e., compliant or discrepant). Once the documents are approved for payment, the supplier can opt for an early payment at a discounted rate that is priced relative to the bank's view of the buyer's financial strength. This process is commonplace in replacement of letters of credit or to complement open account structures, and meets the working capital goals of both buyers (via extended payment terms) and suppliers (allowing for accelerated payment of receivables).

Win-win Scenarios

Whether applying the supplier finance model to domestic transactions or in support of imported purchases, the overriding objective is to create a win-win proposition for both the buyer and its suppliers. Buyers, regardless of their leverage in the supply chain, are wary of harming supplier relationships or entering into programs that will drive up costs.

The ability to deliver on a meaningful credit arbitrage that reduces the supplier's costs is the key to overcoming this concern. Further, a strong supplier on-boarding strategy, fully supported by the buyer, that clearly articulates the value proposition of the supplier finance program, is a critical success factor. For the model to succeed, both buyers and suppliers must be convinced that their objectives will be met – a goal directly supported with supplier finance programs.

For more information on supplier finance programs or any of BNY Mellon's extended trade finance services, please contact treasury@bnymellon.com or 1 800 424 3004 (option 2).

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THE SHIFT FROM

INTRA-REGIONAL TO INTERNATIONAL TRADE

Bana Akkad Azhari,
BNY Mellon Treasury Services
Head of Relationship Management
for the Middle East & North Africa

THE EVOLUTION OF TRANSACTION BANKING IN THE MIDDLE EAST

As it becomes a strategic hub for rising intra-emerging market trade flows, the Middle East is at an inflection point in its development. Bana Akkad Azhari assesses the effect of evolving trade patterns on the region's transaction banking provision and the role local-global bank collaboration can play in navigating the changes.

Trade is synonymous with the Middle East. The region has long been defined and dominated by trade, but the emphasis is now shifting from intra-regional to international trade – and chiefly trade conducted with overseas developing markets. This is a key point to note, as intra-emerging market – or "south-south" – trade is now one of the main drivers of the global economy.

Indeed, according to the World Bank's June 2013 Global Economic Prospects, over half of developing country exports now go to other developing economies[1] – and this trend shows no sign of abating. Such a shift in trade focus from west to east is a key development for the Middle East, as its position between the growth markets of Central and Eastern Europe, Africa and Asia makes it a gateway for global intra-emerging market trade. Asia is of particular importance – because of China's status as one of the original drivers of intra-emerging market trade, and the already well-established trade ties between China and the Middle East.

As China undergoes fiscal transformation – as it seeks to mature from being an export-led economy to a consumption-based economy – it is likely that new regional growth markets seeking to emulate China's example will emerge to eventually become key international trade players.

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As a result, the Middle East's connections with Asia are set to increasingly expand beyond the world's second largest economy. And research supports this view – a 2012 Ernst & Young report entitled, "Beyond Asia: New Patterns of Trade" indicates that for most rapid growth markets in Asia-Pacific (Mainland China, Hong Kong, Indonesia, Malaysia, Singapore, South Korea, Taiwan, Thailand and Vietnam), trade with the Middle East and North Africa (MENA) will grow faster than trade with the Eurozone over the next 10 years[2]. The number of trade agreements between the two regions, which are increasingly moving beyond commercial oil ties to encourage mutual investment across a variety of sectors, further supports this. One such example is the April 2013 agreement between Qatar and Vietnam to promote trade cooperation and facilitate the exchange of commodities and services between the two countries.

Managing Evolving Expectations

Such developments – and the wider ramifications of rising south-south trade – are having a profound impact on domestic corporates' requirements and expectations, presenting the Middle East's indigenous banks with a significant challenge.

Facilitating modern cross-border trade against a backdrop of ongoing liquidity constraints and unprecedented regulatory complexity can be difficult enough. But with commercial growth opportunities increasingly to be found in new, less familiar markets – in which transaction risks are naturally perceived to be higher – managing the trade process becomes even more complicated. Not only must the amplified risk be addressed, but so too must the commercial rules, requirements and levels of operational sophistication of the new markets in question. With this in mind, it is easy to see why the region's domestic banks – which may have yet to develop truly international reach and capabilities – could struggle to independently support their corporate customers' efforts to tap into rising intra-emerging market trade.

That said, the Middle East – and its banking sector – has plenty working in its favor. A historically conservative region, many of its deep-rooted characteristics – such as a staunch emphasis on risk mitigation – have stood the Middle East in good stead. Indeed, its inherent conservatism is often cited as one of the reasons Middle Eastern banks escaped the global crisis of 2008 relatively unscathed – and it is equally likely to work in its favor going forward. However, the nature of modern international trade means such prudence will have to be combined with speed and efficiency if all corporate requirements are to be met.

Bridging the Divide

The value placed on caution and security by the region has manifested in the continued popularity of traditional trade instruments such as letters of credit (LCs), despite the expense and complex paperwork they often entail. The cornerstone of all banks' trade finance offerings, LCs offer a secure means of payment for sellers – providing the terms are followed to the letter – and have always been an area in which local banks have tended to dominate. This is because the majority of corporates would rather employ an indigenous bank for LC issuance in an effort to ensure the consigned LC is valid.

Today's need for enhanced speed and efficiency – not to mention greater visibility and control over end-to-end transaction flows – means that the risk-mitigating properties of the LC must now be combined with the ease, efficiency and cost effectiveness of open account trade settlement. However, given the cost and complexity involved, underpinning documentary credit capabilities with platforms that offer global reach, regulatory compliance across borders and enhanced processing may prove too tall an order for many local banks.

This is particularly the case when considering that trade solutions must come hand-in-hand with cash and working capital management solutions and, more specifically, multicurrency solutions. At present, such capabilities are largely the domain of specialist global providers – especially with regard to emerging settlement currencies, such as the Chinese renminbi (RMB) – but the Middle East is making notable headway in this respect.

Dubai, for example, is edging forward in its bid to become the next offshore RMB trading center (after Hong Kong and Singapore). Though Dubai is one of the region's most advanced economies with respect to financial technology – in part because of the high concentration of international banks – innovation in this respect is likely to spread as local corporates realize the potential competitive advantages of the ability to settle in emerging currencies such as the RMB.

Leveraging Global Capability

Trade has long-been an international game and its growing complexity means it is increasingly becoming a specialist arena dominated by global trade and cash management providers. But local banks' strengths – particularly in the Middle East, a region in which relationships and historical presence are greatly valued – means there is no reason why international players should dominate on home turf.

While local banks may not possess the same operational scope or level of functionality as their international counterparts, what they can offer in terms of home-market expertise, client understanding, and capability to address client concerns at an in-country level is difficult to rival. Replicating such strengths across borders – particularly in unfamiliar and challenging geographies – is a question of technology. And this is best achieved by partnering with a specialist provider of global trade and cash management services.

Certainly, such partnerships can capitalize on local-market expertise by making global reach and best practices available without the need for proprietary – and often prohibitive – investment into network and solutions development. Such support can help local and regional banking communities adapt to the growing demands for emerging-market connectivity, and help ensure that trade entities are in a strong position to effectively mitigate risk, optimize working capital and make the most of the opportunities presented by burgeoning intra-emerging market trade.

A version of this article originally appeared in the November/December 2013 issue of Cash & Trade *magazine.*

[1] http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1322593305595/8287139-1371060762480/GEP2013bTrade.pdf

[2] Ernst & Young – Beyond Asia: New patterns of trade http://www.ey.com/Publication/vwLUAssets/Beyond_Asia:_new_patterns_of_trade_in_Asia-Pacific/$FILE/Beyond%20Asia%20-%20new%20patterns%20of%20trade.pdf

ELECTRONIC RECEIVABLE PAYMENT SERVICES ENHANCES PAYMENT PROCESSING OPTIONS

NEW CAPABILITIES DESIGNED TO EXPAND NOTIFICATION AND ACCOUNT UPDATES

Today's consumers are seeking convenient payment options that allow them to pay their bills electronically via the method of their choice, including Web portals, electronic bill presentment and payment, mobile devices, call center and Interactive Voice Response (IVR) systems, etc. To meet this demand, organizations need to not only offer clients expanded payment options for one- time and recurring ACH and credit/debit card payments, but to do so via a user-friendly bill payment service that can be implemented quickly and economically. The effort required to expand bill payment systems to incorporate new technology trends should be cost effective, and any new process – no matter how flexible – is only worthwhile if users find it easily accessible and workable.

BNY Mellon's Receivables Payment Portal, offered as part our Electronic Receivable Payment Services (ERPS), can help organizations meet this demand for secure, flexible and user-friendly payment processing. The service allows payees to select customized electronic remittance options that meet their clients' needs, including the ability to establish one-time and recurring ACH and credit/debit card payments for fixed and variable bills. The service also allows billers to offer their payers an optional electronic wallet service that enables them to store their preferred payment methods.

Easily integrated with existing Web sites, the service can be quickly implemented – within an average of 90 to 120 days – from the time we begin working with payers to final adoption of the solution.

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New Solutions Underway

BNY Mellon ERPS has developed the following solutions to expedite notification about payments received and to more accurately process transactions and reduce exceptions.

- **Real Time Notification Services (RTNS) –** With this new capability, the service provides clients with a direct accounts receivable batch file that can be linked through their lockbox transmission to provide expedited notification that a payment has been received. This real-time notification service updates clients' Customer Relationship Management systems via triggered events, such as when payments have been processed, allowing organizations to have faster access to updated account information and facilitate better customer service to their clients. Updates on many payment-type events are available, including:
    - ACH and credit/debit card payments processed
    - ACH returns
    - Credit/debit card payment errors
    - Credit card reversals

- **Account Updater Services –** This capability is a secure electronic process designed to provide organizations with up-to-date information on their customers' credit card accounts, including expiration dates, card upgrades, lost or stolen cards and account closures. The process automatically updates the cardholders' information in the ERPS database, which is designed to maximize successful payment processing (a capability exceptionally suited for recurring payments), minimize payment disruptions and increase client satisfaction.

  The service aims to provide users with benefits, including:
    - Reduced or eliminated fees associated with managing returns, charge-backs, collections, etc.
    - Increased numbers of authorization approvals
    - More consistent revenue flows with fewer exception items
    - Improved customer relations and decreased inquiries within your call center
    - Fewer interruptions in service/payments for your clients
    - Minimized customer turnover by eliminating inefficient payment systems

  BNY Mellon provides a secure transmission via our ERPS to send files containing cardholders' account information on a monthly basis to the merchant processor, who in turn, verifies and updates the credit card information. Once the process has been completed, the merchant processor provides the verified account information back to BNY Mellon to update our clients' databases.

For more information on the latest updates to BNY Mellon ERPS, please contact us at 1 800 424 3004 (Option 2) or treasury@bnymellon.com.

STREAMLINING

PAYMENTS COLLECTION VIA AUTOMATION

SERVICE OFFERS EFFICIENT MATCHING OF SEPARATELY-DELIVERED REMITTANCE INFORMATION

For organizations receiving payments from clients – whether in the form of check, ACH, Wire or EDI – chances are that the accompanying information (i.e., remittance data) is being delivered separately. According to a recent AFP B2B electronic payment survey, 74 percent of the organizations that responded acknowledged delivering ACH remittance details via e-mail when sending ACH payments, with 37 percent delivering the information via EDI/CTX transmission, 18 percent sending via mail and 15 percent via fax.* (See the chart below for detailed responses.)

Remittance information is sent separately from the payment for many reasons, including file formats not being supported by the sender's bank, or a desire by the sender to avoid transaction fees. Regardless of the reason, the burden falls on the payee to reconcile outstanding invoices. And, as a result, receivers must often follow a time-consuming and costly manual process to match the payment and the corresponding detail.

Exploring solutions to streamline this system can be a cost-effective way of avoiding critical delays to the account posting and crediting process that occur as a result of having to research and match payment details. Addressing the problem may also help circumvent the potentially negative impacts to client service caused by incorrectly applied payments: problems inherent to manual operations can quickly escalate from a time-sensitivity issue to one of inaccuracy as well.

BNY Mellon's suite of EDI solutions includes a Reassociation service that is designed to solve this problem by efficiently matching payment information with separately delivered remittances. The solution automates the

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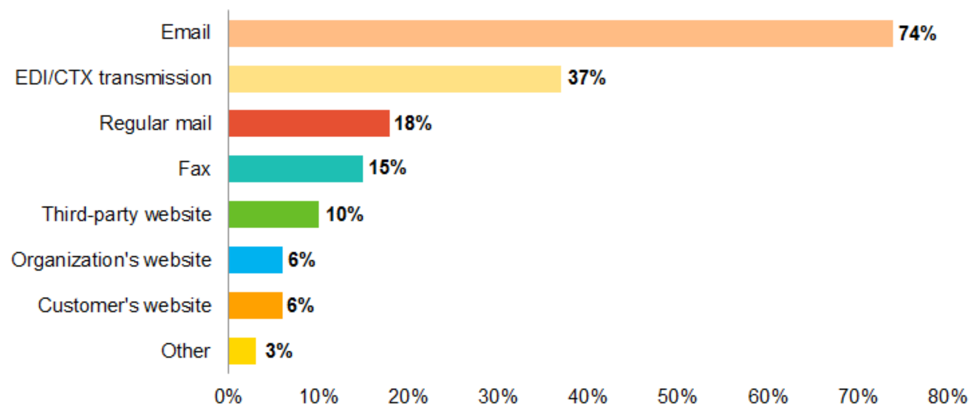
accounts receivable posting process, reducing manual payment reconcilement efforts. The service accepts e-mails – either from an organization or its trading partners – containing remittance detail in various payment types, including ACH (CCD and PPD), Wire Transfer (domestic and international) and check, for posting directly into a payee's account at BNY Mellon.

Organizations' Method of Sending ACH Remittance Information (Percent of Organizations)*



The payment information and remittance details (from a variety of formats, including EDI, XML, BAI and proprietary) are then automatically matched and delivered to payees via a consolidated file containing corresponding payment and remittance information. A file of unmatched transactions including detail that cannot be associated is also sent to the organization for further research, enabling them to decide how long data should be warehoused before it is considered "unmatched", allowing payees to control when investigations on these items with trading partners should begin.

Our EDI Reassociation service has the potential to:

- reduce days sales outstanding through more accurate month-end general ledger posting and cash forecasting/positioning;
- improve customer service through increased billing accuracy, reduced collection calls and accelerated order processing;
- decrease costs through potentially fewer rebilling errors and the ability to convert more payers from paper checks to electronic payables;
- increase staff productivity by reducing the number of payments that must be researched manually, reducing errors and streamlining the accounts receivable processes;

- minimize impact to remitters' current workflows (we perform the required matching in our operations areas); and
- expedite payment posting through fewer delays and customer issues.

To learn more about how our EDI Reassociation solution provides a range of configuration options to fit virtually any payment processing environment, contact us at 1 800 424 3004 (Option 2) or treasury@bnymellon.com.

*2013 AFP Electronic Payments Survey; www.AFPonline.org; ©2013 Association for Financial Professionals, Inc. All Rights Reserved.

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THOUGHT LEADERSHIP
EVENTS

JUNE

8-11	**IASA Annual Education & Business Show** Indianapolis, IN (Booth 207)
11-13	**America's Health Insurance Plans (AHIP) Institute 2014** Seattle, WA
16-18	**The National Bundled Payment Summit** Washington, D.C. Vince Marzula, BNY Mellon, and Jim Lacey, Zirmed, "Best Practices for Efficiently Managing Financial Transactions in an ACO Model"
17-18	**Securities Industry and Financial Markets Association (SIFMA) Tech** New York City, NY
22-25	**Healthcare Financial Management Association (HFMA) ANI National Institute** Las Vegas, NV (Booth 723)

JULY

19-22	**National Association of College and University Business Officers (NACUBO) Annual Meeting** Seattle, WA

AUGUST

9-13	**National Association of State Auditors, Comptrollers and Treasurers (NASACT) Annual Conference** Santa Fe, NM

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SEPTEMBER

11-14 **National Association of Bankruptcy Trustees (NABT)**
Salt Lake City, UT

29-October 2 **Sibos**
Boston, MA (Booth C59)

OCTOBER

20-22 **Insurance Collection Executives Conference (ICE)**
Orlando, FL

20-23 **Utility Payment Conference**
Baltimore, MD

NOVEMBER

2-5 **AFP Annual Conference**
Washington, D.C.
Paul Simons, BNY Mellon, Vanessa Hartline, PPL Corp, and Laurie Bergman, AmeriGas Propane, "The Outsourcing Question – Still Relevant, Always Essential"; Cheryl Gurz, BNY Mellon, "After Hello: The Business Women's Network Dilemma"

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