

Payments



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B2B AP Best Practices

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Although cyber fraud is on the rise (see page 1), the 2009 AFP Payments Fraud and Control Survey revealed that over 90 percent of responding organizations were victims of old-fashioned check fraud. Almost 50 percent of those organizations suffered a financial loss from check fraud.

Despite the sobering numbers, many organizations still issue checks for B2B payments. This time-consuming, inefficient practice becomes more expensive as the costs of postage, paper and supplies continue to rise. When combined with the financial loss from check fraud, there is a compelling business case to accelerate the migration to electronic payments.

With the massive effort that goes into issuing checks, many companies need to be reminded that the function is not core to their business. It is something that can be outsourced. Best practice outsourced payment solutions offer features that can reduce risk from check fraud while providing a comprehensive integrated solution for check printing and delivery, and could help remove the traditional barriers that have blocked electronic payment adoption.

Best practices

Here are some industry best practices for efficient AP processing and fraud reduction:

Centralized AP processing ensures that all of an enterprise's outgoing payments are transmitted through the same system. This provides increased transparency, a com-

mon workflow-controlled release process, simplified auditing and compliance, and a reduction in bank connectivity requirements. A best practice outsourced solution can function as a Corporate Payment Transaction Platform that allows organizations to centralize payment execution and integrate payment processing for all payment methods—check, ACH, wire and card.

With centralized payment execution comes the ability to consistently implement fraud prevention best practices including multiple levels of approval, segregation of duties, check stock inventory management and payment analysis. Configurable security controls can be used to restrict access levels of specific users within the payments application. One user may be allowed to submit a payment file for processing while another is required to review and approve payments before releasing them for processing. This is especially helpful for organizations without an ERP system that provides AP approval workflow. While some companies may utilize their bank's proprietary Web portal for multi-level approval, this becomes cumbersome with multiple banking relationships because employees will be required to login to multiple systems. With one system employees have one centralized Web portal for payment review and release.

Reducing check fraud

Minimizing check handling reduces the opportunities for fraud. Outsourcing check printing helps by eliminating employee access to check stock and check handling between printing and mailing. This dramatically reduces the opportunities for employees to steal and alter an outgoing check to a vendor, to steal blank company checks, or to steal and misuse obsolete check stock.

Centralizing bank connectivity through an outsourced solution eliminates the need for the IT organization to develop the data feeds necessary to take advantage of bank services such as positive pay or payee positive pay. These services are well accepted, strengthened fraud control measures that achieve greater security by providing additional points of comparison between checks presented and checks issued.

Today more than ever, companies are looking for ways to decrease expenses, become more efficient and reduce fraud. For this reason, many corporations are now looking closely at their payments strategies. Best practice outsourced payment solutions assist organizations in their fraud prevention strategies by implementing less manual processes that are also more transparent.

Another important benefit that an outsourced solution can bring is the ability to transition corporate accounts payable disbursements away from the inefficiencies surrounding paper checks and manual processing. In addition to decreasing costs, improving transparency and minimizing fraud, organizations that outsource their payment processing free themselves of this cumbersome task, allowing them to better focus on their core competencies. ▲

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