



the payments association



Exploring Corporate Payments Cards

In conversation with...



Sulabh Agarwal
Global Head of Payments
Accenture



The Payments Association's guide to 'The Payments Association's Guide to Corporate Payment Cards' [here](#)

“
You need corporates to change at the same time as the large banks and it's not a fast process. It's slowly but surely changing.

Could you describe your background in relation to payments and your role at Accenture in terms of what you're focusing on at the moment?

My role is leading the payments business globally for Accenture, which includes the work we do with big financial institutions, the payment organisations themselves, and more recently over the last couple of years, we are looking to expand further into the non-financial services industry.

We do a lot of work with public sector organisations as well as retailers, software platforms and so on. The type of work we do ranges from strategic engagements through to transformation, and also a lot of technology and operational engagements.

Okay, so looking at the current market as it stands, how are corporate payments solutions being used across public entities in the private sector at the moment in terms of the trends that you're seeing there?

From a corporate payments perspective, clearly it's not at the same pace of disruption as retail payments. It is still largely controlled and provided by the banks, and dealt with by the treasury or finance department departments of various organisations.

A lot of buying has been shifting. Earlier on, a lot of the buying would not happen through the large marketplaces, even on the corporate side. Even some of the large marketplaces, as well as retail like behaviour (in terms of moving to large market places to buy) is a definite trend which is where payments are made. The buying behaviour is shifting so some of the payments are shifting too.

The other trend is definitely around virtual account management. We've seen most of the organisations looking at how they can create value by providing virtual account structures for their clients, especially for large complex, customers. That enables them to solve problems around the ease of sweeping, pooling and other solutions. That's an area where we are seeing a lot of action.

Other areas where we see a lot of investment going is to streamline the whole trade finance process, which is still a highly manual and inefficient process. There are lots of savings to be made by making it a more digital and automated process.

Some of the other areas where wholesale corporate payments are changing include virtual cards. That's definitely an area where we're seeing more traction. It's behind retail in terms of the overall value proposition, but things are picking up.

From a corporate API perspective, we're not seeing that many APIs. Although the possibility is huge, because the standards are lacking, it's still behind from a retail perspective.

We see a big move in terms of the card acquiring payments infrastructure where clearly the large organisations like Adyen have changed the game. Even if you look at some of the existing players, and new players like Stripe, others are moving more to the large corporates as well. They see a lot of value in bringing together the acquiring experience alongside the treasury management experience. We're seeing more activity from the large acquirers as well.

Change is still slow, and complex. You need corporates to change at the same time as the large banks and it's not a fast process. It's slowly but surely changing. Other changes which are happening in the industry, like real-time payments, and ISO 20022, all have big impacts on corporates, but translating those changes into benefits for corporates is not synchronous.

What impact has Covid-19 had in terms of accelerating that trend towards digitization in the corporate space?

In general, most people have not been in the office during lockdown periods for example. People have realised that some of the processes, which were either outsourced or offshored, haven't changed for a while. Now that they're looking at them differently, having applied different procedures during lockdowns, they're realising that they can be further streamlined in a significant way.

All of the impacts around increasing digitisation, which has changed consumer behaviours as a result the corporate stance towards them, has also changed because as a corporate you need to start

to think about the more digital channels. Those channels then feed into the treasury areas. Can these processed be automated? Corporates are starting to think about how to look at the overall proposition.

What role do challenger banks play in the corporate payment space at the moment and how are they disrupting the traditional relationships that corporates would have had with legacy banks and other traditional providers?

Most challenger banks started in the retail space, so what's happening is the propositions which started with retail are slowly moving up the chain. If you look at TransferWise, it started in the remittance market. Look at the propositions around moving up the chain to SME and further up is the natural extension. Look at stripe which started with more SMB customers, they're now going into the enterprise and the treasury management space. I wouldn't call them start-ups or fintechs, because they are scale-ups in themselves, and sometimes larger than the banks themselves in terms of their market cap. But a lot of them are moving up the value chain to be able to service larger customers.

It is step two of the process. We haven't seen that much disruption, especially on the API side. Corporate APIs are not as standardised, the aggregators are not there, and the propositions are not there. Now we finally see the retail data and APIs starting to get more traction. The corporates usage and interaction with retail has changed. If you look at HMRC, they've introduced the PISP payments desk and their the interaction to other payment types has clearly increased. In those cases, it is more about partnerships between the fintechs and larger organisations. In some cases, some of the fintechs or start-ups in the payment space are moving up



We see a big move in terms of the card acquiring payments infrastructure where clearly the large organisations like Adyen have changed the game. Even if you look at some of the existing players, and new players like Stripe, others are moving more to the large corporates as well.

the chain. Certain start-ups are focusing on the SMB sector, but the large corporate sector is still an area which is not impacted as much, but it is coming.

With the Open Banking directive, obviously activity is being more focused on the consumer side, but do you see activity picking up on the corporate side as well?

The potential is huge. A real-time corporate dashboard on what's

happening where, across multiple banks, where you can sweep and pool money and move it around? That has great potential. All the corporate bank accounts need to be exposed in the form of APIs or other data in a way where payments can be initiated. I think that journey is slightly behind the retail side. Some of the leading banks have exposed APIs. But we're not at the stage of the major banks exposing all their corporate bank accounts, and different products like the overlay services to actually allow businesses to have digital dashboards and move things instantaneously between various accounts and others. We haven't realised the full potential, and I think that's the direction of travel.

How different are the UK and Europe regions to the rest of the world in their usage of corporate payment solutions?

There are big differences based on the markets themselves. Core traditional transaction banking is the same everywhere, with the same players.

If you look at a country like India, where the UPI is driving a certain set of payment activity and behaviours, we've got PSD2 and Open Banking in Europe, which is creating on one hand authentication nightmares for certain players. On the other hand, it's driving positive behaviour given the openness of availability of data and being able to initiate payments.

Real-time payments are not fully adopted yet, even though we've had SEPA instant transfers largely adopted fully, and Faster Payments has been there for a long time across the board. Eventually it will all be real time, and API-based access. There are different stages of evolution. If you look at the cash and cheque usage as well, it's still very high in the US, and in Italy, Spain, and Germany too. The UK and Nordic markets are more

advanced in electronic payments. So it really depends on some of the products that have evolved and from the infrastructure availability. The UK is definitely leading, but also some Asian markets are leading us in certain areas depending on which product you're looking at.

Just expanding on virtual cards. They've become very popular in the US but do you see them having potential to increase usage in Europe?

Virtual cards have huge benefits in terms of managing spend. Virtual cards are a good low-cost efficient mechanism. The ease, the convenience, and the frictionless nature of them in addition to managing spending all add up in their favour.

Virtual cards are quite a new proposition in the travel and T&E sector. Can they help spending to recover to close to pre-pandemic levels?

The introduction of conference calls was a big thing around 2007 and 2008. Now, we've been through a second cycle, and this is clearly another cycle. People have realised that they can work remotely as well as face-to-face. Will we get back to pre-Covid level? Maybe not the same level. I think travel business travel has reduced for sure, and that is the nature of the beast.

I think really spend is more impacted by the organisation's policies and how they would to have the hybrid of virtual and physical events.

Do you see relationships between different entities embracing a spirit of collaboration more now, in order to drive evolution in these services?

Absolutely. That's the need of the hour. A lot of organisations are realising that they cannot do everything themselves, and at the speed at which the market is demanding them to do things, even if they want to do everything themselves. They can't compete across all areas at the same time themselves. The spirit of partnership is definitely there, and I feel that's the way forward. There are lots of fintechs and tech providers coming up. Everyone has a place in the ecosystem, and we'll see more partnerships as organisations look to bundle up different propositions in the market.

We can already see that spirit is alive when you look at fintech collaborations between themselves. It's a lot higher than if you look at some of the traditional players. That's the direction of travel, such as one fintech using another's payments infrastructure for a little bit, and then evolving it over a period of time. It's about speed and delivering the right customer experience.

For any business that's looking to either implement a corporate payment solution or improve what they already have, what would you describe as being the key components that they need to have in order to effectively implement the optimal solution?

What I'm seeing more of is the whole approach to engage the customers through the journey. Building a solution and selling it is something which is changing as customers get more involved. What are the other the success factors? Having the same mindset that a growing fintech in retail would have when you're looking at corporate payments is quite important. There is definitely value there in terms of collaboration. Bringing things together, and creating best of breed customer experiences, is going to be significantly important.