



What's Keeping CFOs Up at Night: Payments Security and Efficiency



CFOs and other senior finance executives are concerned about the security and efficiency of their global payments systems, and for good reason. In spite of the plethora of new software and systems available, payments fraud recently reached an all-time high. And as companies grow internationally and develop new or more complicated supply chains to support new business lines, payments efficiency can become more difficult to achieve.

A new CFO Research survey of more than 150 CFOs and other senior financial executives found that concerns about payment security and efficiency are widespread. But the survey also found that finance executives have good ideas for how their companies can improve their payments security and efficiency, and suggestions on best practices those organizations should adopt. CFO Research conducted the survey in collaboration with Kyriba, a provider of cash and risk management, payments, and supply chain finance solutions.

Key Areas of Concern for CFOs

The CFO concerns about payments fraud as highlighted in the survey are striking, given the wealth of technology now available to combat it. A stunning 70 percent of survey respondents say they are much more concerned about payments fraud occurring within their organizations today than they were two years ago.

Other payments fraud data seems to verify the concerns of the CFOs and other senior finance executives. According to a report earlier this year by the Association for Financial Professionals, payments fraud reached an all-time high in 2017. The AFP's 2018 Payments Fraud Survey found that 78 percent of all organizations experienced actual or attempted payments fraud, the highest level since that survey began in 2005.

AFP reported that check fraud attacks hit 74 percent of its survey respondents, with wire fraud attacks hitting nearly half of the respondents—more than tripling from 2014 to 2017—and corporate card fraud hitting 30 percent. Business email compromise, or BEC, played a role in payments fraud for more than three-quarters of the AFP survey respondents. BEC can attack any level of a company, from payments clerks to CEOs.

Payments fraud is costly as well. The AFP says that 92 percent of organizations report that payments fraud attacks collectively cost 0.5 percent of the organization's annual revenue.

With the prevalence and costs of payments fraud, the lack of confidence reported by the CFO-Kyriba survey respondents in their payments systems' security is not encouraging. Just over one in four (27 percent) say they are not confident that their organization's global payments systems—from workflows to processes to technology—are entirely secure across all regions. Only one in ten respondents (11 percent) strongly agrees that their organization's global payment system is entirely secure.

Payment systems efficiency is another key concern of CFOs. Nearly one-third of the CFO-Kyriba survey respondents—31 percent—are not willing to say their global payment processes are extremely efficient, i.e., that "time and effort are rarely wasted." Only one in six respondents (16 percent) strongly agrees that their global payment processes are extremely efficient.

Keys for Secure Payments

When it comes to making payments systems more secure, CFOs and other senior finance executives in the CFO-Kyriba survey are clear on what they would like to see their treasurers do. Nearly half—46 percent—contend that implementing real-time payment screening and fraud detection capabilities would make their global payments processes more secure. See Figure 1.

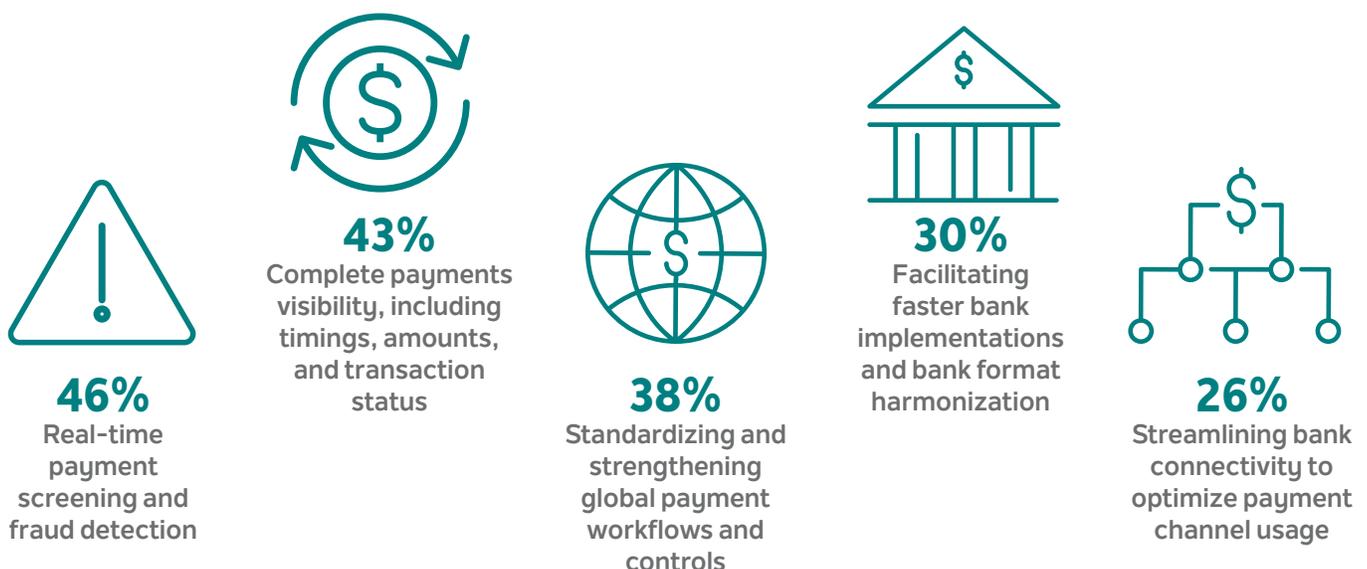
In written comments, several executives make the case for real-time payment monitoring and confirmation as the most important step that CFOs should take to ensure efficient and secure payments. CFOs should “have a complete and thorough understanding of all the steps involved (in the payments process) so that all these steps can be monitored in real time,” one survey respondent wrote.

The survey respondents show nearly as much support—at 43 percent—for systems and processes that boost payments security by providing complete visibility into payments, including information about their timing, amount, and transaction status.

Nearly four in 10 survey respondents—38 percent—also would like to see their treasurers implement standardized and strengthened global payments workflows and controls. “Emphasize the importance of proper, standardized procedures and controls,” one surveyed executive urges in written comments. “Then assure proper training and resources are available to implement them and maintain them.”

FIGURE 1

What would make your global payments processes more secure?





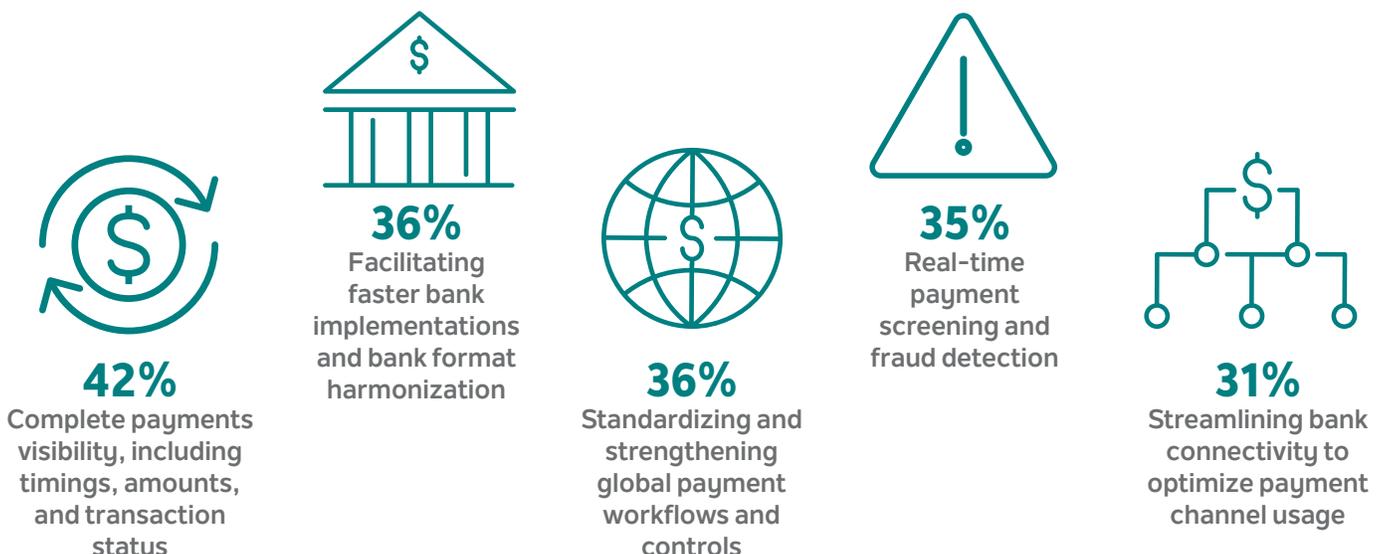
Keys for Efficient Payments

To make global payments processes more efficient, the most recommended step—by 42 percent of the survey respondents—is to implement complete payments visibility. See Figure 2. For more than one-third of the respondents (36 percent), standardizing and strengthening global payment workflows and controls is a key step. An equal number support facilitating faster bank implementations and bank format harmonization. One of the surveyed executives advises: “Optimize payment processing with banking relationships.”

More than one-third of the surveyed executives (35 percent) say that real-time payment screening and fraud detection is a key step for making global payments processes more efficient. CFOs need to make the goal of efficient and secure payments “a priority, including working with IT and banks on best practices and latest technologies,” a respondent says.

FIGURE 2

What would make your global payments processes more efficient?



Best Practices and Other Tips

The CFOs and senior finance executives from the survey confirm several best practices for managing global payments. Nearly all survey respondents—just over 93 percent—agree that it is very important to have all global payments users working off the same system, such as a centralized cloud-based system or “payments hub.” Even more—96 percent—consider it very important that their organization’s global payments system be integrated with cash management and working capital solutions, including supply chain finance, to deliver the efficiencies and insights the business needs to flourish.

Ninety-three percent of the surveyed executives also agree that it is very important that global payments systems are seamlessly integrated with company ERP systems. An “integrated ERP system would go a long way to securing payment processing,” one executive writes. Other recommendations from the surveyed executives for ensuring efficient and secure payments are shown in “CFO Recommendations for Secure and Efficient Payments.”

Lastly, CFOs do expect specific technological developments to aid in the positive evolution of payments organizations. Real-time payments are seen as most likely to be important in the future of payments organizations, followed by application programming interfaces, or APIs, the survey shows. Machine learning and robotic process automation, or RPA, were ranked third- and fourth-highest, respectively. Artificial intelligence (AI) and crypto currency/blockchain were seen as less important by the finance chiefs.

CFO RECOMMENDATIONS FOR SECURE AND EFFICIENT PAYMENTS

- “Rely on technology, and create seamless transactions which do not involve human intervention”
- “Have a complete and thorough understanding of all the steps involved in the chain so that all these steps can be monitored in real time”
- “Use positive pay, a bank service that matches checks submitted for payment against a list of serial numbers and amounts from the check writer”
- “[Have] effective policies and procedures reviewed and updated frequently to comply with rapidly changing business environment”
- “Invest in a good payment system and make sure it is entirely secure”
- “Communicate processes and controls throughout organization”
- “Integrate more data analytics”
- “Emphasize the importance of proper, standardized, procedures and controls; then assure [that] proper training and resources are available to implement them and maintain them”
- “Have personal relationships with key vendors, and minimize turnover of vendors”

Conclusion

Problems with global payments system security and efficiency can prove costly to companies. Besides the bottom-line costs, payments fraud can cause reputational damage to companies, which can damage everything from investor perceptions to talent recruitment efforts. Payments fraud and inefficiency can hurt vendor relationships, which can lead to increased supply chain costs.

With payments fraud at an all-time high, CFOs are showing more concern about their global payments systems, and a consensus seems to be developing around several key steps for improving security and efficiency. From the CFO-Kyriba survey data, several key steps and best practices have emerged for companies and their global payments systems. The surveyed CFOs and senior finance executives are advising that companies should:

- ❖ Implement real-time payment screening and fraud detection capabilities, for improved security and efficiency
- ❖ Invest in systems and processes that boost payments security and efficiency by providing complete visibility into payments, including information about their timing, amount, and transaction status
- ❖ Implement standardized and strengthened global payments workflows and controls
- ❖ Facilitate faster bank implementations and bank format harmonization
- ❖ Have all global payments users working off the same system, such as a centralized cloud-based system or “payments hub”
- ❖ Integrate global payments systems with cash management and working capital solutions, including supply chain finance
- ❖ Integrate, seamlessly, their global payments systems with their company ERP systems
- ❖ Watch for developments in real-time payments, application programming interfaces, machine learning, and robotic process automation to play an important role in the future of global payments organizations

About the Sponsor

Kyriba empowers financial leaders and their teams with award-winning solutions for cash and risk management, payments and supply chain finance. Kyriba delivers a highly secure, 100 percent SaaS enterprise platform, superior bank connectivity and a seamlessly integrated solution set for tackling today's most complex financial challenges. Thousands of companies, including many of the world's largest organizations, rely on Kyriba to streamline key processes, protect against loss from fraud and cybercrime, and accelerate growth opportunities through improved decision support. Technology analyst firm IDC recognized Kyriba as a global leader in its MarketScape for SaaS and cloud-enabled treasury and risk management applications for 2017-2018. Kyriba is headquartered in New York, with offices in San Diego, Paris, London, Tokyo, Dubai and other major locations.

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