BUSINESS credit

Accepting Payments in the Field Creates Opportunities, Challenges

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The use of mobile phones has risen exponentially over the past five years. Mobile phones are now used to shop, monitor traffic as we navigate to our destinations, track health and fitness progress, as well as provide vital functions like internet banking. Today, more than 78% of the U.S. adult population has a mobile phone, and 77% of them are smartphones, according to 2016 Federal Reserve data. While consumer mobile banking continues to grow and mature, the use of the internet and mobile for corporate and treasury management has largely been focused on remote deposit capture technologies. Although remote deposit capture provides a critical function for making a commercial deposit, it doesn't process the remittance or update your customer's accounts receivable (A/R) information.

A large number of industries today have customers who want to make payments directly to their sales rep or directly to their delivery driver upon receipt of the order. In other cases, companies may require receipt of payment upon delivery, due to a new account being established without credit terms, past due payments, or simply for convenience. Accepting payments at the point of sale or delivery provides a valuable customer service, but creates several operational and organizational challenges for a company.

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Challenges

In many cases, the customer wants the flexibility to make payments in the field. Many companies ask sales or field reps to accept the customer's payment and then phone, fax or email the payment and remittance information to the accounts receivable team. As this information is received by A/R, a process is created to record the customer payment in transit and post receipt of payment to the customer's account. The information is then usually packaged by the field rep and sent overnight (or by regular mail) to the office. Once received, the A/R staff creates journal entries to offset the check payment in transit and adds the check to their daily deposit. The

effort to manage and accept these payments is very costly in terms of time, fees and additional processes. Some companies may have the field rep deposit the checks in a local branch of their primary bank. If the bank is not in that market and your customer wants to make payments to their rep, the company will establish an account at a local bank near your customer. In either case, the rep will send copies of the check deposit and remittance information to A/R for processing. The cost to the company is not only the time and effort for the sales rep to make a deposit, but also the opportunity missed to interact with their customers and grow the business relationship. In addition to managing the workflow for posting the customers payment, the A/R team must track the transactions at each of the local banks. This results in your A/R team having to perform regular cash consolidations to move the monies to your primary bank.

When companies have their delivery drivers collect payments, in many cases these payments are not received by the A/R team until the end of the day when the driver returns. The delay often causes the A/R team to process these payments the next morning. The result is lost funds availability due to the delay in making the deposit. In addition, the customer's receivables are not posted until the next day, which can result in reduced availability of the customer's credit line. This could potentially limit additional sales and shipping of products.

These scenarios could be magnified as the company expands its footprint into new markets and adds additional field reps. Adding additional staff to the A/R team may allow processing of more payments, but it doesn't solve the underlying problem of efficiently processing payments in the field.

Today, companies are looking for solutions to reduce the redundancy and manual processes when accepting payments from customers in the field. For years, consumers have used mobile check deposit apps to take pictures of checks and make the deposits at their banks. While some banks have now begun using this technology for corporate deposits, this only solves part of the problem. The check gets processed, but

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the A/R team still needs to manage the remittance information and create a process to post it. Corporate mobile solutions offered by banks are limited to making the deposit, which is less than half of the payment workflow process. Furthermore, these corporate deposit functions are largely developed for the finance professional, often with more features needed (account balance information, transfers, detailed history) and are not designed for sales, credit and delivery drivers.

Corporate Mobile Payment Solutions for Innovative Companies

Companies today are faced with more demands from their customers and with shrinking margins. They need tools to process payments faster and easier. The sales and delivery driver needs a mobile payments app designed for ease of use which provides for a consistent payment workflow for the accounting team.

Reputable solutions providers ensure no data is ever stored on the phone or tablet.

There are automation solutions designed as apps to accept payments for your field reps. Depending on the product, the rep can process payments quickly with little effort and become a collection specialist. They merely select the customer from a prepopulated list by typing the account name or account number using Google-like search capabilities. Once the customer is selected, the front and back of the check (the identical process as consumer capture) is captured and a picture taken with the remittance information (check stub or a multi-page document). The entire process is completed in less than a minute. The rep doesn't need to be concerned with selecting which invoices are to be paid; the app sends the information to match the payment to the open receivables. If the payment is a check, a matching algorithm can match the check amount to the open invoices.

Reputable solutions providers ensure no data is ever stored on the phone or tablet, and the A/R team receives and processes

the payments just as if the payment was received in the office. The customer immediately receives credit for their payment and the field rep can focus on more highly productive work. These apps can also track receipt of cash or credit cards.

Corporate mobile capture can be a differentiator and provide a valuable customer service for your company. As the payment channels increase, providers (like DadeSystems) are looking for opportunities to reduce the manual processes to accept payments. It is essential for credit professionals to look to a good and reliable partner that can solve critical business challenges while continuing to innovate with the latest technologies. With continued pressure on a company's margins, finding operational efficiencies in handling complex payments will improve the bottom line. ◗

Thomas Berdan is DadeSystems' chief marketing officer. Through UnitedTranzActions (UTA), DadeSystems is a partner of NACM. DadeSystems helps UTA and nonrelated clients increase efficiency and improve cash flow with AR Automation, ePayment portals and mobile solutions. Visit www. dadesystems.com for more information.