

## NextGen Treasury: Your Digital Roadmap Transcript

Susan Witteveen: Welcome, everyone, and a special welcome to our speakers, who I will introduce in a moment. I am Sue Witteveen Head of Treasury and Payment Solutions for BMO's Canadian Commercial Bank. I'm excited to be your host and moderator for the next hour. This webinar is called Next-Gen Treasury, Your Digital Roadmap. What we're discussing today is the supercharged acceleration to digital cash management and payments that most businesses have had no choice but to embrace given the circumstances we all find ourselves still in.

For BMO, digital as a priority is part of an integrated strategy or approach where we are striving to bring together the best of human and digital to meet a full range of client and employee needs, speed, efficiency scale, and most importantly, in the payments world safety and control. This approach is consistent with what many clients are telling us and I expect what we will hear from today's speakers. The human digital journey has maybe a better description of our discussion.

Thanks to advancement in payments infrastructure over the last five years and in the next few years, it is possible to move faster and more easily with less risk and with more upside than ever before. That's what we intend to bring out in the conversation today. Look, if anyone had told me a year ago that I would be personally working in a totally paperless fashion, I would have A, thanked them for the compliment because obviously, they were mistaking me for a millennial or B, wondered if they had tripped over a printer or paper shredder and bumped their head.

Yet, here I am paperless, saving money, saving time, saving trees, maybe even saving a few turtles according to my daughter, yet the only thing that got me to a paperless way was absolute necessity. I was not able to connect with the home printer, I had no choice. For all of you who, like me, reached or approaching the point of no choice, this session is for you. One of the best ways to learn is from someone else's experience. Joining us today from various freezing cold spots across North America are in Calgary, Alberta, Rob Lowther, the Senior Vice-President Finance of MNP.

MNP is one of Canada's largest accounting tax and business consulting firms with international reach. Rob is known for achieving strong results for MNP and their customers by leveraging innovation in practical consistent ways while always maintaining the highest quality standards. In Toronto, Ontario, Megan Kells, Head of North American Treasury and Payment Solutions, Product Development at BMO. Megan has focused her team's resources and energy on improving the simplicity, reliability, safety, and most of all, the depth of offering of digital payments to ensure that everything we do digitally is a superior experience for our customers and our employees.

From Minneapolis, Minnesota, we have Matt Bleecker, BMO's Director of Payment Optimization Strategy. Yes, that is a thing, our customers have made it a thing. Matt has developed a deep expertise in analyzing customers existing payment programs to help with insights and recommendations that are practical and of most value for each customer's journey to digital payments. Welcome, everyone. Rob, let's start

with you. I'm going to ask you a few questions to help us all understand MNP's evolution to digital.

How about painting the picture for us about where MNP was with their payments operations just a few years ago?

Robert Lowther: Yes, we would've started three or four years ago, starting to transition to digital strategy and payments. I would say at that time, we were more traditional in the sense for both payables and receivables, our checks outweighed the methods of electronic payments that we were using in both aspects. We would have been tracking our expenses, but we would have been doing it in a more manual and cumbersome manner. We obviously want it to look at ways of improving that.

We knew that technology was coming to market, but we wanted to understand what technology was available and how we could integrate it easily with our banking platform. The other thing that I would note is that your clients and vendors were looking for other alternatives beyond what we were traditionally offering. This was also an exercise in trying to make sure that our vendors' and clients' voices were heard.

Susan: Was it the vendors and clients that prompted the evaluation of your payment channels or was it certain goals that you were setting for the team? Tell me a little bit more about that.

Robert: It came in different ways. I would say that listening to the clients and the vendors' voices was one piece of it. The other piece of it was we have a strong treasury team, that they understand our business, and they're aware of some of the technology that's out in the market. It really started with initial conversations internally with our team. We reached out to different parties, BMO being one of the parties that we reached out to.

The goal was pretty simple. It was how do we be more efficient in our treasury function. Efficiency in my mind is both from a time perspective and a cost perspective. The other thing that we want to keep in mind because it's so critical in every business, are the controls around treasury. That was the other piece that we wanted to look at. Now, as a firm, MNP prides itself on its entrepreneurship and its innovation, and on-client service.

As an internal finance team, we want to make sure that we're helping our clients as well. Our clients are not only those clients that are out in the market, but the decision-makers within the firm. As a finance team, that's how we look at the two different types of clients that we serve. From a goals perspective, we set initial targets saying we want to convert a certain percentage from check or from a traditional method to electronic payments, a variety of different electronic payments. That goal was set based on a percentage of both clients and a percentage of vendors.

I won't get into the numbers, exactly, but our goal was to see incremental improvements over the course of a period of time. Like I'd mentioned, we would have started three or four years ago, and we've seen those incremental improvements happen each year.

Susan: I am wondering what steps you did take when evaluating your setup because I'd really like to hear the very practical considerations and how you anticipated and prepared for the buy-in. I like what you said about, you know, there's so many stakeholders, there's customers, but there's also these internal customers. Buy-in is always a big deal or a big critical success factor. Talk to us a little bit about that.

Robert: Maybe just to set the stage, obviously, if you go back five years treasury, as a function, it was being disrupted. There was plenty of new technology coming into the market. This just isn't for professional services. This is really across all industries. As a firm, we've been growing quite quickly over that period of time. The way we first looked at it from an evaluation perspective was, how do we offset some of these higher transaction volumes?

There's throwing more people at the problem, and then there's looking for tools and technology that can help us manage that challenge. What we did is our team was reviewing what tools and technology made sense for us. Part of the conversation of when we went to BMO was what does BMO actually have available? What new tools are they rolling out? MNP, as I've mentioned, we pride ourselves on innovation. We want to be an early adopter in some of these technologies. That's how we approached the conversation with BMO around the treasury piece.

For the people on this call, part of the evaluation is dependent on what type of business you're in. It's going to be dependent on what resources you have available. A large business is going to have different levels of resources than a small business. Finding the right solution is obviously going to be critical in evaluating what the right setup is. From a leadership perspective, we looked at a couple of different things. I've mentioned supporting the client. That's both internal and external. Then as a finance team in general, accuracy is going to be critical. That's really step one, accuracy, you don't compromise on.

Excellence is something that we talk about as a finance team as well and coming and doing our best work every day, finding new ways to approach problems, and raising issues when you see them. The innovation of our financial processes, again, tying in to some of the specifics I'll go into later on in this conversation. Getting buy-in from the team, it really wasn't a challenge at all. When I think about what our team brought forward, this is really an initiative that was driven by our team and it started from some of the ideas that they brought forward. They've been the driver of the changes. It not only helps the business, but it helps them in their day-to-day work and really the business reasons for these changes is what drove the decision-making process.

Susan: Excellent. Good. I really like what you said about the goals being anchored back in what MNP stands for. It's like touchstones to keep you on the right path and not let there be scope-free or distractions, but with every change, Rob, as you know comes challenges. I'm interested to hear if it's not too personal, a question, what were the biggest rocks you encountered and had to overcome?

Robert: Outside of the normal system implementations and process changes, what I would say is convincing-- we would have a segment of our vendors and clients that are 100% on board with moving to electronic payments or would have already been

using them, but convincing some of our other vendors and clients to move to different forms of electronic payment was also a challenge.

I think the way we overcame some of those conversations was just talking through some of the benefits that they were going to see. When we think of our vendors, for example, on the electronic payment side, the payment comes through in a more timely manner. You're not waiting around for that check to be delivered in the mail and going to stand in a bank line and deposit those checks. On the client side, obviously, we have more flexibility in that conversation, but we had a lot of successes there too. The clients definitely bought in to the move to the electronic payments.

One thing I would say is, well, COVID has been obviously awful for the economy and small and medium-sized businesses in general. As you mentioned, Sue, it has really pushed everyone probably forward five years to transition to an electronic environment. That's what we've seen in our business as well, dealing with small and medium-sized businesses across Canada and the US.

A few of the other items, I would say just making sure that these new tools integrated with our existing platform whether it's our ERP system or our banking system. We wanted tools that were easy to integrate and that we weren't having to create workarounds in that respect. Then the last piece was training. Our finance team is used to the existing platforms that we have.

Our finance team was relatively easy to train because they're in these tools every day. Where I would say there was a larger challenge in that respect was the people that are only in the system maybe once a month, mainly the approvers that go in and they're trying to assess what the transaction is, what's been processed, maybe look at the backup to that transaction and going in and approving it. I would say that the training was a little bit of a hurdle to overcome as well, but after a few months, it was dealt with.

Susan: That's interesting. I would have thought that the training and just all the stakeholder buy-in would have been much bigger hurdles. I do like hearing that maybe because the project was so well designed and thought through and paced that these hurdles or challenges became more minor.

I also agree there is a silver lining in everything we're all going through and that the appetite for digital alternatives has never been stronger. It's actually fun to work with customers right now because the decision isn't being pondered anymore, it's been made. People are all in the same mindset or mental space of-- customers always intellectually understand how moving more digital is good, but the energy and the priority to do so is really high right now. From that standpoint, it is the silver lining in COVID.

Rob, what does your payments operations or the program look like today? Can you give us a little bit of a sneak preview of what is next?

Robert: What I can say is, when I think about the entire treasury ecosystem and our finance where it lies within our finance ecosystem, we've transitioned to what I would say is a nearly full digital treasury function. I think we still have some work to do. Our

real focus has been on the transactional piece. How do we eliminate a lot of that transactional elements and allow our systems and tools to manage those for us? Where we continue to look for ways to improve is really on the longer-term planning pieces of our cash flows. I guess just to walk you through a few of the things that we're using, from a EFT and ACH perspective, whether you're in Canada or the US, we have those setup.

The vast vast majority of our transactions are being processed through one of those two methods. We've implemented a BMO product called A2Pay. It's a virtual credit card system, that essentially it sends a link out in an email format and you can pay. Very similar to a credit card. That's another virtual payment option for those that opt into it. Then, credit cards don't seem too flashy at this day and age, they've been around for decades. One of the tools that we've implemented to help manage our credit cards and manage A2Pay as well, is a tool called Spin Dynamics.

The benefit of Spin Dynamics is that there's a number of things that it provides that we wouldn't have had before. It really simplifies the approval process where it's a one or two-click process for some of our approvers that they have better things to be doing with their time than reviewing transactions that need to be approved. It really expedites that approval process. The other thing Spin Dynamics allows us is in integration with our ERP system. It eliminates the need for entering a transaction in one system and then entering it into another system as well. Obviously, looking at the process efficiencies as it relates to that.

Spin Dynamics, the other great thing about it is setting up the rules within it. There's a number of new ERPs out there that allow you to set up rules, set up transaction GLs, those kinds of things. Spin Dynamics allows you to do that within the treasury world. The great thing about that is, once it's set up, it's really just a review the next time that similar transaction is processed. It does save a lot of time and just a lot of transactional efforts, less manual work there.

Some of the other pieces on the receivable side, again, our technology and finance team have worked together with BMO as well, setting up scripts for some of the client deposits that we see, aligning those with our in-house management system. What that means essentially is that when a deposit comes in, the script reads off of a document, and then it would assess if there's a matching receivable. If there's a matching receivable, it matches it off and if there isn't, then it would go into the bank or into the pool for our team to review.

In most cases, those deposits would automatically be matched off with receivables, again, eliminating, maybe it's 90% of the work associated with that. The other piece would be deposit edge machines. We use this out in our different regional offices. MNP is coast to coast, we have over 80 offices in a number of different markets. When we look at all those regional teams that are involved, we want to make sure that they can deposit whether it's bank drafts or checks that are still coming in. Those payments that are not yet being made through electronic methods, we want to deposit them in as efficient manner as possible.

What we've done is we've provided them those machines. Again, it saves time of standing in the line at the bank. In many cases, some of these communities don't have a branch that they can go to. Again, it saves courier costs or those kinds of

things. Then, Sue, to your last question, just like looking forward, I kicked it off by saying we still have work to do. I think we'll always have work to do because technology changes so quickly. We're really focused on some of the strategic items. How do we continue to automate our cash flows?

How do we integrate it with some of our budgeting and planning tools or forecasting tools? I think there's a number of strategic projects that we can focus on here to better manage the long-term capital of our business. That's where I think really where our focus is now that some of the transactional elements have been dealt with.

Susan: That's excellent. Thank you. Rob, knowing what I know about MNP and how much you value your people, I need to ask you, how did the changes you implemented impact the employee experience?

Robert: What I would say is to start off like any systems project, it was a heavy lift for the team to begin, but the benefits definitely outweigh the extra time and energy that had to go into setting it up. Some of the benefits that I think the team, as a whole, would have seen would be just the speed and efficiency. I've talked a bit about that in a number of instances already, really less manual processes, I think most people appreciate that. The cost savings obviously is a piece of it as well. Really, I talked about Spin Dynamics and the benefits of using that in A2Pay. It's a smart tool, it saves our team time of reentering the same categories or cost information, setting up those rules, simplifying approvals, making our approvers more efficient.

It impacts the finance team, but it also impacts the decision-makers that are approving transactions. It also impacts our regional teams that are trying to deal with clients. The less time that they're spending on administration is more time that they're spending with clients. That's obviously a side benefit of some of this. Not the complete elimination of checks because we still do have some of that, but just the time and material savings having moved most of our transactions off of checks.

You think about the time of processing the check and stuffing the envelope or sending it out, or if you're using a third-party service to do that for you, there's a cost associated with that. Eliminating a lot of that cost is beneficial. Just in the team in general, what I would say is it really allows our team to focus and move from the transactional work to strategic priorities and allows our team to grow with the technology. Allows them to be more involved in trying to drive decisions rather than managing more of the transactional and administrative elements of the business. Like I said, that the team has really been great and led the charge from step one. I think that's part of the good story.

Susan: I could not agree more in competing, we belong to these world-class companies and the differentiator is in the top talent or getting the best talent. Thinking through initiatives like this and trying to make the roles that the humans play as rich and as interesting and compelling and getting the transactional work digitized is such a key success, a key benefit that we don't talk about enough in the journey to digitization. Thank you, Rob, for all of that and telling your story. I think you're modest.

I think a key success factor in always in these types of changes is the leadership and your role in understanding that this is more than just a technology journey or a technology shift. That there's just a lot of behavioral change required to and being patient with that and the fact that it takes time. Then when opportunities, not that COVID is an opportunity, but when a situation presents itself where you can accelerate or move further down the road, you take it. Thanks for that. That's one customer's journey so far.

Matt and Meagan, I know that you're going to spend now a few minutes with us to together provide some commentary from your perspectives on best practices that you've heard out of Rob's and MNP journey, as well as just the overall payments landscape, including trends in the time of COVID and then things that we should all be thinking about as we contemplate are moved down the road to digital. I'm going to hand it over to both of you.

Matthew: All right. Thank you, Sue, and thank you, Rob, for sharing your story today. As I listened to Rob tell his story about MNP, there was a couple of best practices that I took away from what he was telling us today. I heard him talk about developing a manageable plan. I also heard him talk about having partners be included and various departments in their organization. Megan, what were a couple of best practices you heard Rob talk about today?

Megan Kells: Thanks, Matt. I think we've highlighted on the page here, right? It's the carpenter rule, measure twice cut ones. I think what set Rob on his journey was really clearly defined goals and milestones in the process and also the time that he gave the organization and what I would "the community", both his customers, his vendors, and his partners to move to digital payments. I think those were two of the big things or takeaways for the audience on the call today to think about in terms of best practices.

Mathew: I would agree, Megan. I think goals is a number one thing as normalization to think about and making sure you're studying those. When we think about a couple of those, the number one that I've had since COVID came into play is that increase in working capital. I've heard from a lot of clients talk about that. How do I do that? How can I extend my DPO and what can I do? One of the things that I suggest clients take a look at is what is your payment strategy?

Is this an opportunity to refine that? Or if you don't have a payment strategy currently in place, to develop one. It's one of the key things you'd want to probably take a look at. Other things, Megan, that you might have heard from a goal's perspective?

Megan: On the slide there, you can see creating infrastructure efficiencies or just creating efficiencies overall. I think Rob highlighted some really good examples today of what he saw on his efficiencies across his organization. I would say digital payments, they don't discriminate. Regardless of the size of company you have, the geographic footprint, the type of industry you are in, there's a role for digital payments or electronic payments in your payment mix. To Rob's point, they didn't continue to totally eliminate cheques.

There's always going to be room for cheques but thinking about how it's part of your mix is important. On the efficiency, I would say you can now look for efficiencies in

typical three categories. People, process, and technology. People, we heard today that you can move people from lower-value activities where they're spending time opening envelopes, reconciling checks to hire, order work. In Rob's case, working capital and focusing on cash flow. From a process perspective, when you move to electronic payments, when you're initiating them let's say on your bank's platforms and the most case will be a lot of the steps and the controls are built right into the system.

Those process steps can come out of your manual work because the system prompts you to do those steps in your process. From a technology perspective, electronic payments have a lot of the remittance information that travels with them. That, again, takes a step out of your manual process and creates some efficiencies. Then Rob-

Mathew: I think as we listened to Rob, the other thing he talked about was a cost and recognizing that there's a cost associated with doing manual payments. Oftentimes, those have higher fees associated with them. Along with the labor cost, when you think about that ties back to the efficiency. Can you gain efficiencies and gain that cost savings by having your resources deployed and doing something else? Wires are a very expensive form of payment. If you can remove that and offer a virtual card or an EFT or ACH, those are much lower from a cost perspective.

Depending on the size of your company and you take a look at the number of transactions you are doing on an annual basis, those fees eventually do add up. That's an opportunity to save some of those cost. Along with those different digitized payments, come risks. Megan, what are you seeing as far as some of those payment risks that are out there and changing those, and how do you make sure that you have good controls in place?

Megan: Yes, Matt, it's a really good question. One thing just on the heels of some of the things that Rob mentioned is, part of the risk is understanding where your payment is in the process. When we think about paper payment, some of the risk is understanding the timing. If we just think about things like dependencies on the post office, that is something that's not controllable for any of us. Taking some of that risk out of the predictability of when the payment will go out or when the payment will arrive, I think is key.

Moving to digital or electronic payments, when you are using that format you can mirror the controls for those payment types with the controls you've set up in your own company. Now you just mentioned wire payments. When you move towards something like wire payments, you can set up dual controls, you can set up multiple levels of controls on top of your Maker Checker in the system. You can set up different authority level controls by payment types. You mentioned ACA, EFT.

Digital payments enables you a little bit more flexibility in terms of system-driven controls that marry up to your finance or your treasury controls that you have in your group. It gives you more power and more control on overall reducing the risk in the system. If we want to move over to the next slide, I think we will spend a couple of minutes just on trends. I don't think there's anything on these slides that's a huge surprise for anybody in the audience. This is association of financial professional slide. You'll see the downward trend here which is not a surprise.

This is regards of the size of organizations that were surveyed and we see the same trend in Canada that we do in the US. On average, the decline has been between 68% in terms of a decline of checks both on the disbursement side and on the payable side. During the year of COVID, for the last 10 to 12 months, we have seen that almost triple in size. A huge decline in checks. What I would say on this slide is the last point that Matt is also going to get onto in a minute is probably at the most important.

We heard Sue and Rob talk about it a little bit earlier. The adoption in the community of moving away from checks is pretty massive. When we think about what's happened in the payments landscape over the last five years, it's pretty earth-shattering actually. It's more than what's happened in the last couple of decades. We have the creation of dual payment rails. You think about the clearinghouse offered now, we have the modernization of payment rails around the globe including in Canada. We have our low value and our high-value payment rails modernizing right now as we speak.

We have new payment mechanisms going on top of those rails. Then we the environment of COVID. That's all creating what we talk about in the last bullet here that the adoption rate to look at digital and electronic payments. Everybody is in a much better state to accept these payments just given the state of where the overall environment is. We're really, I would say, in a once in a generation opportunity to move away from paper. I think Matt has a couple of great comments on the next slide

Mathew: I think it will be interesting to see that slide in the next five years and how it decreases even more. Sue talked a little bit earlier today. She said COVID's really brought us into a no-choice situation and I think this slide really highlights that. No matter where we are, if you're listening today, whether you are a small business, a medium size, or a large, you might find yourself being thrust into that 60% bucket. Maybe you planned on looking at moving your B2B payments to a more electronic means over the next couple of years but you weren't necessarily looking at doing it now.

COVID's really forced us to take a look at that and find ways for us to be more efficient and timely with our payments. At the same time, making sure that we are keeping our staff safe. I think that's a key thing overall. We have a safety concern in regards to our employees and our team members. Rob also mentioned a little bit of he falls into that bucket of one third. They've already been on this journey for a couple of years, however, that journey doesn't end just because you started switching your payments over to digital. That the landscape, Megan, that you talked about is so rapidly changing.

I think about when I first got into this business, there wasn't a whole lot and in the last several years, we've heard of new introductions. The fact that we all walk around with a computer in our hand nowadays is driving a lot of that. Things that we have in our personal life, our consumer life is now bleeding over into our business life. I think it's important for us to realize that that journey doesn't come to an end just because you switched over to some form of payment that's electronic.

We'll talk a little bit more on the next slide about some of those benefits. We heard a lot about Rob talking about those benefits as well. He talked a little bit about that efficiency once again and removing that manual processing out of his organization. You can see from the slide, that is one of the biggest things from the respondents of the survey, is that they're looking for that straight-through processing. Rob also talked about that cost savings and the importance of that as an organization and the benefit that comes into play.

Using technology, and the ability to streamline your payment process, I think we're only at the tip of the iceberg of seeing that being accelerated. I think over the next three to five years, we're going to even see it go beyond what you and I can even imagine today based on what will be developed. A couple of other benefits, Megan, that you've heard of or you witnessed?

Megan: One highlight and maybe share another example is focused on the last one and that's improving customer satisfaction. We were working with a client in the US, who has a very traditional business and issued checks. That was very common in the industry they were in to issue checks, but it's a very high volume of checks with very low dollar amount on each check. They were trying to think of ways that they could be more efficient, and delight their clients. They asked us if we would consider working with them on a PayPal proof of concept.

It was a gutsy move, but through some tests with their end customers, they decided it was the right move to go digital. You can imagine what it's done across all of the bars that we see on the chart here in terms of cost savings, improving their forecast, improve speed and efficiency, but also really delighting their clients because of the predictability of getting the payment. I think we can move to the next slide and talk about receiving digital payments benefits.

Mathew: I see number one in speed of settlement. I think as COVID, I heard from clients on the receiving side. I think a lot of customers and clients thought, "Hey, I have a lockbox. I've done a lot automate there from that perspective," but when you think about what's coming into a lockbox, it's still paper and oftentimes, it's paper checks. Megan, you talked about the mail and the dependency there. I think that's been the biggest push. I would hear from clients saying, "How do we start getting more of our payments in electronic fashion? What can you do to help us eliminate our lockbox altogether?"

We would love to be able to say in five years, that we don't have a lockbox because it's not needed any longer." I think that's the key element in finding ways to offer up to the payor a different form of making their payment. That speed, I think that speed of that settlement coming into play is so critical for customers today and businesses to survive. You talked a little bit about that supplier and the customer relationship. I think that's one of the things that I've seen through COVID is there's a concern, both from a buyer and a supplier of making sure that folks are still around to do business.

They're trying to find ways to accelerate payments to their suppliers, and at the same time, making sure that they're doing what's best for their company as well because they have to make sure that they're healthy and sound from a business standpoint. Anything else that you've seen from the receiving side of digital payments?

Megan: Yes, it's a good point, maybe just another customer example to add on. We had a client who, again, very similar to Rob had a multi-year journey to move away from receiving checks. Really worked with their partners and they moved most of the business to EFT, this Canadian customer Electronic Funds Transfer. They phased out the milestones in the approach to receiving EFT but similar to Rob, what they were able to do this was a retail customer is reduced their staff by about 10%. That's not always the goal for everybody.

They were also able to repurpose about a third of the team to focus on higher-order treasury objectives for the group, which was really digging into cash flow forecasting. They were on an acquisition spree across Canada, trying to buy up additional retail locations. This enabled them to turn their attention from lockbox and traditional check items to really looking at working capital cash flow and contribute in a more meaningful way to their overall financial objectives.

Mathew: All right. As we look at the next slide and take a wrap up, what would you say for last parting comments or words to our audience today when we think about the digital journey?

Megan: Yes, I think it goes back to the first slide, Matt. For people to be really crisp on what their goals and objectives are, I think sitting down in terms of taking inventory of what you're trying to achieve from a treasury perspective will really help solidify what your journey is, and then you can back into the house. Being super clear upfront on the what you want to achieve with your treasury goals, then you can partner with your advisors on how you would achieve it. Any parting words from you?

Mathew: Absolutely. I would agree. I think weaving in that, that payment strategy as part of your goals and taking a look at that, and then making sure you share those goals with your banking partners. The more that your bank partners can understand what those goals are, they can talk about helping you from the tactical perspective of achieving those goals, similar to what Rob had talked about when he was sharing his story. Sue, it's back to you, but thank you for allowing us to share some of our best practices and things that we've seen over the time period.

Susan: That was great, Matt and Megan, you both have very soothing voices, very calming. I appreciated that. I would just pile on and say back to the point that necessity is the mother of the accelerated digital journey. It's just a very opportune time for us right now and all of your facts and figures reveal that. We're at the point in our webinar that I just want to fire some questions at all of you as some came over the internet as we were talking. They're very good questions. We'll try to weave them in the last 10 or 15 minutes we have.

Thank you to those that did submit questions. If I don't get to them all, I will make sure that one of us responds to you outside of this webcast. Matt, I'm just going to throw it back to you and ask you a little more specifically how supplier acceptance of digital payments has evolved over the years? Just to keep this very practical, just talk to us a little bit about the primary concern you are hearing about receiving digital payments from suppliers.

Mathew: Oh, definitely. I think when it comes to that supplier acceptance, when we first started talking about digital payments to suppliers, they were a little bit reluctant

and that's because change is scary. They're used to getting that check in the mail and at the bottom of the checks tab, had all their invoice information. I think that was primarily what was driving that hesitation to change was will I receive the data that is so critical to close my AR items that are open and for that invoice?

I think Megan talked about that a little bit earlier, the data and the dollars need to travel together. The other piece that has happened is we've made it simpler for suppliers to be able to be registered to get a digital form of payment. By removing that, that friction, we've seen a higher adoption and we'll continue to see that adoption rates increase over time.

Susan: Yes, thank you. That is why we have this role called director of payments optimization because there is a lot to it, thank you for that, Matt. Megan, I know you touched on some of this during your joint points with Matt, but just again, to amplify. When it comes to transitioning customers to digital payments, are there your favorite best practices to be mindful of? You've been at this a long time and you work with so many customers.

Megan: Yes, Susan, I don't think any of it is really rocket science, but it is again, understanding your core treasury and finance goals upfront. I think spending some time to really analyze your payments both incoming and outgoing is also super important. The by-product type, the volume of payments, the value of some of your payments, some frequent offenders in terms of customers who are suppliers or vendors who more frequently issue checks.

If you have some timing concerns, if you have big payments you make at typical intervals during your month, that's really critical to understand. Then you've got really a history and an inventory of what your payment schema looks like. Then you can work with your advisor to figure out what the next step would be. With your goals firmly set up and then much like Rob did understand your time horizon. If you have technology that you can take advantage of whether that's a treasury workstation, an ERP system, whether you're making a change or moving to one, or you're on Excel spreadsheets, that's totally fine too.

How you would back into moving some of your mix to digital. You can move it in increments, once you have a better understanding in the analysis of your payments. You can also think of small or large things you can do to incent your community in terms of moving to digital payments. If people pay on time, can you factor off part of the cost of those payments, et cetera? That would really depend on the mix of payments and the volume and the value, but there's all sorts of alternatives you can do if you find components of your payment mix, where that audience is not as receptive.

Those would be the five or six principles to think about as you start to move down your journey to move to electronic and digital payments.

Susan: Awesome. Megan, thanks. Rob, we're just going to get down to some real tactics here. I'm going to combine a couple of customer's questions into one. The audience wants to know, do you have any treasury management software recommendations? Then not related, but along the same elk of questioning is when you were speaking, you mentioned scripts to automate the deposits to look at with

the accounts receivable and integrating the posting. Is there software involved in that and are you able to share that with us?

Rob: It's an interesting question. I always hesitate to make software recommendations just because there's a lot of good tools out there. What I would say is that the decision that you're going to make in terms of the software that your business needs is going to be highly dependent on a number of variables. You're really the first being, what's the size of business? What type of business you are in? So the industry. For ourselves and professional services, we have different needs than a manufacturer would have, or maybe somebody in healthcare or energy.

The different types of businesses. You may have multiple deposits upfront before the product is provided to the customer, or in professional services, maybe you are subscription service-based. That type of payment methodology would have an impact on the software that would make the most sense for you. The other piece that I would say is, it also depends on where you're at your digital process. If you're just starting out, throwing software into the equation may not be the right decision.

You may want to be looking at the processes before starting to look at the technology and map those processes out, find the stress points, and then start looking at technology at that point. The complexity of the cashflows that I mentioned. Sometimes it's the size of the business, sometimes maybe there's multiple businesses that are consolidated under one company, that would have an impact. That would be, I guess in general, what I would say is determine what you're looking for first based on I guess the challenges that you're having with your processes or the stress factors that you're seeing within your business.

In terms of the script that I was talking about, there's a number of different ways to get your receivables to match up with the deposits. If you're looking for a simple solution, it can be through SQL. Using Excel it could be-- There's a number of new technologies out there, BlackLine is one of them but again, it needs to make sense for your business. It's not necessarily saying this software is the best for every business and so or maybe just leave it at that.

Susan: Okay. No, that's great. Thank you. We have another really cool question. I wish we had our head of payments modernization on the line. Yes, we do have that title in our bank as well. The head of payments modernization. All these experts that we have can take a stab at this and I'd like to hear from Rob too. A participant is asking, in your opinion, do you believe that most clients, the general public will fully move to automated systems in Canada? I think in her opinion, I think Canada has progressed in a widespread scale compared to the US but I'm not sure if the industry will fully automate, okay. Pose that, discuss, what do we think?

Rob: I can maybe start. Oh, or maybe start over .

Susan: Rob, you go first. Sorry. I'm not doing my moderation job. I'm moderating. Rob, go.

Rob: No, perfect. My thoughts on that is that I do think it may not be in the next year or two that we see a fully electronic approach to the treasury function but I do think it's coming. I think you're going to have a number of businesses starting to adapt

now with this environment that we're living in and looking to invest in technology. The other thing in the back of my mind, and it hasn't really been discussed on this call but the impact that some of the future technologies that are starting to come out with blockchain and those kinds of things.

I do think in the next couple of years, you see that more widely adopted. Whether it's two years from now or five years from now, I do think we're moving to a fully electronic world.

Susan: Wow. Megan.

Meagan: I totally agree with Rob. I think we'll get there and I think we'll leave we will be pulled there by the customers. A lot of payment solutions start on the retail side first and then move to commercial. That demand helps drive the expectation for the commercial organization to meet the retail or the consumer demand or how they want to be paid or how they want to send their payments. I'll use an example in Canada electronic money transfer, and it was pretty slow to adapt 2015, 2016.

Then pardon the Canadian expression, it was a hockey stick, went right up. Bulk email money transfer on the commercial side, again, hockey stick. It starts with a trickle in the retail adoption, but then that also spills over to the commercial side and really helps ubiquitous adoption of those particular payment types. It's no different in the US as well. We're really starting to see that with Zelle payments much more across the board on the retail side and getting more and more momentum on the commercial side. I agree with Rob, we will definitely get there and it will be really the community that pulls everybody along to move to fully digital.

Susan: Meagan and listening to you with the hockey stick. I think part of that too, is we have these early adopters that work with us on adopting some of the digitization that your team introduces and then it's iterative, right? We say, "Oh, this is missing," or "The timeframe is missing," or, "This feature is missing," and then you go back and iterate on the product based on customer feedback. That just helps all the other adopters pile on. I think that's part of it too. Go ahead.

Megan: I was just going to add on one thing to say that the demand will pull people along. If you can think about-- it's a consumer example, but all the COVID payments that both the US government and the Canadian government made to both retail customers and commercial customers, can you imagine if those payments were issued by check? I think that's a really recent and a really relevant example of where these payments get pushed out and that's now set a precedent and momentum around a receipt of digital payments and electronic payments.

Susan: That's just such a great example. Matt, I'm going to let you have the last word on this. I know every part of your answer will have something to do with card-based payments because that is so important in all of this especially to you. What are your thoughts?

Mathew: Well, I think it's a great question and when I think about when I got in this business about eight years ago and talking about virtual card payments as a payment option, it was a very slow adoption in the US. Like Megan said, it slowly took off. When I think about the digital journey for the Canadian market, I think

COVID is going to be that catalyst that we would have normally probably saw a very slow migration to where we're going to see that take off very, very quickly.

Susan: Okay, well, there's so many more questions that we could take up and talk about, but we do need to wrap up and we will follow up with everyone on any unanswered questions. Audience, I hope that if you haven't already, that you will now feel compelled to reach out to your BMO banker and ask them how they can help you optimize your payments operations. Our speakers shared best practices to help convey that while every journey is unique, every business of every size and type can benefit from a payments optimization discussion.

Matt, and Megan, thank you so much for sharing your perspective, and special thanks to, Rob, and MNP for your valuable time and insights. The most purpose is to grow the good in business and life. You definitely helped us grow the good in business today and we would like to recognize that by supporting MNP's efforts to grow the good in life by making a contribution to a charity of your choosing. I'll catch up with you after the show on that.

Audience, your feedback really matters so, please stick around and fill out the short survey. We are always striving to get better at these what our customers would most like to hear about or hear from. Remember I did that little teaser, we have a head of payments modernization, we could bring him in the next time. These speakers all made it look easy today because they are pros, but honestly, there is a lot of sweat and tears that go into these, mostly mine and your input is really carefully considered so do the survey.

that says FP&A recertification credits, please click on the link below the video window to save the confirmation of attendance documents for your records. Yes, as I said earlier, we will send a follow-up materials, want to work with you on your roadmap. This session is going to be available in replay, so if you want to share it with your friends and family, that's great. Finally, thank you to the village of support in the background who made the digital connection work, including yelling at me to get all my kids off the Wi-Fi when my connection went blurry which also made me look 10 years younger, so maybe that's not so bad.

Marissa, Chris Jodi, I am always grateful, it's always a pleasure. With that, today's webinar is concluded. Take care and stay safe. Bye-bye.