

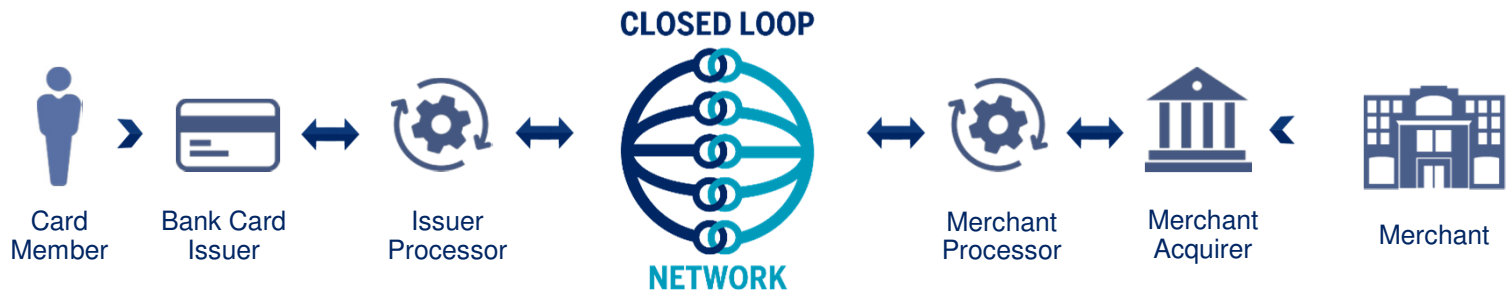
Credit Acceptance & Payment Portals

July 2020 | MFM 2020



Global Merchant &
Network Services

Who Are You?



Global Commercial Services
Issues corporate cards + T&E business solutions

Global Consumer Services Group
Issues consumer charge and credit products

Global Merchant & Network Services
Manages relationships with merchants accepting Amex



Griffith Dudley: Director, B2B Technology & Advertising, Merchant National Client Group



Leila Garcia: Client Manager, B2B Advertising, Merchant National Client Group

COVID's Impact on Your Buyers

65%

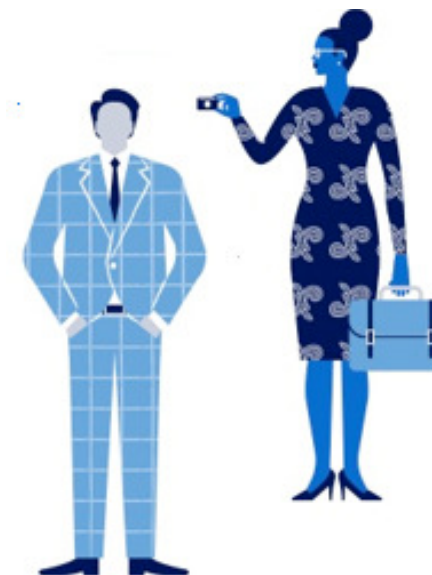
of marketers report they anticipate a decrease to their annual marketing budget¹

86%

of marketers predict their marketing goals will be harder to reach¹

57%

Almost 6 in 10 B2B companies (57%) in the US report to have reduced their marketing spend as a result of the coronavirus outbreak²



¹Conductor, "New Trends Reveal the Impact of COVID-19 on Marketing", <https://www.conductor.com/learning-center/impact-covid-19-marketing-research/>

²Marketing Charts, McKinsey COVID-19 B2B Decision Maker Pulse conducted April 20-27, <https://www.marketingcharts.com/industries/business-to-business-112981>

Poll Question



Do you have a portal?

Today's Conversation

How can I derive value from accepting Credit Cards in the current environment?



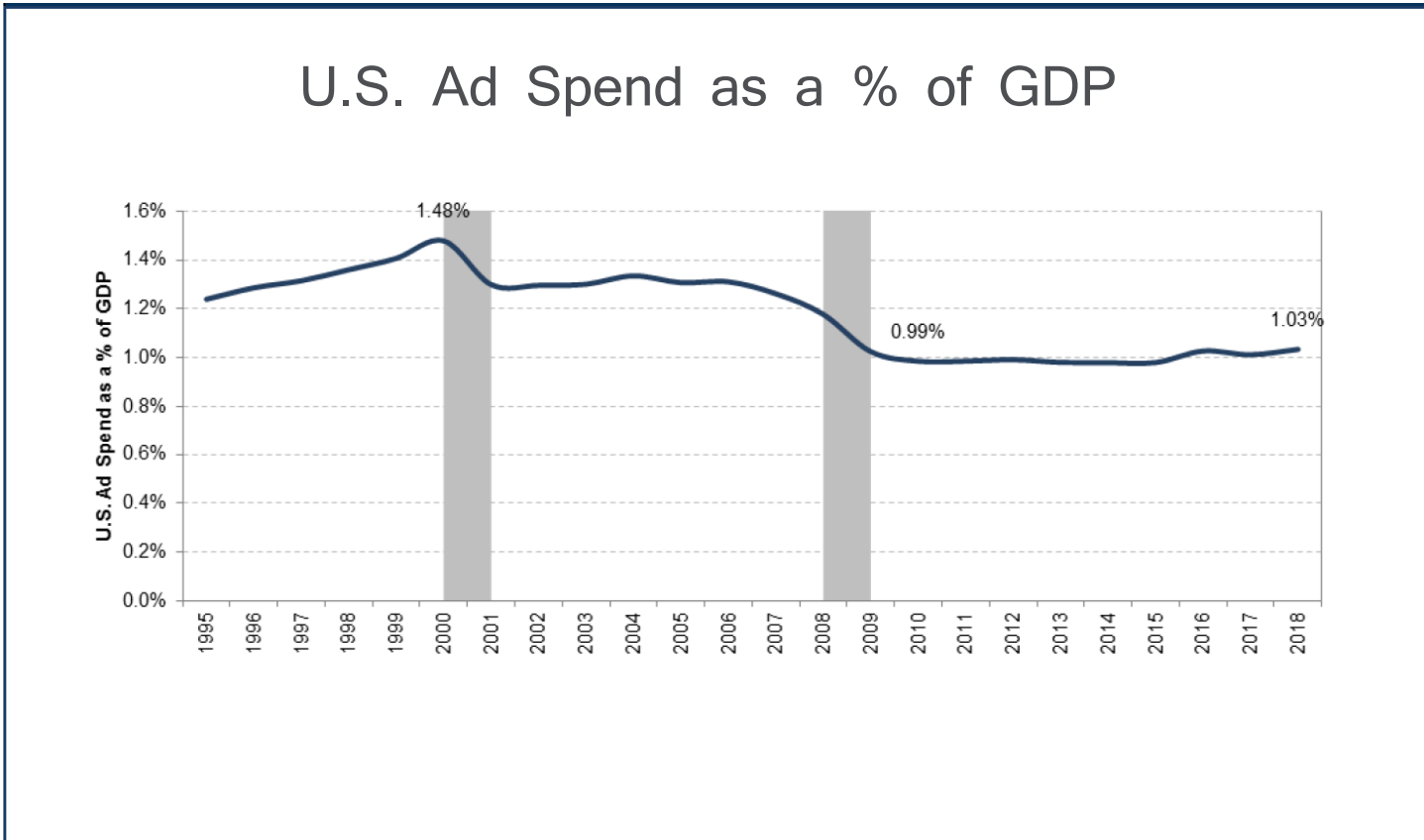
Three Reasons to Enable Credit

- 1 Sustainable Growth
- 2 Controls (e.g. Terms Adherence)
- 3 Adoption

1

Grow Sustainably: Advertising Use Case

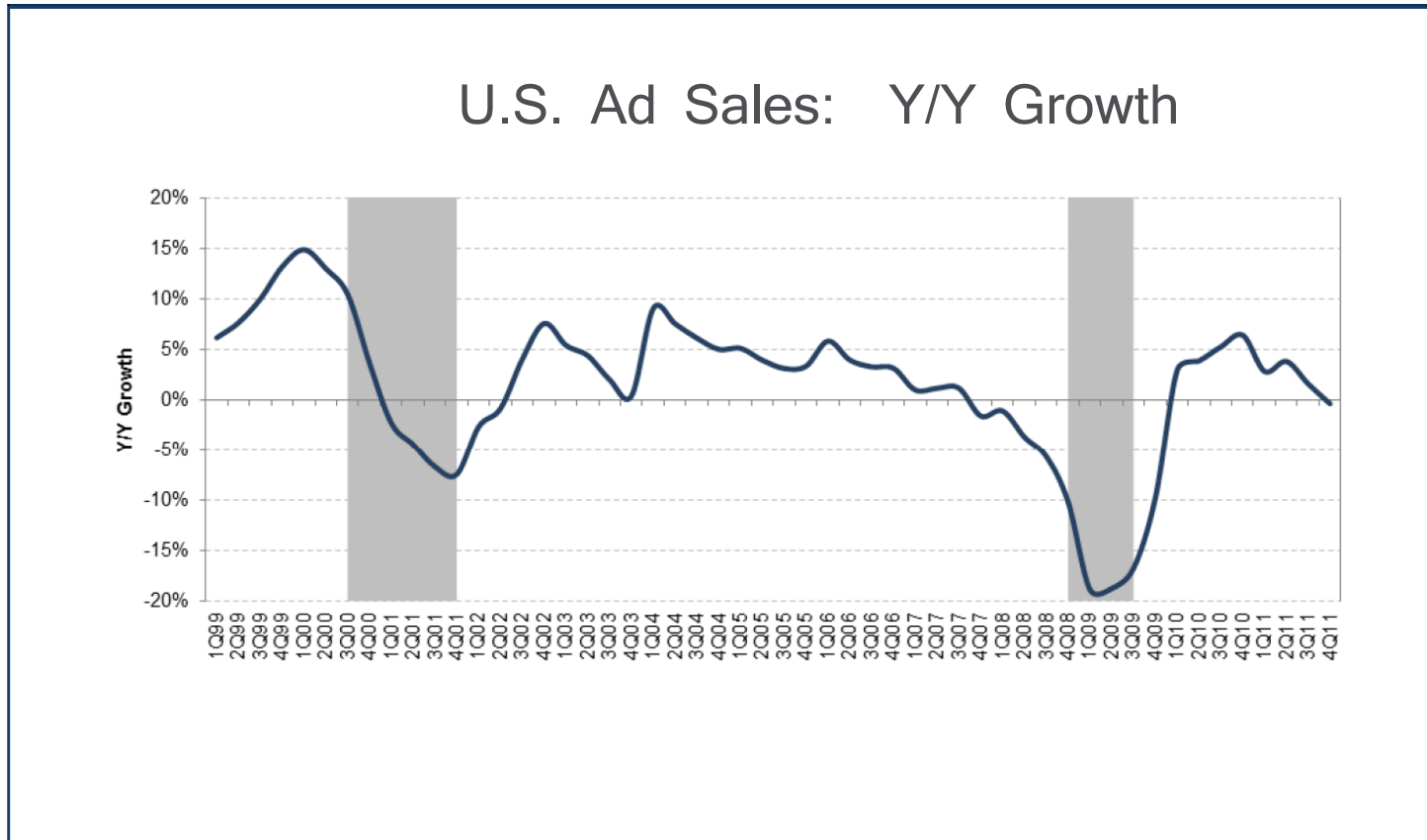
Downturns have a disproportionate impact on the advertising space historically.



Source: Company reports, MoffettNathanson estimates and analysis

1 Grow Sustainably: Advertising Use Case

The new norm of the average buyer in advertising presents new challenges.

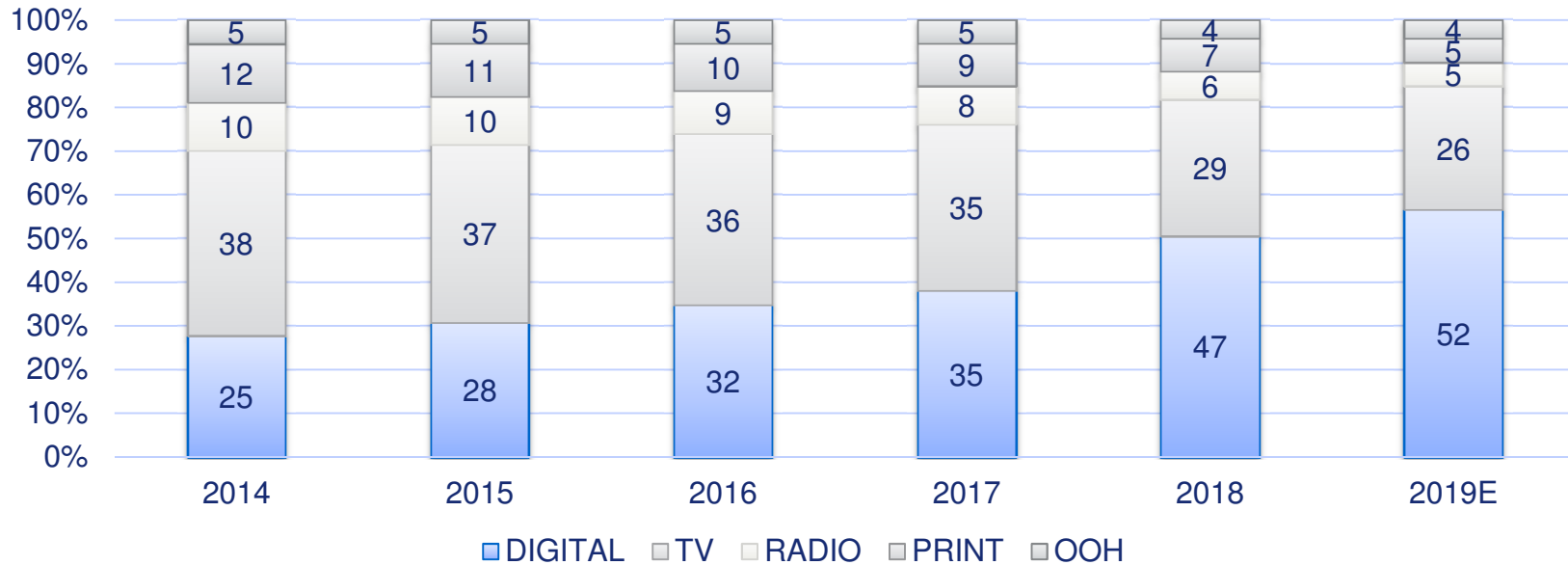


Source: MAGNA, MoffettNathanson analysis

1 Grow Sustainably: Advertising Use Case

Since then, the average buyer in advertising is changing to be digital – and smaller.

US Total Media Ad Spending – 2018 Share by Media Channel¹

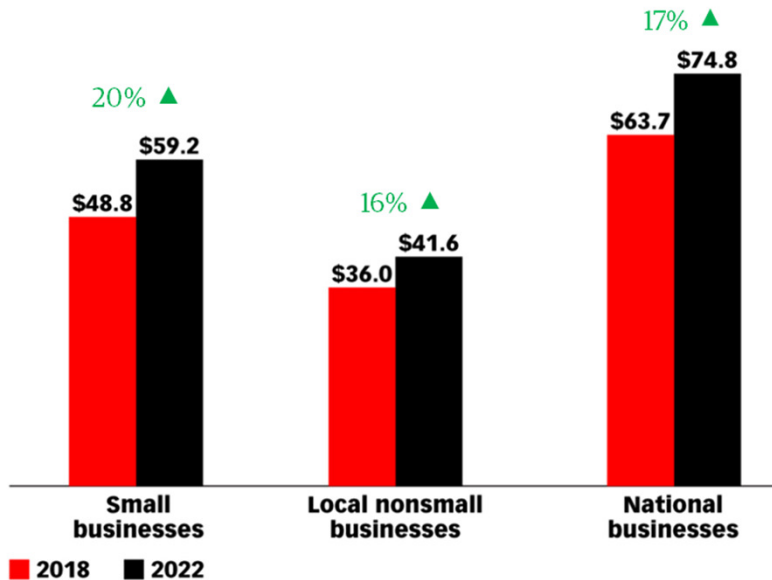


¹Cowen and Company, "Ad Buyer Survey VII: Advertisers More Bullish on 2019 US Ad Spend, Led by Digital Video Ascendancy," Jan 10, 2019

1 Grow Sustainably: Advertising Use Case

Small Businesses are projected to account for nearly \$60B of U.S. Local Advertising Spend by 2022.¹ Over 60% of Millennial SBOs expect to spend over \$50K in 2019², a significant change in the distribution of spend.

U.S. Local Advertising Spending by Business Size¹

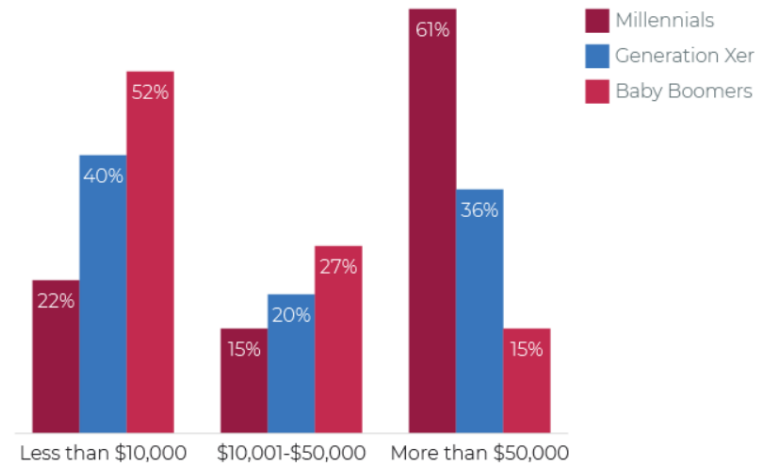


Source: BIA ADVantage, "US Survey of Advertising and Marketing (SAM) Survey" as cited in company blog, Aug 20, 2018

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www.eMarketer.com

Small Business Owner Generational Differences in Advertising Spending²



N=461 small businesses that advertise
Source: The Manifest 2019 Small Business Advertising Survey



¹Cowen and Company, "Ad Buyer Survey VII: Advertisers More Bullish on 2019 US Ad Spend, Led by Digital Video Ascendancy," Jan 10, 2019
²MagnaGlobal.com, "MAGNA ADVERTISING FORECASTS (WINTER 2018 UPDATE)" Dec 3, 2018

1

Grow Sustainably

Many buyers not only prefer but depend upon credit card as a form of financing.



50%

of firms borrow on their small business credit cards. 1 in 4 do so regularly.¹



78%

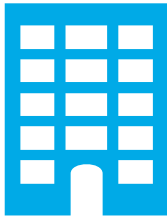
of business cardholders say a **generous credit line is important** and often used to help run their business.¹

¹Mercator Research Team, Small Business Payments and Banking Survey Series Report: 2018 Small Business Payments and Banking Survey – Banner 2, Mercator Advisory Group, June 29, 2018, https://www.mercatoradvisorygroup.com/Cross_Tabs/2018_Small_Business_Payments_and_Banking_Survey_-_Banner_2/ (accessed September 10, 2019).

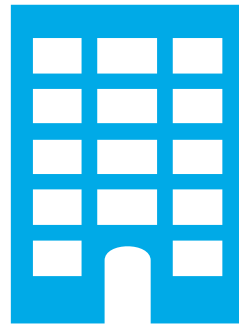
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Poll Question

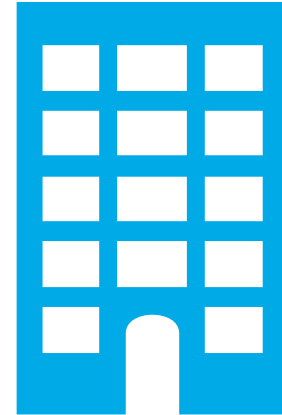
Which size business is growing at the fastest rate?



A. Small Businesses



**B. Local non-small
Businesses**



C. National Businesses

2

Controls

Leverage eInvoice portal to dictate how you accept Credit Card and automatically enforce payment terms.



1. Timing controls
2. Discounts and incentives
3. Penalties

2

Controls

On average, 40.3% of B2B invoices in the U.S. aren't paid on time. 90.7% of surveyed merchants also report frequent late payments by B2B customers—leading to serious consequences.



Why are so many payments late?

47.2%

Cited insufficient availability of funds

28.7%

Cited buyers using outstanding invoices for financing



How does this affect businesses?

21.5%

Needed to correct cash flow

20.3%

Postponed payments to suppliers

17.5%

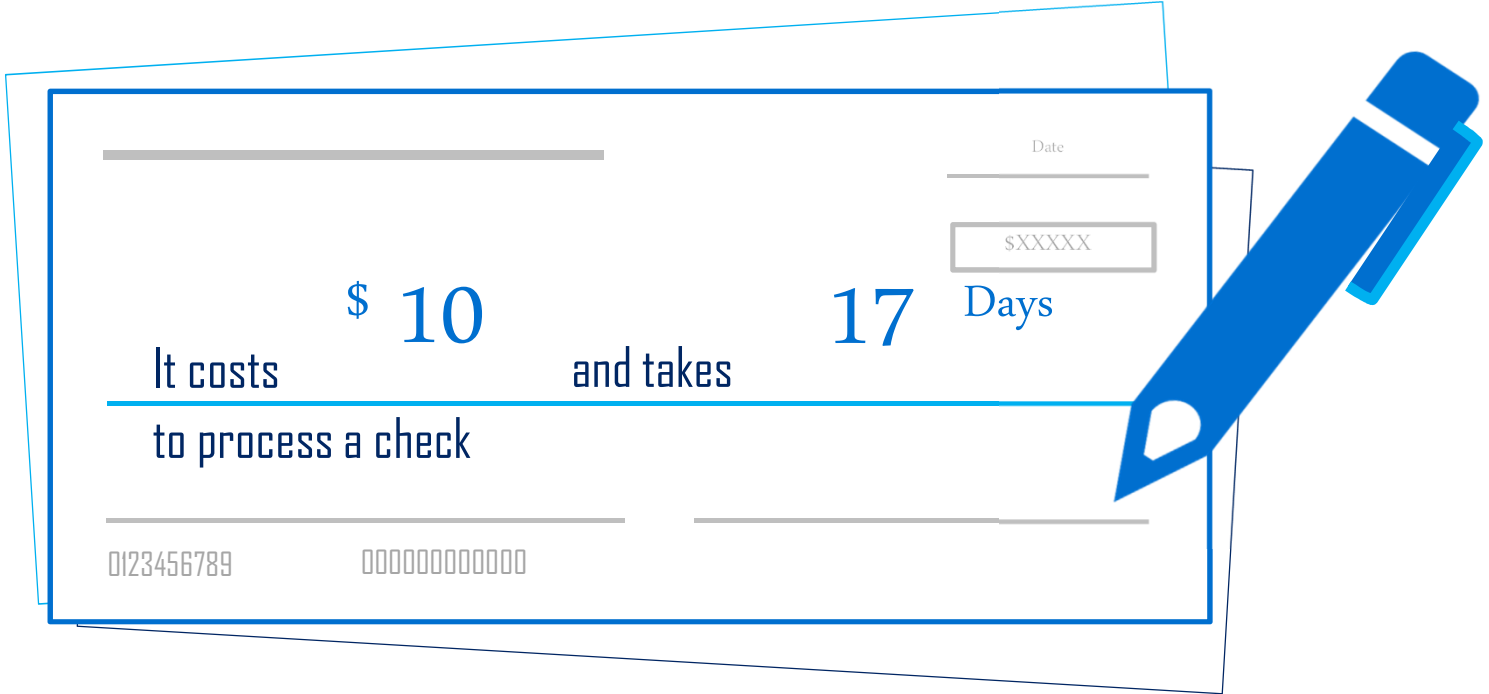
Last revenue

Source: Atradius – The Americas: an Increase of Overdue B2B Receivables – June 2018 Report

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2 Controls

Processing the average B2B invoice, paid by check, includes lengthy processing time and comes with a host of risks that could become costly




Processing Costs 

Payment Delays 

Invoicing Costs 

Errors and Reconciliation Costs 

Credit Collection Costs 

Bad Debt Realization 

Source: PYMNTS, "Getting B2B Payments Out of the Paper Check Dark Ages," PYMNTS.com, October 3, 2018

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Poll Question



Merchants reported, on average, 40.3% of B2B invoices in the U.S. aren't paid on time



True



False

Adoption

While creating a portal has challenges and investment, portals benefit both parties in the business lifecycle, as they aim to:

Merchant Benefits

- **Accelerate the invoice-to-cash cycle** with faster invoice delivery, payment processing, and reconciliation
- **Improve customer satisfaction** and drive loyalty with digital capabilities
- **Gain efficiencies** by reducing manual processes and fraud, and increasing working capital insights and control

Buyer Benefits

- **Streamline the payments process** by saving payment details to easily and quickly pay your outstanding invoices
- **Control when you pay** with flexible payment options such as Auto Pay or ability to set future payment dates

3

Adoption

Setting up a portal is only the first step in automating your payment process but some buyers need more to change their behavior

- x DPO benefits of slow check payments
- x Reluctance to change process



- ✓ Card credit line
- ✓ Card rewards
- ✓ Card float

Poll Question

Which of these are potential benefits to merchants by implementing a portal:

- A. Accelerate the invoice-to-cash cycle
- B. Improve customer satisfaction
- C. Gain efficiencies
- D. All the above



Three Reasons to Enable Credit

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Q&A