



# Migration to Electronic Payments

Improving corporate receivables via multiple online channels

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# Industry Challenges

## Challenges

- Collections delay due to payments modes used by dealers or buyers i.e. cheque and cash
- Discrepancies of amount collected due to mix modes of collections; manual and electronic; full and partial collection for multiple invoices
- Incomplete and incorrect detailed information
- AR updating or Bank Recon problem with manual, resource intensive, error prone etc

## Issues

- Poor cash flow visibility which affects Day Sales Outstanding (DSO) and Working Capital Management (WCM) ;
- High Operating cost - more efforts or operational activities required
- Opportunity loss - for maximising returns or reduce borrowing costs
- Higher cost and risk of Transporting of cash i.e. Cash In Transit (CIT)

## Resulting...

- Business need to find new ways to manage and reduce operational costs and mitigate risks
- Find ways to serve both Retail and Corporate customers across new electronic channels to curb high cost and people intensive, customer service

# Types of Receivables

## WHAT (What kind of collection \*)

- Subscription fees
- Card Payments
- Dealer Payments
- Utility Bills
- Service Payments
- Loan payments
- Invoice Financing (Supply Chain)

## HOW (How it is initiated - channels \*)

- e-Wallet (Prepaid)
- Internet Banking
- Mobile Banking
- Corp Cash Mgmt Solution
- ATM / Internet Kiosk
- Branch (instruction)

## WHICH MODE (Which gateway mode \*)

- Interbank GIRO (IBG)
- Intrabank Transfer
- RENTAS
- Credit/Debit/ Corporate Cards (Visa/MC etc)

\* Non-exhaustive

## Benefits to Your Business and to Your Customers

Improve Client Relationship

Better Cash Flow Management

Ease of Acceptance

Ease of Reconciliation

Secured Transactions

Faster Collection ( Real Time )

# The AIA Bhd Story...



# Case Study: AIA Bhd



- A leading Insurer in Malaysia since 1948
- Comprises close to 17,000 agency members and 2,000 staff
- Serves over 2.6 million clients nationwide
- As at end of 2012, AIA Bhd total assets stand at RM23 billion, with a paid-up capital of RM242 million
- With its huge customer nationwide, any manual or paper based transactions may cause inefficiency and reduce productivity
- Being the forerunner to adopt electronic payment and collection services with multiple banks in Malaysia
- Using and promoting e-Channels to clients such as Internet Banking, Cards Payment, e-Kiosk, e-Commerce etc
- AIA is always looking to streamline its operations and provide convenient, secure, simple and speedy service for its clients

# Case Study: AIA Bhd



## AIA's Current process

- AIA deals with multiple banks for both payment and collection services (different service levels, many processes, multiple formats)
- Host to Host connectivity with different banks for different services (non uniformed)
- AIA electronic and non-electronic (e.g. cash and cheque) transactions are being handled by different banks
- AIA has to deal with multiple stakeholders in the various banks

## Challenges and Implications

- Time consuming to deal with multiple banks
- Most banks cannot provide comprehensive collection channels
- All banks will maximise their interest by retaining their existing service with AIA
- IT customisation is challenging and costly

# Case Study: AIA Bhd



An electronic channel would compliment AIA Bhd's processes in streamlining its receivables through [multiple electronic modes](#) via a single bank...

- Globalise (One Global View)
- Automate (Straight-Through-Processing)
- Standardise (One Policy)
- Simplify (One Model)
- Convenience (One Approach)