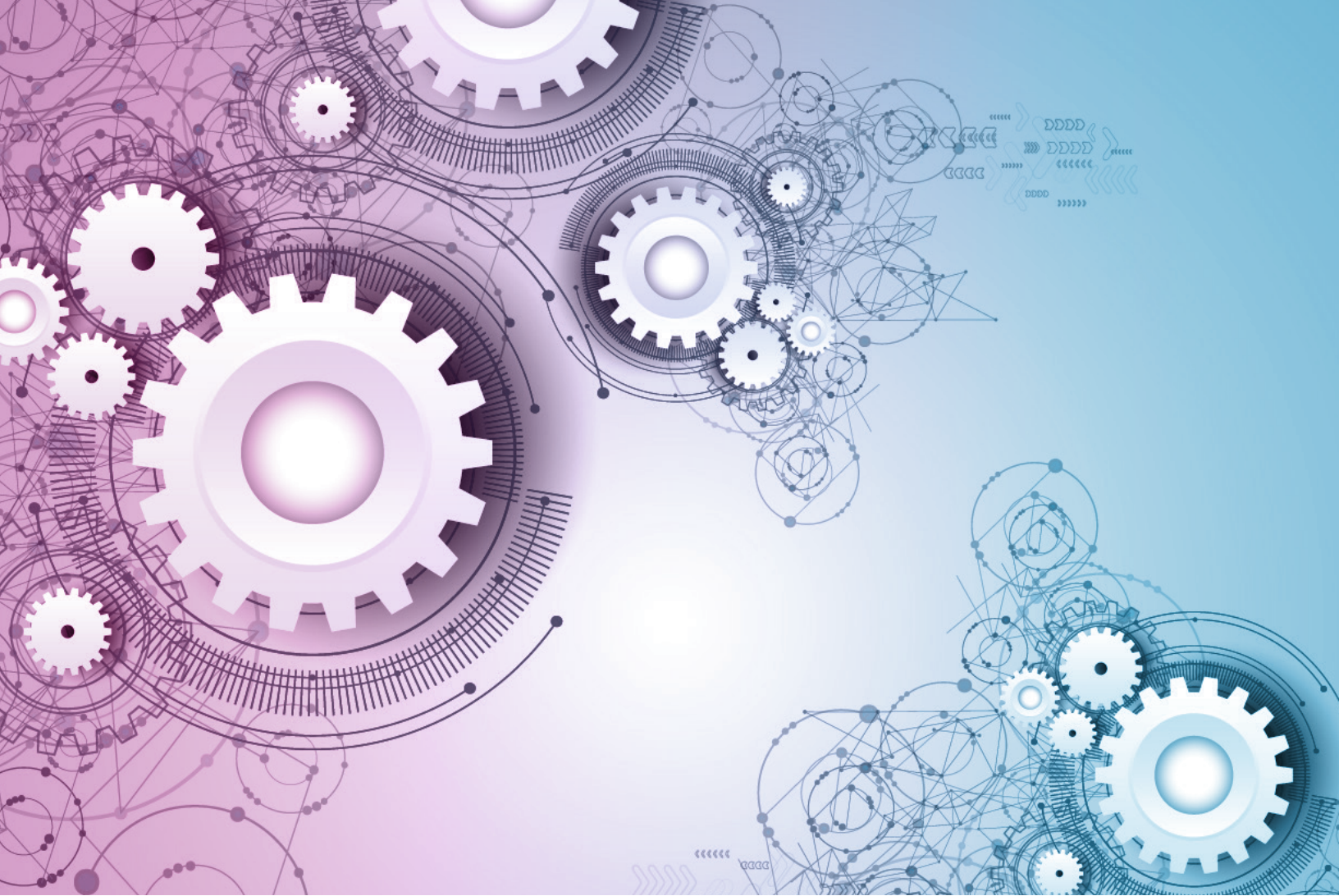


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AFP PAYMENTS GUIDE
**Revisiting Your
Payments Strategy**



As treasury leaders, we are navigating one of the most dynamic periods in decades. A wave of innovation — from faster, 24x7 payments to richer data and connectivity to AI tools — is creating new opportunities to improve the way organizations move money and manage working capital. These advancements are reshaping expectations around speed, liquidity and customer experience, offering treasury teams more tools than ever to design flexible payment strategies.

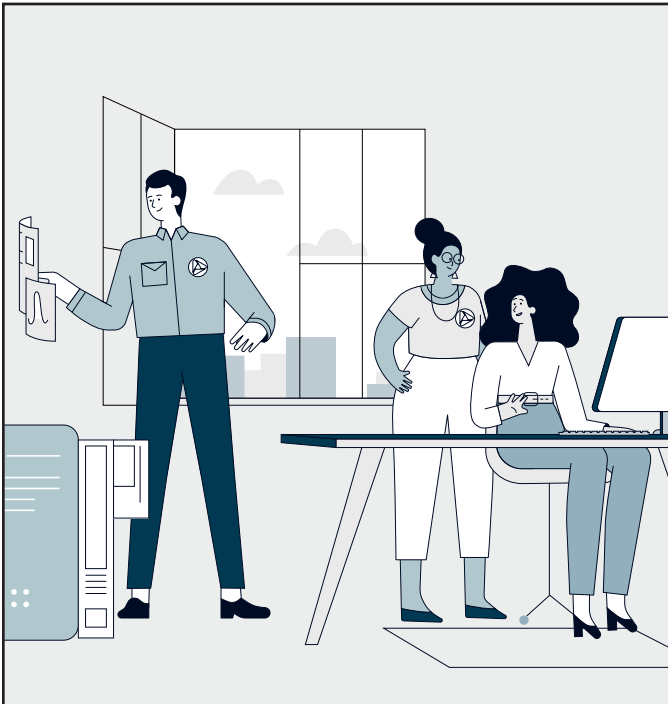
Today's environment calls for a refreshed perspective on how and when to use different payment types, how to streamline end-to-end workflows and how to equip teams to operate confidently in a landscape rich with choices. As new capabilities continue to emerge, adaptability and strategic clarity are just as important as operational accuracy.

The purpose of this guide is to provide the context and direction organizations need to take advantage of this moment. Payments are no longer simply an operational necessity — they are a powerful lever for efficiency, resilience and growth. We hope this helps you evaluate your current approach, explore the many opportunities today's payment innovations offer and prepare your organization for what comes next.

Best regards,

Sarah Billings

Head of Global Payments, *PNC Bank*



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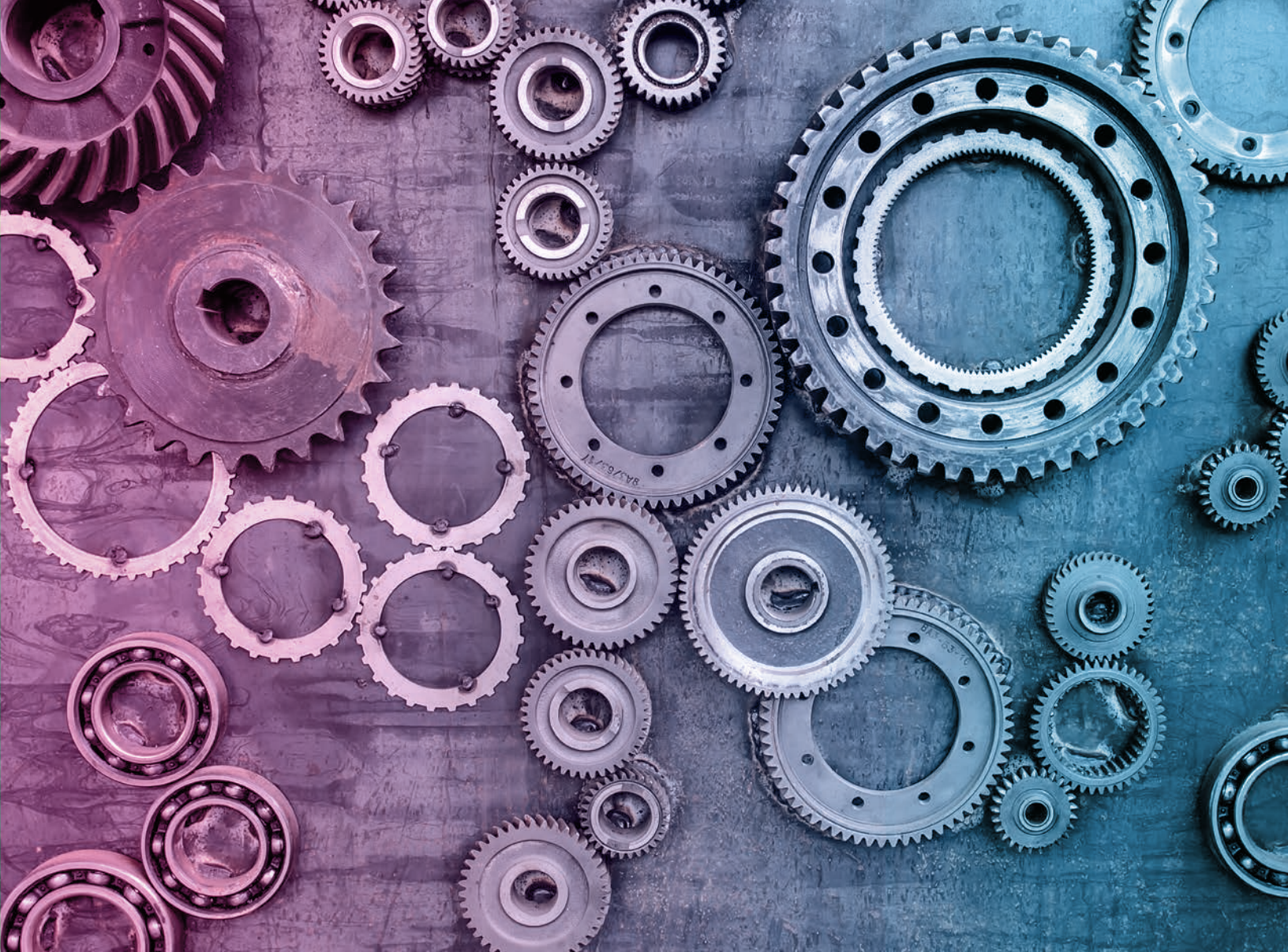


INTRODUCTION

Conducting a regular review of a company's payments strategy against its current processes is a sound practice that helps ensure perennial issues, such as unclaimed property concerns, are being addressed appropriately. A regular review also enables companies to take advantage of recent innovations in the payments landscape while staying current in the evolving fight against fraud.

The introduction of new Nacha rules adds a level of urgency. Companies have been mandated to review their payment processes to confirm they are designed to identify fraudulent transactions. Many companies have these controls in place, but fewer have them clearly documented. For those that have not yet done so, the requirement presents a good opportunity to revisit, update and strengthen their payments strategy.

This guide discusses the primary objectives of a company's payments strategy and outlines some key methods of updating an existing approach. It includes examples of fraud-prevention measures taken by different companies and concludes with some key takeaways for practitioners about to review their payments strategies.



THE CHANGING PAYMENTS LANDSCAPE

Three broad trends have shaped the corporate payments landscape over the past 20 years. First, there has been a steady reduction in the use of checks. Figures from the 2025 AFP Digital Payments Survey show the percentage of organizations' B2B payments made by check has fallen from 81% in 2004 to 33% in 2022 and 26% in 2025. The reasons for the decline vary; however, two of the most prominent are the cost of check processing and the risk of fraud.

Second, investment in digital payment rails has continued. Changes range from the adoption of instant payment rails around the world (e.g., RTP and FedNow in the U.S.), the acceleration of ACH settlement processes (e.g., Same-Day ACH in the U.S.), the development of more efficient cross-border payment processes, helped by innovations such as SWIFT's UETR (Unique End-to-end Transaction Reference), and the emergence of new cryptocurrencies and central bank digital currencies (CBDCs).

Third, innovation in treasury technology is improving access to payment information and enabling real-time transaction initiation. APIs and ERP connectors are accelerating data flows between banks and companies, making this shift possible. Operating in real time also changes the risks associated with initiating and approving payments, often requiring an adjustment to treasury processes. These advancements are further supported by new messaging standards, notably ISO 20022, which use a structured format to enable the transmission of more data with each payment.

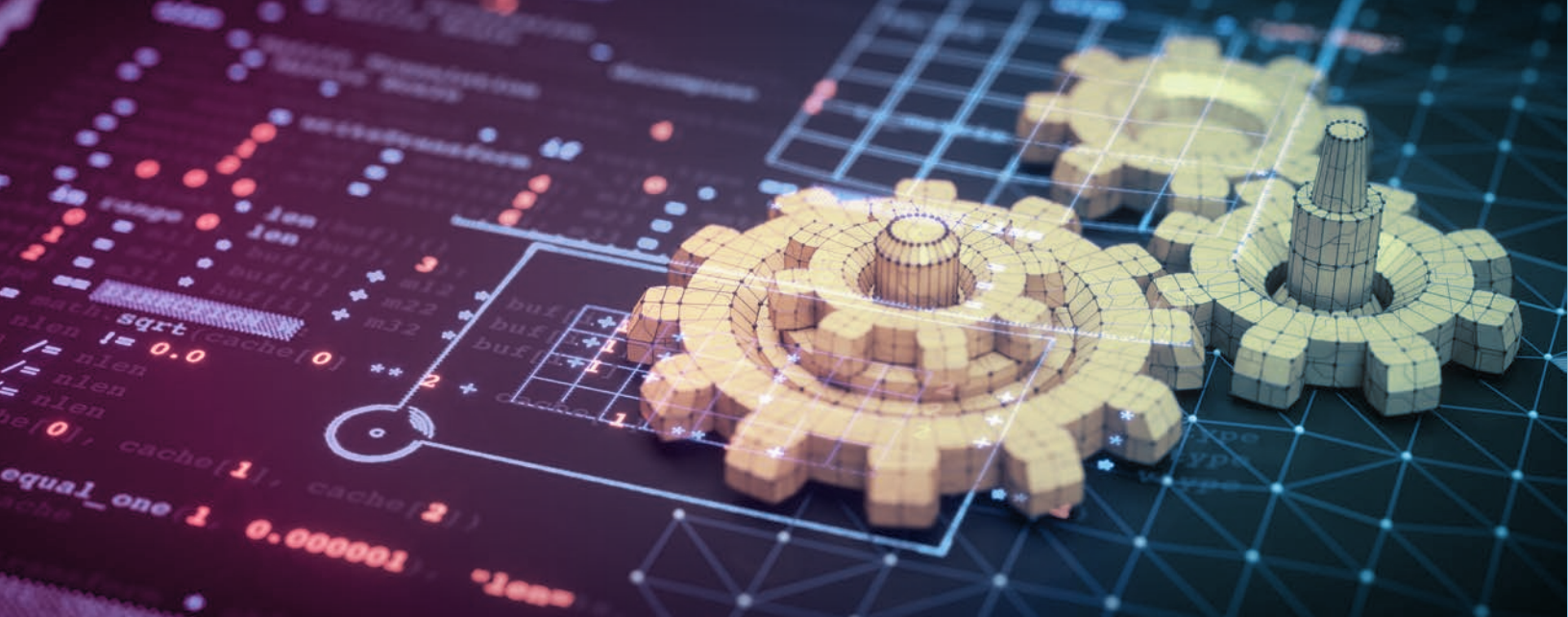
The effect has been a broader range of choices for treasury practitioners when designing payments strategies and initiating payments. Practitioners need to determine whether to set up different types of payments (e.g., instant payments) and when to use them. There are a number of variables, including:

- Meeting the cut-off time for the required settlement date. Fundamentally, any outgoing payment must reach the payee's account by the target date. If a file error occurs, a same-day payment may be required, with the choice of method determined by the available rails.
- Reachability. Treasury practitioners also need to ensure a payment can reach the payee's bank account. While ACH and wire payments can generally reach any U.S.-based demand deposit account (DDA), RTP can reach 74% and FedNow can reach 46% of DDAs, respectively, and these figures are increasing.
- Cost. Any decision based on cost should include both the fees charged by the bank and the internal processing costs. Instant payments are generally cheaper than wires. Automated payments are generally cheaper than those requiring manual intervention.
- Working capital benefits. Irrevocable payments (e.g., instant payments and wires) provide working capital benefits by giving treasury practitioners greater certainty over their cash position. Payments that can be reversed (e.g., card payments) introduce uncertainty, requiring treasurers to hold additional cash.

- Business benefits. Companies can gain a competitive advantage by paying suppliers faster and enhance their reputation by making customer payments (e.g., insurance payouts) more quickly.
- Payroll benefits. Companies can use instant payments, rather than checks or cash, to pay casual weekend staff or to provide a final day's salary to employees when required.
- Despite these advances, treasury practitioners must still manage payment-related risks. Organizations need to remain alert to the ever-changing threat of fraud and maintain appropriate controls over supplier and customer data to mitigate both fraud and reputational risk. They must also be able to make payments accurately and cost-effectively, in a way that meets their operational requirements.

“The best payments program reduces the risks to the finances and the reputation of the company.”

– LEE-ANN PERKINS, Head of Treasury,
Ankura Consulting Group



UPDATING YOUR PAYMENTS STRATEGY

The 2025 AFP Digital Payments Survey found that 76% of all respondents expected to update their payments strategies within three years; however, timing the update can be difficult. As one respondent to the survey put it, “While we recognize the long-term benefits of digital payments — such as cost-savings, speed and transparency — the short-term disruption and upfront cost create a barrier to rapid adoption.”

The need to achieve compliance with the 2026 Nacha rule changes may provide the necessary catalyst. As all ACH payment originators need to comply, broadening the scope to a wider review of their payments strategy is wise.

The New Nacha Rules Explained

Awareness of credit-push fraud is increasing, particularly as schemes such as business email compromise (BEC) and other social engineering scams become more prevalent. In response, a new Nacha fraud monitoring rule is taking effect in 2026. It applies to large-volume ACH originators beginning March 20, and to all non-consumer originators beginning June 22, 2026. The rule is intended to improve the detection and prevention of fraud — particularly in credit-push payments — by requiring originators to implement or update processes and procedures that “are risk-based and reasonably intended to identify fraudulent transactions.”

As Debbie Barr, Associate Managing Director, ACH Network Rules, Process and Communications, Nacha, said, “Most [companies] will have these processes, but they may not be fully documented.” She advises treasurers to consider their processes and to talk to others, such as their banks and AFP, about best practices.

This is not a one-time requirement. The risks posed by fraudsters are constantly changing, so originators will be

expected to review their fraud monitoring processes and procedures at least annually and make amendments that reflect the changing threat. As Jordan Bennett, Senior Director, Network Risk Management, Nacha, said, “We are asking everyone to make continual improvements.”

Other Nacha Rule changes include a requirement since March 2026 for ACH originators to use the following standardized company entry descriptions: “PAYROLL” for compensation credits (i.e., wages and salaries), which help guard against payroll redirection fraud, and “PURCHASE” for consumer e-commerce transactions, to distinguish them from other online payments, such as bill pay.

Nacha will also introduce changes to IAT Rules in 2027 and 2028. One of these is a new Return Reason Code for sanctions compliance obligations, which will allow originators to distinguish between payments returned because the account is frozen (R16) and those returned to comply with sanctions obligations (new R90), and respond accordingly.

Reviewing existing practices

The first step in any strategy review is to map out existing processes and procedures to identify pain points and risks. Common pain points in corporate payments strategies include:

- Multiple rekeying of data: Each touchpoint represents an additional risk of error and fraud.
- Exceptions: Every exception takes resources away from necessary interventions and value-adding tasks while risking reputational and financial consequences.
- Escheatment risk: The use of inaccurate payment information as a result of inefficient or poorly controlled data management is another source of reputational and financial risk.
- Changed timing: While shortening settlement cycles (e.g., Same Day ACH and instant payments) helps to reduce settlement risk, it alters the nature of other payments risks, particularly with respect to error and fraud. For example, compared to ACH payments, the irrevocability of instant payments makes it harder to reclaim misdirected funds. Treasury practitioners should review existing processes to ensure they remain effective for managing payments with a shorter settlement cycle.
- Access to data in real time. Having access to real-time data can improve efficiency in several areas, including working capital management, faster payment reconciliation for risk management and gaining a competitive advantage (e.g., dispatching goods upon notification of the receipt of payment). However, capturing real-time data can be challenging due to legacy internal systems or reliance on outdated data transfer methods with banks.

“The corporates driving adoption are looking beyond speed; they are embracing technology that enhances their client experience, strengthens control and visibility while enabling more proactive decision-making.”


– SARAH BILLINGS, Senior Vice President, Head of Global Payments, *PNC Bank*



Looking forward

A new or updated payments strategy should be developed with clear objectives in mind. In addition to addressing existing pain points and risk, the new strategy should provide treasury with the flexibility to respond to future developments, such as when new payment rails come online. Some objectives of the new strategy may include:

- Simplify and standardize processes wherever possible. This makes it easier to train team members on best practices, as there are fewer variations to manage. While Nacha's fraud monitoring rules explicitly apply to ACH payments, the same risk management approach can be applied to other outgoing payments, including wires and instant payments.
- Automate to implement processes that are both controllable and scalable. Some organizations determine which payment instrument to use via a matrix with preset parameters for payment value, urgency and processing cost.
- Streamline communication between the organization, its banks and any third-party payment providers. Taking advantage of APIs, ERP connectors and other integration tools to link the treasury workstation or payments solution with bank systems can enable seamless data flow, reducing error and fraud in payment initiation and improving access to transaction information for cash positioning and reconciliation.
- Protect the company's assets against evolving fraud risks. The strategy should incorporate the organization's overall approach to risk management and, for all U.S. ACH originators, include regular reviews of exposure to fraud-related payment risk. It should also account for the changing nature of fraud and the availability of new anti-fraud tools, such as account verification services and end-to-end payment tracking.
- Integrate the payments strategy with broader treasury and finance activities. For example, efforts to reduce the use of checks will affect cash forecasting, liquidity management and overall working capital.
- Develop a cost-effective solution. For many organizations, reducing payment processing costs is a fundamental objective because those costs are easily quantifiable. These include both the direct cost per payment and operational costs, such as those associated with manual initiation, approval and reconciliation, as well as associated benefits related to customer relationship management.
- Consider new payments solutions. The strategy should address emerging payment rails and digital currencies, such as stablecoins. The chosen approach will depend on factors such as the organization's risk tolerance and the expectations of its customer base. For example, a company focused on B2B transactions may respond to stablecoin developments differently than one that handles high volumes of C2B payments.



“Customers are more adept and attuned to new payment rails. My recommendation is that we have a payment rail portfolio that is available for the majority of customers.”

– LEE-ANN PERKINS, Head of Treasury, Ankura Consulting Group



IMPLEMENTING AN UPDATED PAYMENTS STRATEGY

In practical terms, there are a number of steps companies can take to update their payments strategy. Key actions include the following.

Payee onboarding

A key element of any payment strategy is how the organization captures and manages customer identification and payment data. Routing payments correctly requires appropriate know your customer (KYC) procedures, clear processes for collecting supplier or customer account information and secure methods for storing that data. Any changes to vendor payment information should be accepted only after a similarly robust verification process has been followed.

Case Study: Onboarding Vendors to a Treasury Workstation Using Template Wires

Masco Corporation has a clear payments policy. U.S. business units can only initiate wires through the treasury workstation, and only treasury can set up a template in the workstation.

To onboard a vendor, a business unit submits instructions that are approved by a business unit executive and sent to treasury. A member of the treasury team then sets up a template, which is reviewed by treasury leadership, meaning four people have approved the request before it is saved in the workstation.

“We always check the template against the source document, not the request,” said Marcel Santiz, Director, Treasury. “We then send a random dollar amount to the vendor. The business unit must ask the vendor to acknowledge receipt and report the amount sent. Our process includes enough automated steps to be confident of accuracy. It may be inefficient during onboarding, but once approved, the business unit can transmit a payment file knowing it has already been approved. We’re predominantly B2B, so most vendors are onboarded for at least two years.”

If a vendor requests a change of details, rather than overwriting the original template, Masco sets up a new one, following the same procedure. The original template is archived in case there is a question from a supplier or auditor.

Instrument selection

Each company has its preferences regarding payment instruments and rail selection, driven by factors such as customer expectations and risk tolerance. These preferences should be used to set the parameters that guide payment routing choices and be embedded into the payment initiation workflow alongside other requirements, such as individual authorization limits. Where those parameters are clearly defined, payment routing can be automated. While companies can implement payment routing internally, some banks also offer automated routing based on predefined customer criteria.

Case Study: Switching from Checks to ACH

When Brian Scheuer joined AdaptHealth as Vice President, Treasurer in 2021, approximately 99% of the company's payments — by both volume and value — of its payments were made by check. Over the next 18 months, the company transitioned most of its roughly 4,500 suppliers to ACH. Today, more than 96% of payments by value and over 75% by volume are made via ACH.

The project had strong executive support. Scheuer's boss, the CFO, was operationally focused and already understood the value of standardizing processes and improving working capital. Scheuer was then able to highlight the potential gains identified in the DPO report, starting with the company's largest suppliers.

Scheuer and his colleagues used a multipronged approach to convert suppliers. As Scheuer explained, "A lot of our suppliers send us their remittance information directly on their invoices. We called those back (via a known contact) to validate their information and then updated their details in our ERP. Others we would cold call, again using a known contact, to try to convert them. Lastly, during the regular supplier negotiation period, we offered reduced payment terms to convert them to ACH.

"We still have about 20-25% of our payments (in volume) going out as checks. We often need to refund patients, and many don't want to give us their bank account information for a \$12 one-time payment. We are actively outsourcing these payments, and the escheatment liability that goes along with it, to one of our partner banks, utilizing a new product offering that will have several benefits.

"First, we will no longer need to write checks on our bank account. Instead, we make a single payment to the bank for a whole batch of patients for the bank to settle using a payment mode that is most acceptable to the patient. Second, we will significantly reduce the amount of unclaimed property that we need to manage and ultimately report. Third, we will remove check clearing uncertainty and enhance our cash forecasting abilities. Lastly, by integrating communications to patients via our banking partner and our internal systems, we will significantly enhance the patient experience, which will be a key differentiator for us."

Another company operates a similar process via its ERP system. Vendor relationships are managed by the business unit. They are also responsible for contract terms and having legal and procurement review the contract. Only then is the vendor registered on the ERP, allowing payments to be made via AP. Bank account details are submitted through the bank and validated with a confirmation by phone, which is made by someone other than the person who initially registered the vendor.

Payment initiation

Payee identity and settlement instructions should be validated before payment is initiated. The payment workflow should embed key controls, including segregation of duties so that payments are approved by someone other than the initiator. Individuals involved in payment initiation should have the necessary skills and access to relevant information to make effective decisions. The workflow can also include rules requiring higher-value payments to be approved by a more senior authorizer and, where appropriate, subject to additional confirmation processes.

Risk management

The new Nacha rules require companies to assess their payment processes for risk and take appropriate mitigation actions.

“We need a risk-based monitoring tool for all types of payments. Under the new Nacha rules, originators must participate in the payment risk assessment.”

– LEE-ANN PERKINS, Head of Treasury, *Ankura Consulting Group*

No single solution can completely eliminate error and fraud. Robust processes are essential, including clear segregation of duties, so that different people perform distinct roles within the workflow. Where possible, these controls should be embedded in the treasury management system, workstation or ERP system to prevent changes — such as to a payment or payee record — without appropriate verification.

Tight data protection controls can complement other fraud risk management tools. In one company, supplier data is stored securely in a central database. Only authorized treasury personnel are able to change supplier details.

There are a range of tools that can help companies manage fraud risk. Account verification services confirm bank account ownership and support automated validation processes. Microdeposits can be used to verify account details with minimal risk to the sender, and ACH positive pay helps protect against unauthorized debits.

The best protection is a layered approach, with controls applied at multiple points in the process. The key is to have a skeptical mindset, where all data and requests are verified, even when the source is a trusted partner.

Relationship building

Building strong relationships with both internal and external stakeholders is critical to project success. Internally, securing buy-in from the CFO and the wider C-suite helps drive adoption throughout the organization. Educating team members on new processes — especially when moving from paper to electronic methods — and on the use of new fraud monitoring tools is also essential.

“Everyone has a responsibility to protect the company against fraud,” said Perkins.

Santiz recognizes the importance of sharing information with his extended team. “Each business unit has a named individual responsible for fraud,” he explained. “If there’s an attempted fraud, that person is required to notify us on a specific form, providing as much information as possible. We then get information out to all the [approximately 125] treasury workstation users and to all the CEOs and CFOs of our business units, as soon as possible.”

Externally, treasury practitioners rely on banking partners and technology vendors to generate payment instructions in efficient formats that meet bank requirements. Third parties also offer a range of anti-fraud services, including account verification, AI-driven behavior monitoring and fraud indemnification in the event of financial loss.



ANTICIPATING FUTURE CHANGES

The continuous evolution of the payments landscape creates both opportunities and risks for treasury practitioners. The emergence of stablecoins — alongside developments such as CBDCs — is one example of a change likely to have a significant impact on corporate payments.

Stablecoins are tokenized assets pegged to the value of fiat currencies (e.g., the U.S. dollar). These tokens can be transferred via blockchain, thereby eliminating much of the friction and uncertainty associated with traditional payment methods. Practical use cases include near-real-time cross-border transactions, automated cash management and smart contracts (e.g., in trade finance). As regulatory frameworks become more defined, adoption is likely to increase.

Treasury practitioners should stay engaged with these and other developments to identify and take advantage of those most relevant to their organizations.



TAKEAWAYS

There are a number of actions treasury practitioners can take to adopt a more efficient payments strategy while improving their management of payment risk. These include:

- Review existing policies and procedures. The new Nacha rules require ACH originators to do so to help reduce the incidence of credit-push fraud. Companies should also recognize that they may face losses if a payment is initiated in error or as a result of fraud and the funds cannot be recovered.
- Standardize processes where possible. Having a single set of processes makes it easier to train team members, reducing the risk error and improving control.
- Automate. Eliminating manual intervention reduces the risk of error and creates a more scalable solution.
- Stay vigilant against fraud. Adopting a mindset that assumes attempts will occur helps reduce complacency and encourages consistent verification of information.

2026 AFP PAYMENTS GUIDE REVISITING YOUR PAYMENTS STRATEGY

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