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Integrating e-invoicing and request-to-pay

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1. Introduction

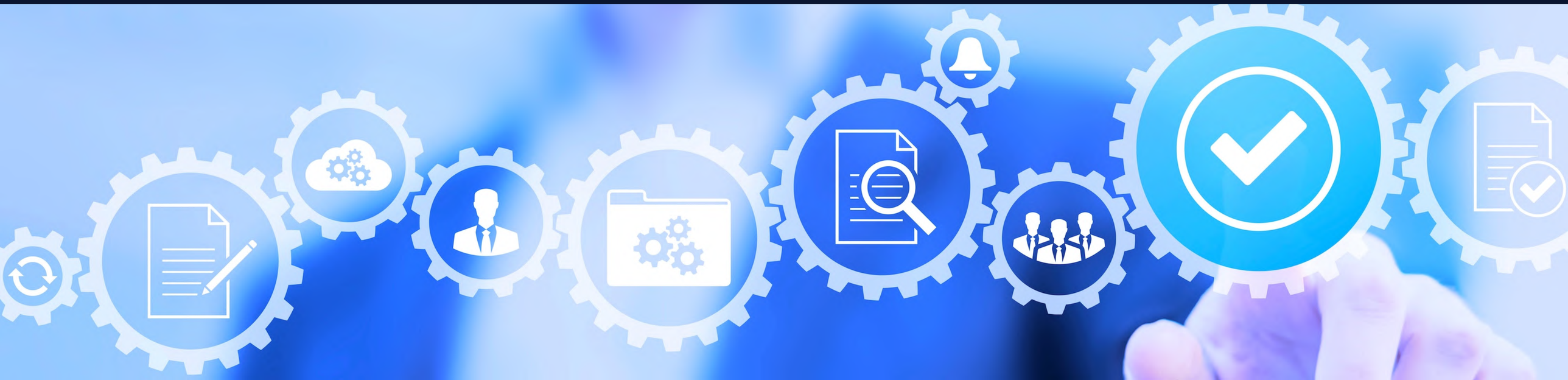
Request-to-pay integrated with e-invoicing is a tool to seamlessly digitalise and connect invoicing and payments providing business users significant cost savings and better payment experience for consumers.

Partner HUB's Invoice-2-RTP is an easy-to-use API product to integrate enterprise ERPs to the bank and generate request-to-pay messages from invoice data and ensure invoice-payment reconciliation automation with 100% data accuracy.

2. Problem

The purchase-to-pay/order-to-cash processes have been uncoupled as invoicing and payment processes were supported by numerous systems using custom data structures.

Connecting these processes requires costly integrations on the corporate side, or integrations are ruled out and manual work is done to connect invoice data and payment information.



3. Problem: paper based processes define our thinking and not the concept for invoice and payment - Concept

Invoice

A document prepared based on a set of tax and accounting rules, which contains a certain set of information to document a transaction between two parties.

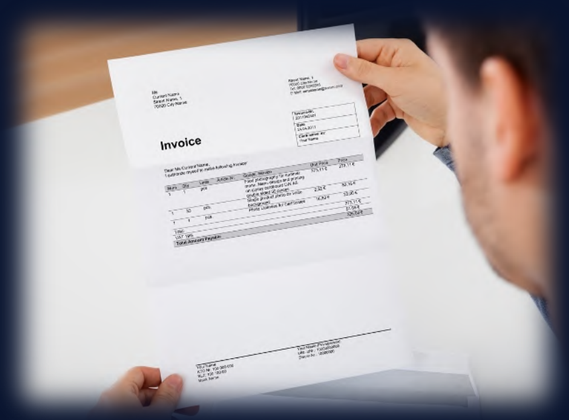
Payment

Exchange of money between two parties. A non-cash payment is documented by a payment document, which is prepared based on a set of rules for information exchange. A non-cash payment is executed by payment service providers (banks).

3. Problem: paper based processes define our thinking and not the concept for invoice and payment- Manifestation

Invoice

Piece of paper



Payment

Electronic data transfer

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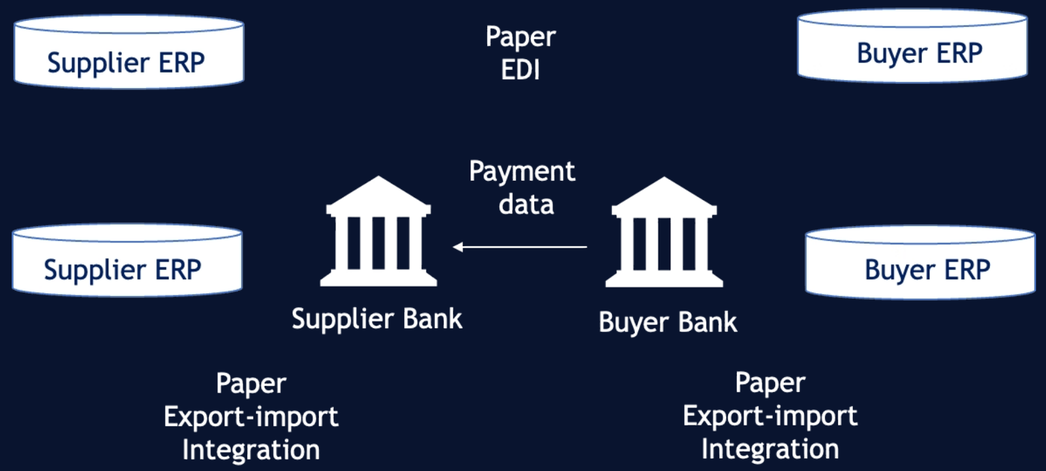
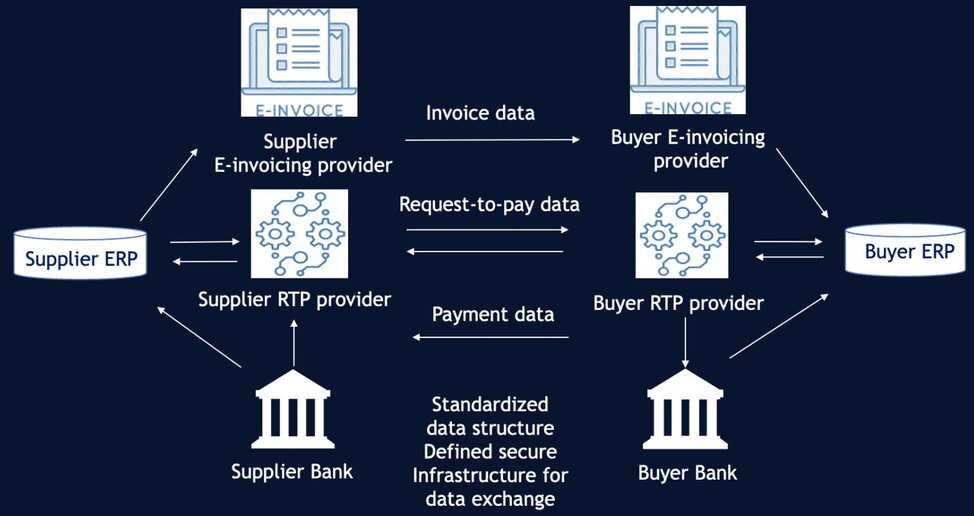
4. Rationale for using invoice data: Invoice data is suited to become a data consolidation layer to support seamless purchase-to-pay and order-to-cash processes

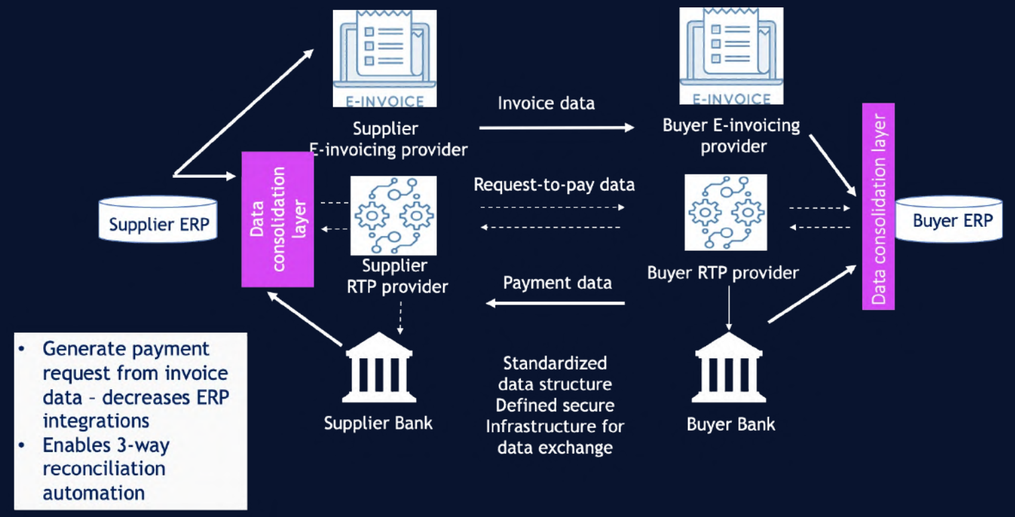
Invoicing and payments - old way



Invoicing and payments with request-to-pay - NEW data connections



Simplifying data connections with invoice data



- Traditionally the purchase-to-pay and order-to-cash processes were fragmented, as they were managed in different systems that were not integrated, or integration costs were high
- E-invoicing regulations make structured and standardised invoice available for automated processing for banking use cases, such as request-to-pay, too
- Invoice data standards have all necessary information for PAIN013 and PAIN014 messages
- However, multiple integrations will be a barrier to entry, because of scarce IT resources at companies and integrations costs
- If invoice data is used as a data consolidation layer, then these integrations efforts can be decreased significantly

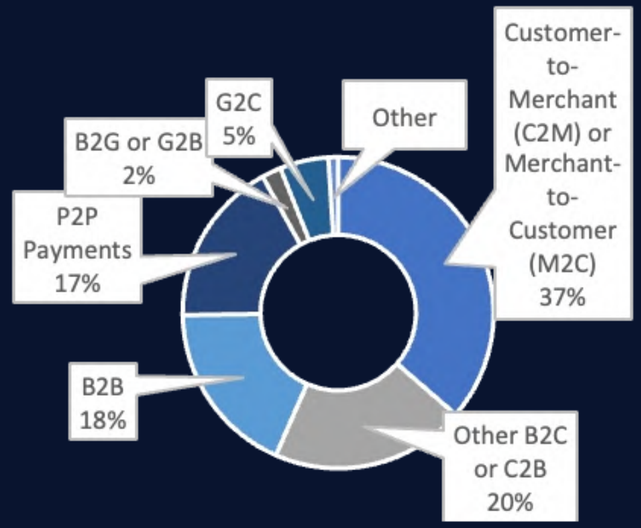
3. Use cases: Integration of invoicing and request-to-pay is relevant in all request-to-pay use cases

The EBA conducted a survey on corporate customers' requests for payment, which was published in June 2021 (Request to pay - What corporates want, Report on the Findings of the EBA Request to Pay Survey).

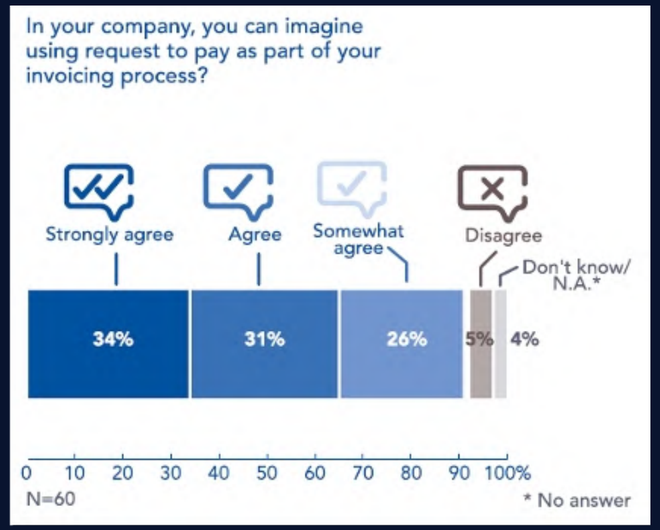
In this study, four use cases were identified and described in detail from a company perspective (see detailed description in the report):

1. POS/POI in-store payment - together with the subsequent transfer, the payment request can provide a new, cashless payment option for payment at the physical point of sale.
2. E-commerce and m-commerce payments - a payment request can be a viable real-time payment option for all e-commerce and m-commerce transactions.
3. E-Invoicing integrated payments for business-to-business transactions - this use case can radically increase the efficiency of the invoice management process and allow for the automation of reconciliation.
4. Recurring payments (bill payments, mortgage payments, BNPL options, etc.) - making recurring payments on demand provides unprecedented flexibility compared to existing solutions.

EPC poll on the use cases of the SEPA Request-to-Pay (SRTP) scheme



EBA Corporate survey in Europe Dec 2020 ▒500+ Corporates in 17 countries



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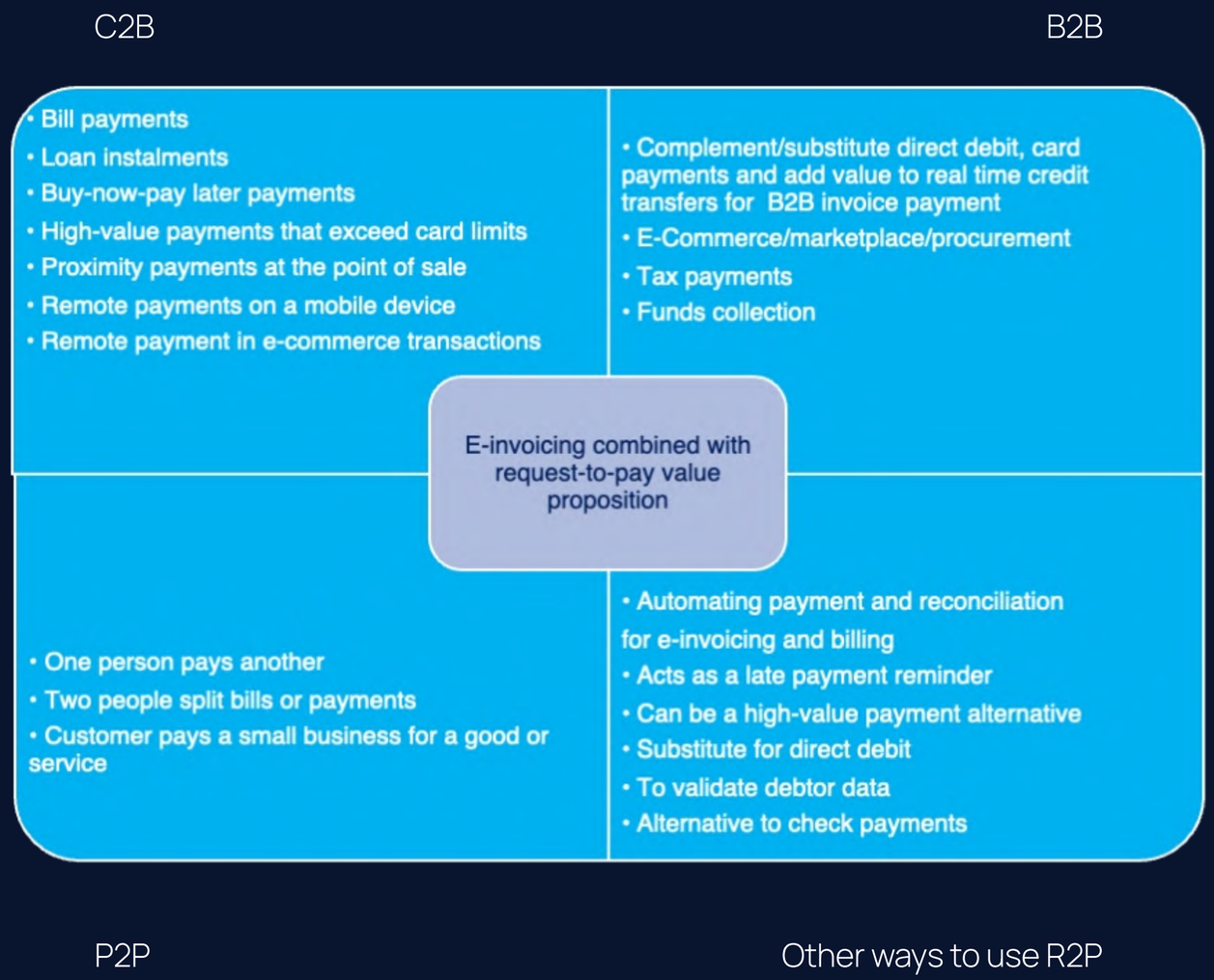

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3. Use cases: Real life use cases for request-to-pay from Hungary

In Hungary the request-to-pay scheme is live since 2021. From February 2024 accepting payment requests will be mandatory for banks.

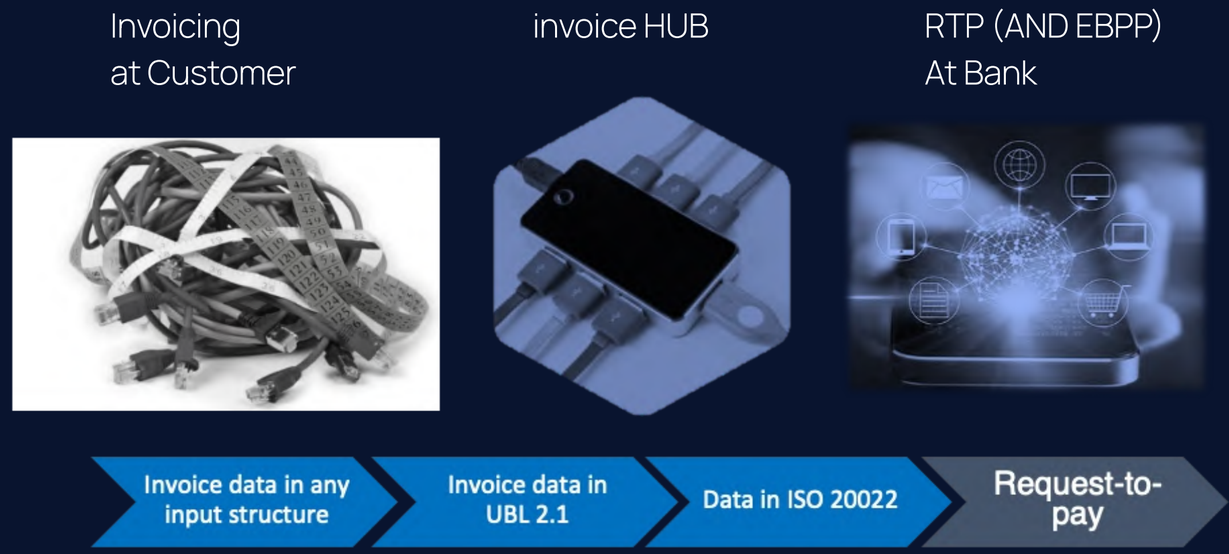
- Billingo and szamlazz.hu are the 2 most popular online invoicing solutions for SMEs. They enable generating payment requests based on the invoices issued. The BUPA solution launched by Hungarian Bank holding will also enable this functionality.
- OTP Mobil is the most widely used online payment solution in Hungary for merchants. They enabled payment requests (and QR code payments) for online/e-commerce transactions besides card payments.
- Aranykor (Golden Age) voluntary pension fund enabled request-to-pay to collect fund contributions
- P2P applications: buying presents and sharing costs, paying in restaurant and sharing costs
- Real estate purchases (car advance payments)
- Interest was indicated, but not implemented:
  - Insurance company to collect insurance premiums
  - Factoring company to collect invoice amounts from end customers of factoring clients

5. Solution: Invoice2RTP: E-invoicing integrated with request-to-pay

Invoice-2-RTP is an easy-to-use API product to integrate enterprise ERPs to the bank and generate request-to-pay messages from invoice data and ensure invoice-payment reconciliation automation with 100% data accuracy.

The business functionality allows the integrated management of invoices/payment requests and payments transactions in one user-friendly interface in the corporate banking portal.

- Ensures easy end-to-end, secure and controllable invoice payments and checkout process for all payment situations (in-store, e-commerce, recurring and B2B payments)
- Payment request generated from invoice data
- Present, manage and connect invoices and RTPs in the banking application (both for consumers, SMEs, billers&merchants)
- ERP integration made painless on merchant/corporate side with agile integration API layer using invoice data
- Automatic reconciliation of invoices, payment requests and payments with 100% data accuracy for billers& merchants



Business feature set with predefined customer journeys

Customisable white label user interface and low-code backend for rapid prototyping, short time to market and easy maintenance

Directly for billers&merchants and for their service providers

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5. Solution: Request-to-pay Customer Journey – acquirer side

1. The merchant generates the invoice/billing data in its ERP system.
2. Our solution transforms this data structure into the required data structure of the specific request-to-pay scheme (Giro, SEPA, or other local request-to-pay schemes).
3. The payment request is generated and is sent to the respective scheme.
4. The merchant views the list of payment requests, along with the statuses.
5. The merchant views the invoice/bill data/references related to the payment requests.
6. Through the open banking API the bank transaction data are shown.
7. Invoices/bills, the payment requests and payment data can be reconciled based on the reference number of invoices.
8. Messages are presented related to the payment requests.

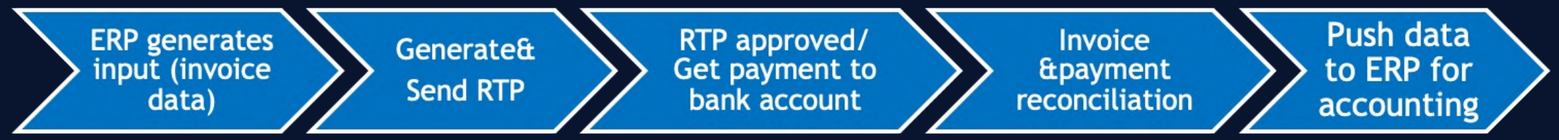
Invoice2RTP feature set

Digital repository for invoices/bills and payment requests

Automated matching of invoices/payment requests and payments

Status view and open amount

Data exchange with ERP



For SME-s bank can provide invoicing solution

With a light integration layer the simultaneous creation of invoices and RTPs can be done

Bank can provide an RTP service that processes invoice data instead of RTP data . This will decrease integration efforts on the sending side

Reconciliation is automated with RTP 100% data accuracy if payment request is generated from invoice data

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5. solution: Request-to-pay Customer Journey – Issuer side

CORPORATES
The corporate views the received payment requests together with invoices/supplier invoice data retrieved from the corporate ERP (invoices can arrive via the RTP scheme or from different channels)
The request-to-pay data are pushed to the corporate ERP
Automatic reconciliation of payment requests, payments and supplier invoice data with 100% data accuracy

SME CUSTOMERS (new feature in OTP eBIZ)
The SME has an invoice and payment request inbox, where invoices/payment requests can be approved and reconciled with each other and bank transaction data.
The SME can view/approve/pay invoices and payment requests

RETAIL CUSTOMERS
Invoice inbox to view/approve/pay all invoices/bills and payment requests in the online/mobile banking

Digital repository for invoices/bills and payment requests

Automated matching of invoices/payment requests and payments

Status view and open amount

Data exchange with ERP

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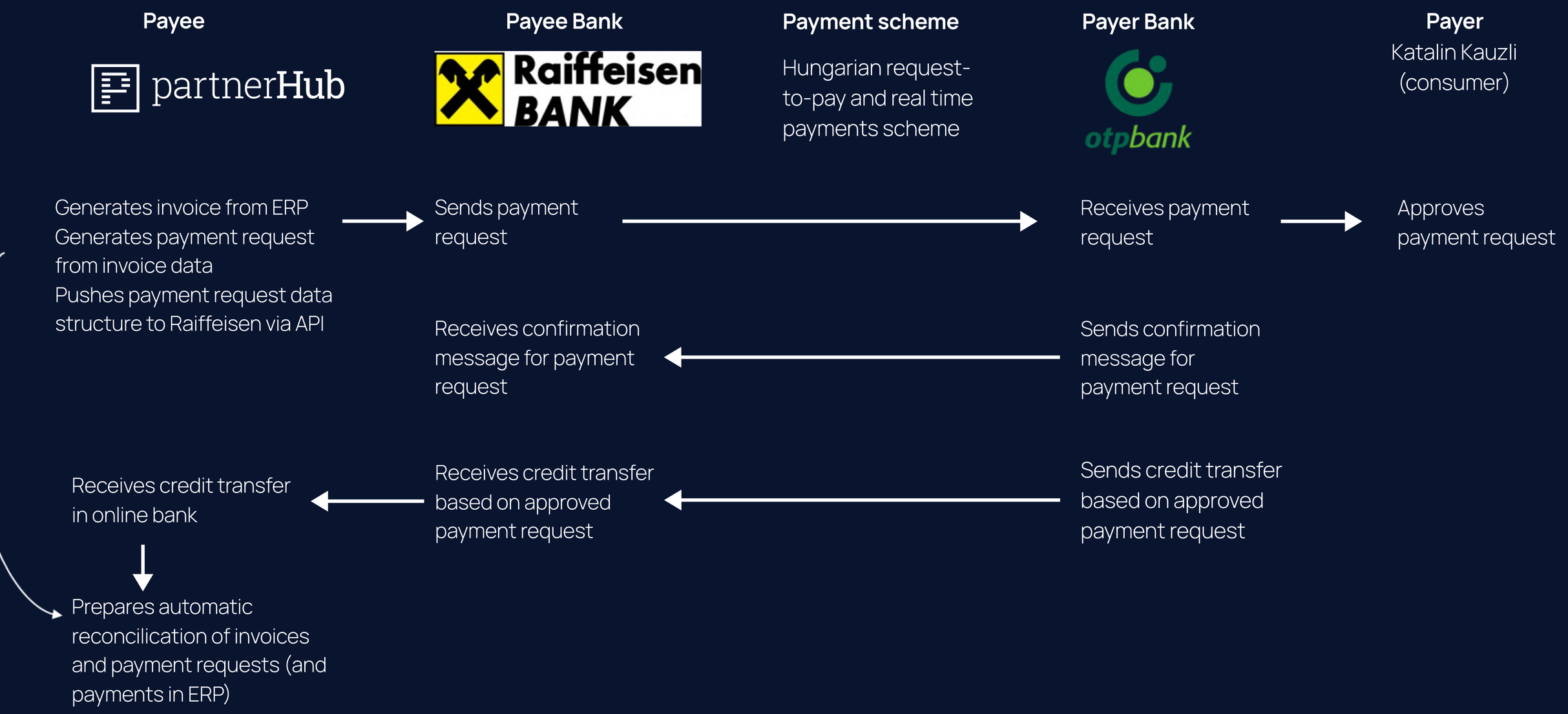
6. Case study: B2C payment use case with PartnerHUB as business customer of Raiffeisen Bank Hungary and Katalin Kauzli as retail customer of OTP Bank (live request-to-pay scheme and solution demonstration)



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https://finovate.com/videos/finovateeurope-2022-partner-hub/

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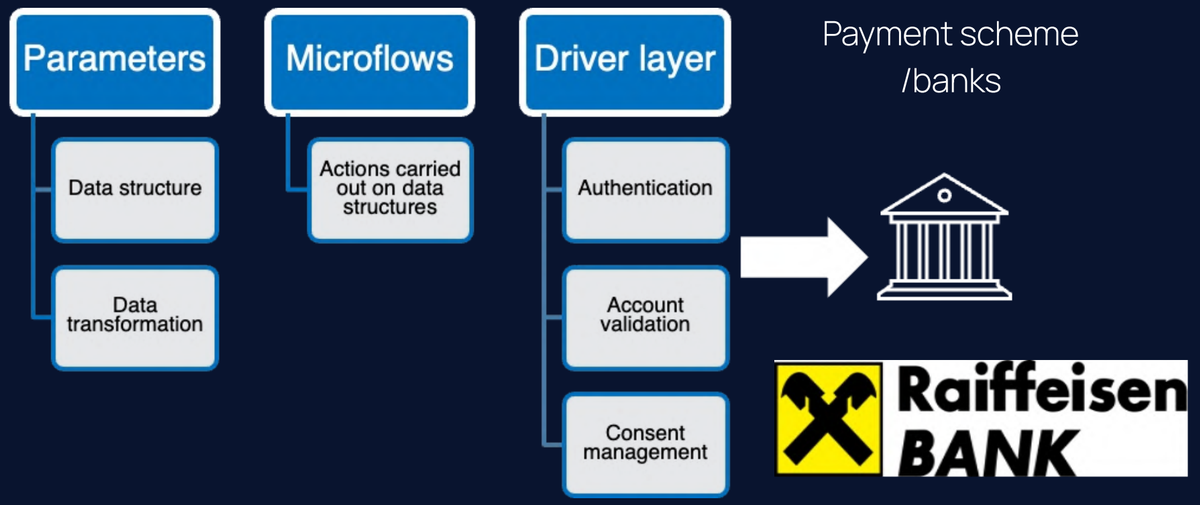
6. Case study - B2C payment use case with PartnerHUB as business customer of Raiffeisen Bank Hungary and Katalin Kauzli as retail customer of OTP Bank

- We integrated our platform to Raiffeisen Bank Hungary's request-to-pay API to demonstrate how B2B e-invoicing can be integrated with request-to-pay and how invoices, payment requests and payments can be managed in an integrated way. It also shows, how invoice data can decrease the time to onboard corporate customers into the request-to-pay service.
- Partner HUB opened a bank account with Raiffeisen as a business customer to enable the API access to the service.
- Invoices were generated from our platform. From the invoice data payment requests were generated and sent to the bank's request-to-pay API.
- The consumer (in another bank's) mobile application approved the payment request.
- The payment is executed in the instant payment scheme. Partner HUB (the sender of the payment request) receives the money.
- The invoice is paid, and automatic reconciliation is enabled.



Result: driver code is ca. 100 lines, implementation time ca. 1.5 mandays

Implementation steps:

1. Based on the Raiffeisen technical documentation the authentication and the business API calls and response management were implemented in the driver layer
2. The parameter set defines what data is exchanged through the driver
3. Microflow defined to transform invoice data into Raiffeisen request-to-pay and be sent to Raiffeisen R2P API (Berlin Group)

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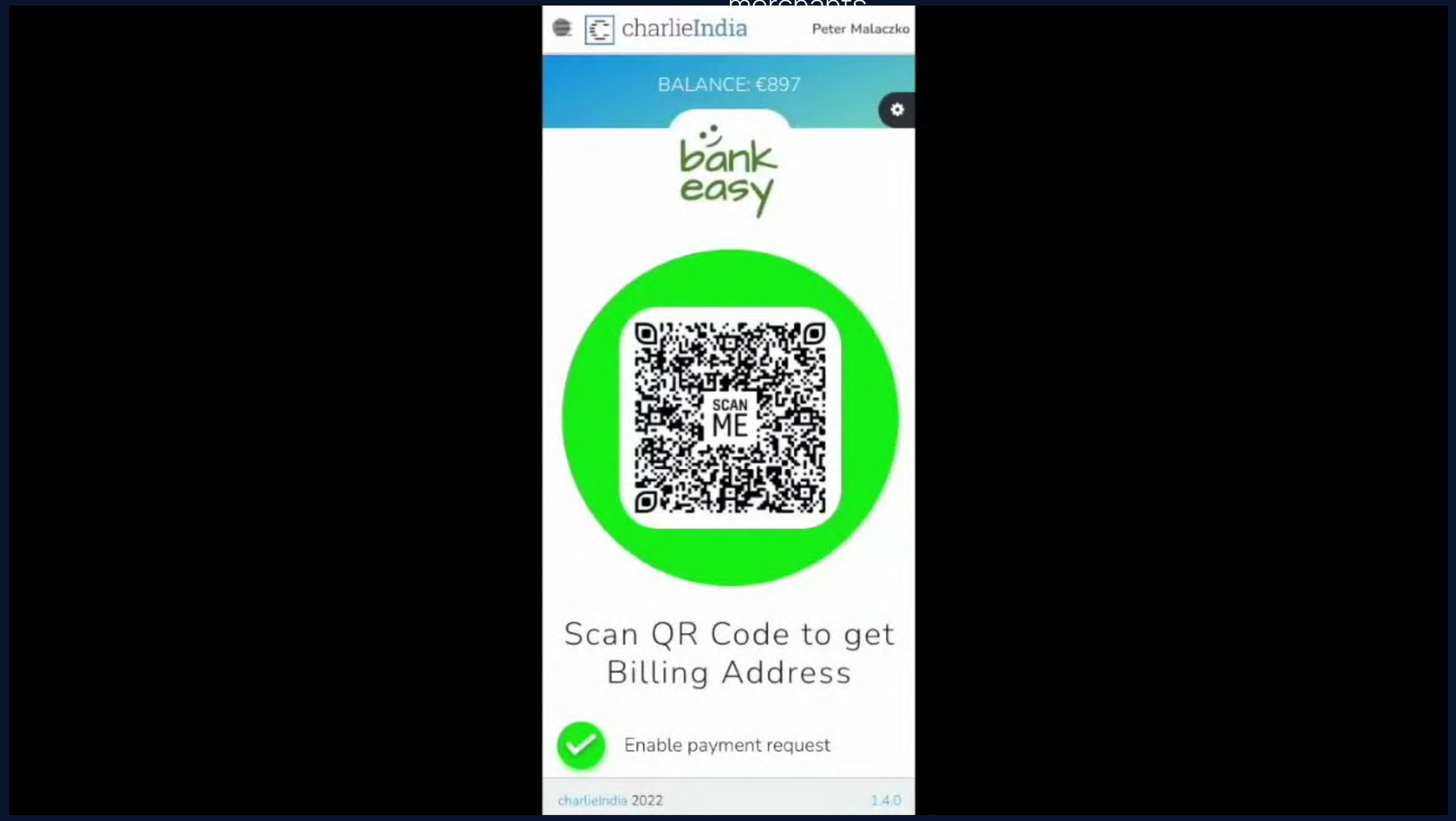
7. Demo video: Next generation EBPP for consumers and integration of e-invoicing and request-to-pay billers and merchants



https://youtu.be/t7QgYNZyyqM

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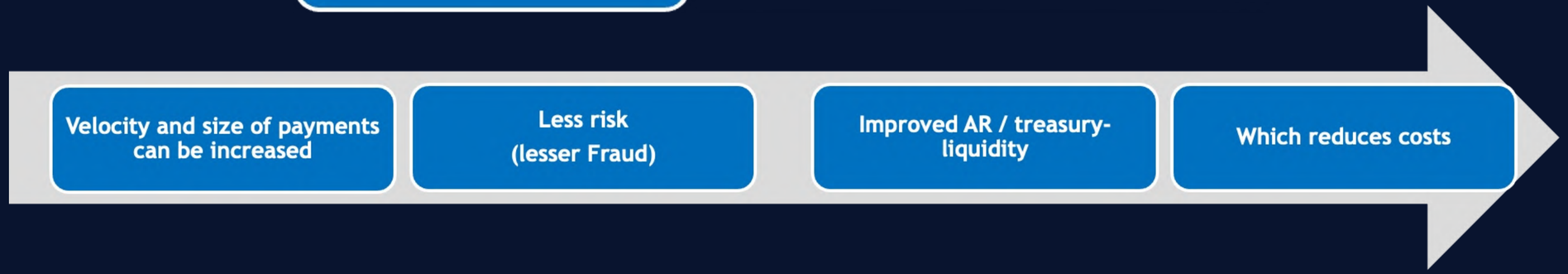
E-invoicing combined with request-to-pay yields substantial benefits for business customers

Quality	•Better Quality of the payment transaction data with accurate data from invoice
Convenience	•Standardising and streamlined data •faster billing systems, easing reconciliation
Certainty and Transparency	•Speeding up E2E processes •Lesser chargebacks
Improved communication	•Between payer and payee •Instant confirmation and payment execution



8. Benefits

E-invoicing combined with request-to-pay yields substantial benefits for business customers

70+%

savings on integration costs when onboarding billers if using invoice data

95%

savings potential when digitalising AR processes with e-invoicing and request-to-pay combined

100%

data accuracy for automatic invoice-payment data reconciliation if payment request is generated from invoice data

9. Why work with PartnerHUB?

Future-proof solution

- Continuously adding new countries for e-invoicing compliance and payment schemes to the platform
- Working on a drag-and-drop implementation approach to decrease coding efforts to the minimum
- Adding analytics layer for invoice data

Accomplishments

- 3 completed banking projects for value added SME Banking integrating e-invoicing with innovative and market leader banks in the CEE regions, EPS India is a sales partner in India.
- **Ready request-to-pay and e-invoicing integrations**
  Raiffeisenbank Hungary, AnswerPay, Pine&Cone, UPI collect, US, Mastercard open banking connection
- EFMA Newtech Challenge, Sibos Perfect Pitch competition and Technoviti (India) winner

Why PartnerHUB?

- Unrivalled knowledge and experience for using invoice data and invoice management use cases in banking
- Fastest time to market, our technology supports rapid prototyping
- Instant and tangible results from the proposed use case for the corporate and SME segment

9. Why work with PartnerHUB?

Our award winning technology is used by innovative banks

OTP Bank	Banca Transilvania	Hungarian Bank Holding	Raiffeisen Bank Hungary
Business Finance Assistant: SME banking incorporating digital invoice management	Business Finance Assistant: SME banking incorporating digital invoice management	Business Finance Assistant: SME banking incorporating digital invoice management	POC: Integrating e-invoicing and request-to-pay to onboard corporate customers

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Thank you

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