



THE BANK OF NEW YORK MELLON



Treasury Services

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New Ideas for Electronifying Your Payments

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Recent Trends in Treasury Services

- Migration from paper-based payments to electronic
- For B2C: Increased interest in convenience payment options
- For B2B: Increased interest in managing payment timing and minimizing processing costs
- Emergence of automated exception processing tools
- Movement to consolidated service centers
- Outsourcing of transactional, non-value added activities

Electronic Payment Processing Solutions

- For B2C:
 - ACH pre-authorized debits
 - Electronic bill presentment and payment (EBPP)
 - Automated, intra-day exception processing
 - Card capabilities
 - Mobile telephone payments
- For B2B:
 - One comprehensive payment file including ACH, Card and Check fed by the ERP system
 - Electronic remittance data

What the Future Holds

- Increased growth in electronifying business-to-business payments
- Technology upgrades
- Service/provider consolidation
- Continued trend to outsource non-core competencies
- Exception processes that minimize the distinction between payment types

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Con Edison Facts

- Con Edison is the Electric, Gas and Steam Utility for portions of New York City, Westchester and Orange & Rockland Counties
- 2008 - Operating Revenues \$13.6 Billion
- Provide service to:
 - 3.5 Million Electric Customers
 - 1.4 Million Gas Customers
 - 7 thousand Steam Customers
 - 20% Turnover of Customers on Annual Basis

Payments Overview

- Operate our own internal Remittance Processing Center
- July 2008 Electronic Payments Exceed Paper Payments
- Sources of Electronic Payments
 - In-house
 - Direct Debit – In-house system developed in conjunction with ClearTran (now owned by BNY Mellon)
 - Internet via Con Edison Web Site
 - Interactive Voice Response System
 - Call Center
 - Electronic Returns – significant productivity savings

Payments Overview - continued

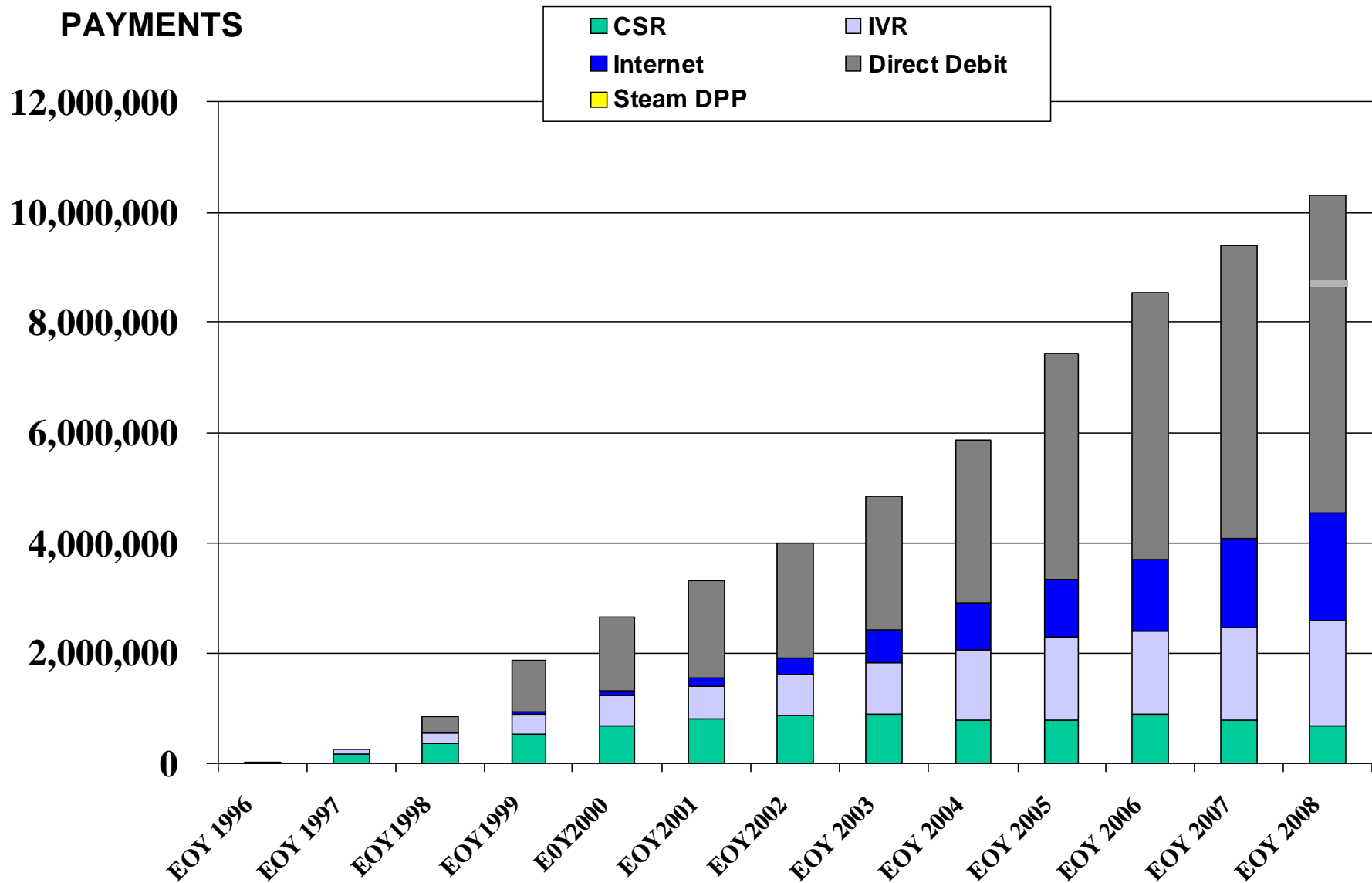
- Sources of Electronic Payments

- External

- Home Banking Channel – via RPPS and others
 - Credit Cards via 3rd party NCO
 - Authorized Agents such as Fiserv (CheckFree)
 - Challenges – customer account numbers not always valid - rework

**TOTAL
CUSTOMER
PAYMENTS**

Electronic Payments Processed



Electronic Billing leads to Electronic Payments

- Greater than 90% of Customers who receive electronic bills pay electronically
- Con Edison's Ebill Objectives
 - Green Program –
 - The industry in general is making a big push in this direction.
 - NACHA watching progress closely
 - **PayItGreen™ Alliance lead by NACHA**
 - Con Edison is an Alliance Advisor of NACHA'S program
 - Simplify ways to enroll – when establishing new account on telephone with CSR or via IVR

Electronic Billing leads to Electronic Payments

- Enhancing relationship with Fiserv (CheckFree) and Major Local Banks to develop an integrated electronic bill payment system.
 - Customers currently view their bill and leave our site to pay bill
 - Customers will now be able to complete the electronic payment directly on the Con Ed e*bill page
- Working with major banks to integrate electronic presentment via their home banking sites.
 - 60% of Con Edison's customers utilize 3 major banks to pay utility bills.

Future Direction of Electronic Payments

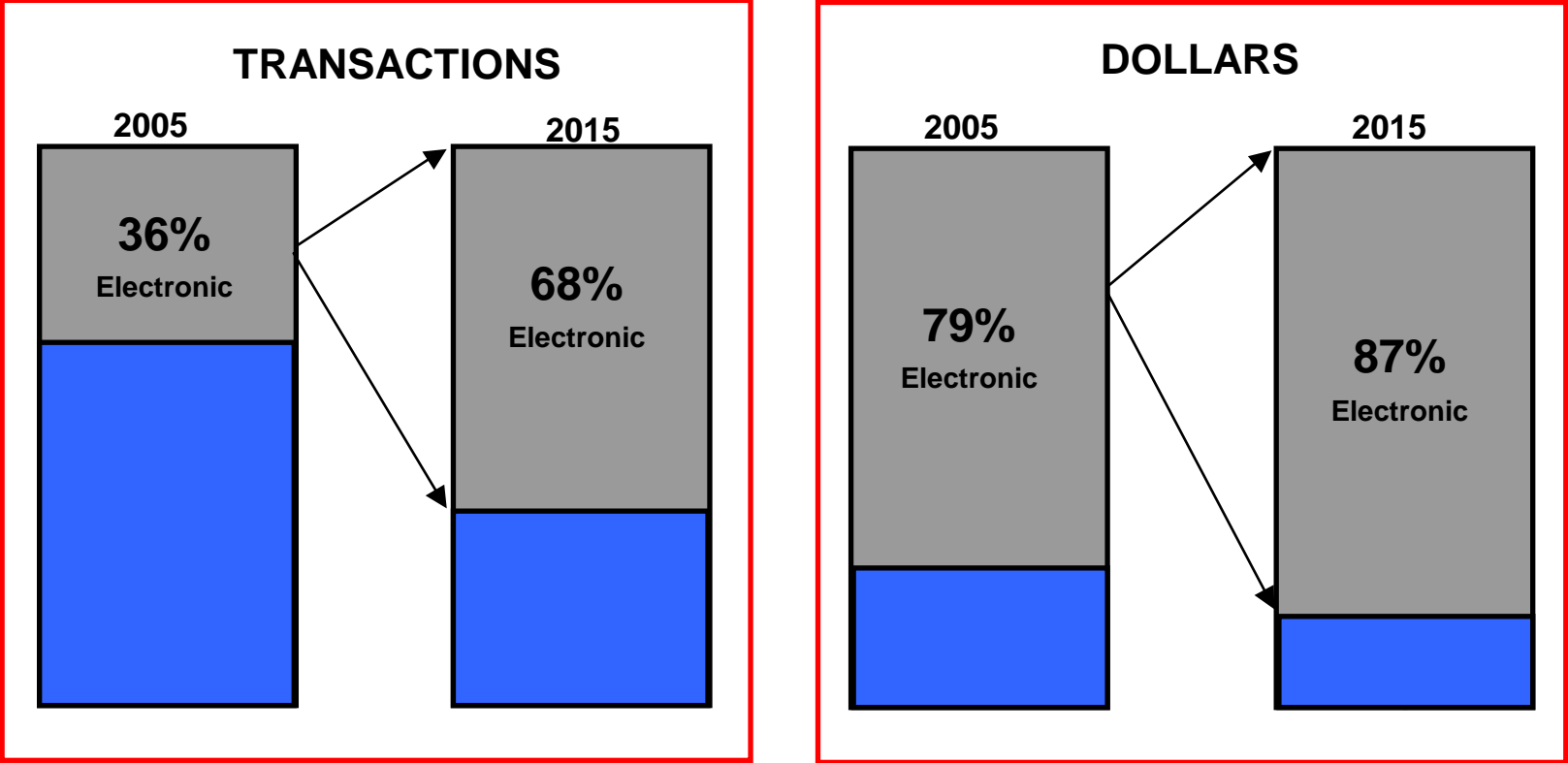
- Telephone / PDA's

- ConEd2Go customer outreach program will shortly roll out a way to access key facts about Con Edison, access to bill detail and an option to make a payment via the web browser of a mobile phone/PDA or PC.
- **Electronic Billing Information Delivery Service (EBIDS)**
EBIDSNACHA - The Electronic Payments Association is conducting a pilot program to test the technical and economic conditions for using the ACH Network as a bill information delivery and payment remittance option for business-to-consumer (B2C) Electronic Bill Presentment and Payment (EBPP).

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March 25, 2009

B2B Payments – Sizing The Opportunity to “Electronify”



Source: “The Payments Map: Guide to the US Payments Business,” September 2006, Global Concepts/McKinsey & Co

Overcoming Barriers to Increased Use of Electronic Payments

By understanding the barriers you have the opportunity to address each and break down the resistance to migrate to electronic payments

- **Difficult to convince customers to pay electronically and suppliers to accept electronic payments**
- **Trading partners cannot send or receive fully automated remittance information with all forms of electronic payment**
- **Shortage of the IT resources needed for implementation of electronic payments**
- **No standard format for full remittance information for electronic payments**
- **Lack of integration between electronic payment and accounting systems**
- **Funding for electronic projects not a priority**

Source: 2007 AFP
Survey

Emerging Solutions

Goal is to migrate paper intensive business process to electronic and create efficiencies in the Financial Supply Chain.

Bank partners are providing consultative ways to assist you in optimizing the way your Treasury business operates.

- **Check to ACH conversion – ARC and Supplier Marketplaces**
- **Accounts Payable Automation**
- **Card Solutions for Business to Business Payments**
- **XML Formats**
- **Integrated Payables**
- **Expanded Remittance Format for High Value Payments**

This research is based upon a survey of 302 mid- to large corporates, with annual revenues between \$100MM-1.5B, regarding use and two-year adoption plans for 31 treasury products. Respondents include treasury, finance and other qualified executives from four industry sectors: Manufacturers, Wholesalers, Retailers and Services.

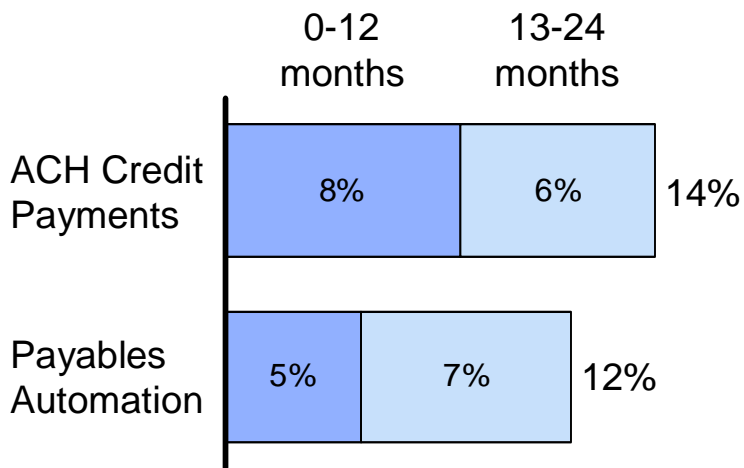
Results are weighted so that growth projections represent the overall \$100MM-1.5B revenue segment of ~16,000 businesses.



MANUFACTURERS DRIVE GROWTH FOR ACH CREDIT PAYMENTS WHILE SERVICES DRIVE GROWTH FOR PAYABLES AUTOMATION

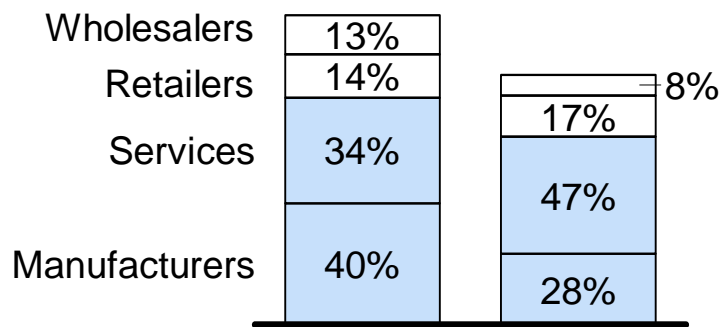
With 14 and 12% growth, ACH Credit Payments and Payables Automation are in the Top Growth Products

Percent of mid- to large corporates that plan to adopt:



Manufacturers and Services drive growth for electronic payables products

Distribution of new users by industry

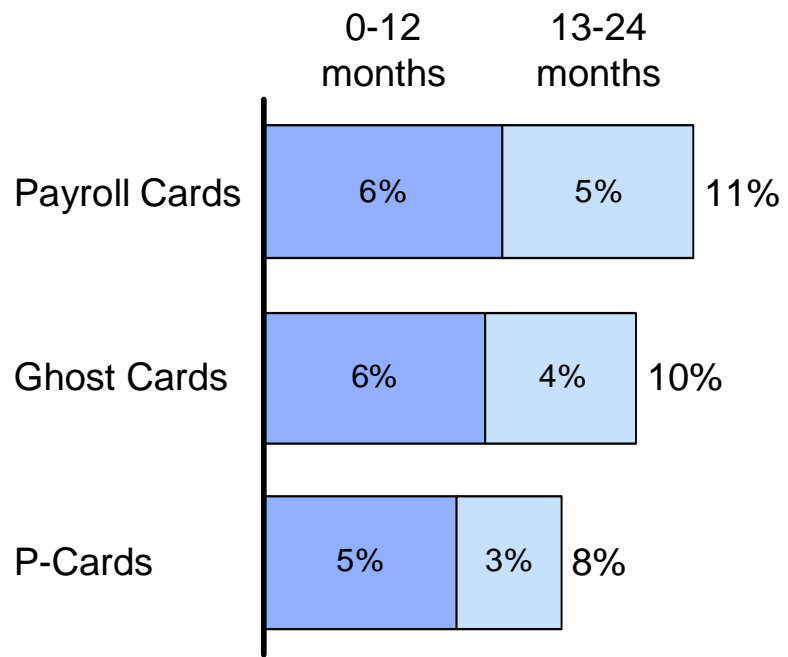


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SERVICES DRIVE GROWTH FOR PAYROLL, GHOST, AND P-CARDS

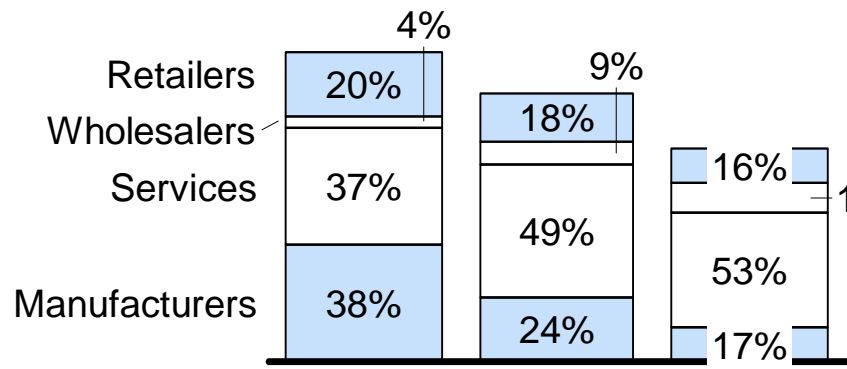
Payroll, Ghost and P-Card growth will be steady over the next 24 months

Percent of mid- to large corporates that plan to adopt:



Services leads growth for both Ghost and P-Cards

Distribution of new users by industry



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