

PAYMENTS SUPPORT FOR STRATEGIC PRIORITIES

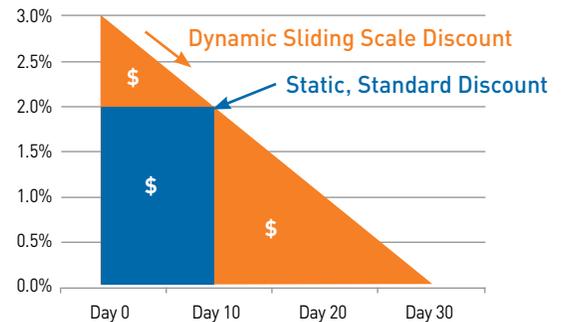
To support our clients and best respond to their evolving business priorities, PNC works to continually improve our commercial payment solutions. This can mean adding new products or services, or refining existing offerings by adding new features. In the introduction to this issue of *Payment Solutions News*, we touched on strategic priorities shared by many of our clients. Here, we focus on three commercial payment services that support some of these priorities: **Dynamic Discounting**, **Visa Intellilink**, and **Same Day ACH**.

DYNAMIC DISCOUNTING

One of the main challenges between suppliers and buyers is the timing and accuracy of payments. Suppliers want to increase cash flow by reducing their days sales outstanding and reducing the costs associated with collections. Buyers are looking for ways to streamline the payment process and reduce costs, and preserve working capital by elongating terms.

To address both supplier and buyer priorities, PNC is planning to introduce a new Dynamic Discounting module as part of A/P Advantage in mid-2016. (Note: This product is currently under development and is subject to change.) This is an alternative early payment incentive program, where buyers offer their suppliers an optional, accelerated payment of approved invoices in exchange for a non-standard term spot discount that decreases as the payment term nears expiration.

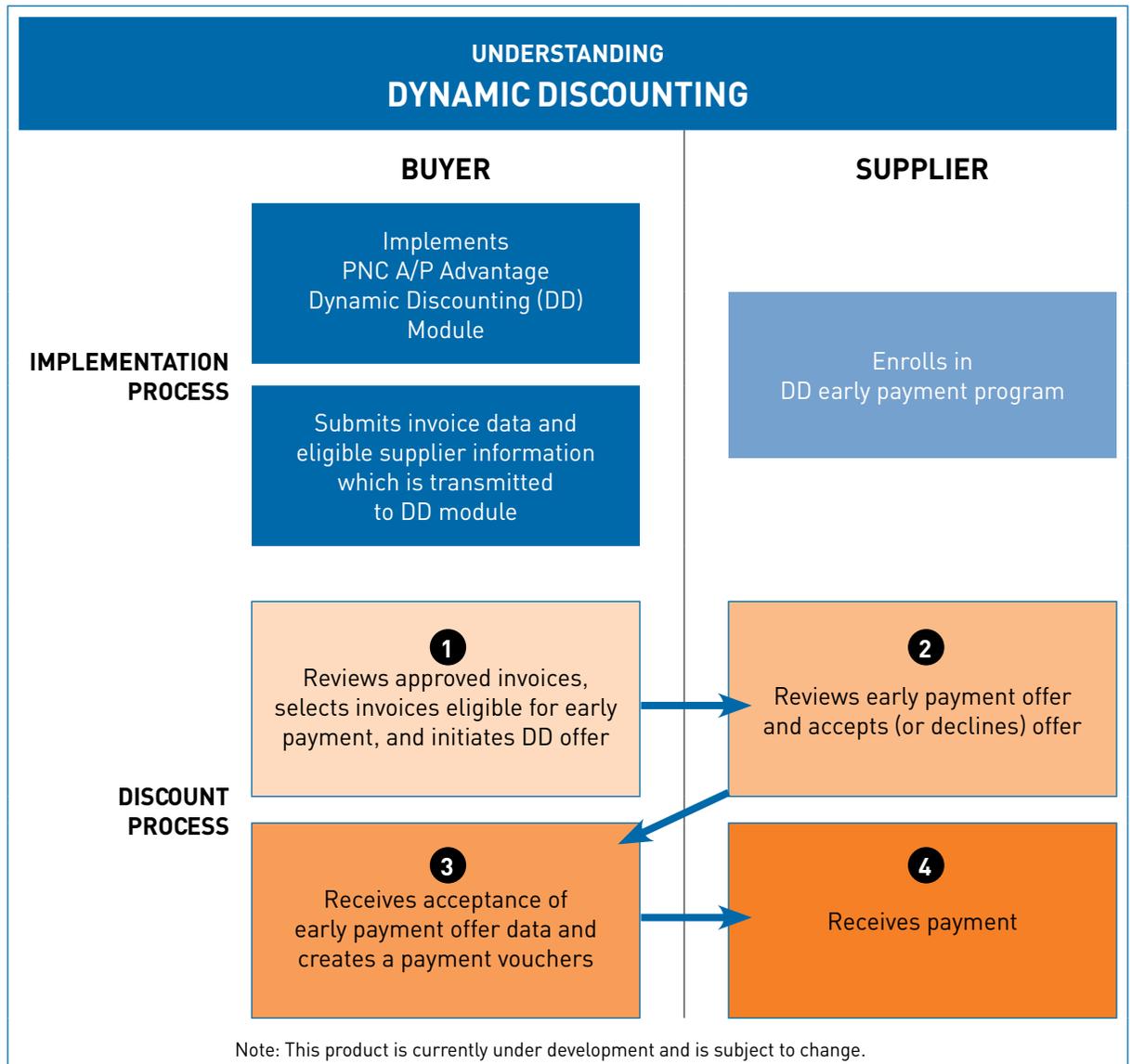
As the discount offered by buyers is often a lower cost than alternatives for accelerating collections (like factoring), Dynamic Discounting represents a cost-effective way for suppliers to accelerate collections. For buyers, Dynamic Discounting offers a risk-free return on short-term excess cash. With benefits for both suppliers and buyers, Dynamic Discounting also fosters improved long-term relationships.



Dynamic Discounting offers benefits to both buyers and suppliers.

Dynamic Discounting is gaining popularity in the market. A 2014 PayStream Advisors study found that 84% of payment practitioners viewed capturing discounts as a priority, further evidenced by a 63% growth in Dynamic Discounting utilization from 2013.¹

For Dynamic Discounting to work, buyers need an expedited invoicing review and approval process, which PNC already provides through A/P Advantage. PNC's solution displays approved invoices, allowing buyers to review and select invoices to be made eligible for early payment in exchange for a discount. Suppliers, in turn, will review and accept (or decline) early payment offers. If they accept the offers, buyer are notified to execute early payment to receive discounts. Furthermore, Dynamic Discounting can also be integrated with other invoice automation and payment services.



VISA INTELLILINK

As increasing numbers of our clients have adopted consumer payment technologies on their smart phones, extending treasury management functionality to mobile platforms is our next logical step. In Q1 of this year, we are planning to introduce new mobile capabilities to assist clients with expense management. The Visa IntelliLink Spend Management mobile website will provide tools for those approving expenses and for cardholders.

Both will be able access the power of Visa IntelliLink optimized for mobile. (Note: This product is currently under development and is subject to change.)

By providing streamlined and more convenient access to treasury management solutions, the Visa IntelliLink Spend Management mobile website can enhance employee productivity as it relates to expense reporting and approvals.

BENEFITS OF VISA INTELLILINK SPEND MANAGEMENT MOBILE CAPABILITIES

- **For those approving expenses:**
The mobile site will include support for the approval of card and cash expenses (for companies using a transaction-based workflow) and the approval of employee expense reports (for companies using an Expense Report workflow). The site will also offer the ability to view receipt images, view policy breach information, and request more information from cardholders.
- **For cardholders:**
The mobile site will enable them to create cash expenses, view posted card transactions, and review previously created cash transactions. Clients will also have the ability to capture receipt images using a mobile device camera (receipt images captured while logged-in to the mobile site will be uploaded to the cardholder's image library) and attach receipt images captured using the mobile device camera to posted card transactions, previously created cash transactions, or cash transactions created by the user through the mobile site

Same Day ACH will be rolled out in a phased approach beginning with ACH Credits only in September 2016 followed by the addition of ACH Debits in September 2017. All ACH transaction types are eligible for Same Day with the exception of International ACH Transactions (IATs). Same Day transactions will be limited to \$25,000 per item.

Although it is optional for ACH banks to offer Same Day ACH Origination, it is required for all ACH banks to receive same day ACH transactions which guarantees same day funds availability to the receiver. When the rules become effective, PNC will support Same Day Origination as an optional ACH service through all of our current ACH origination channels.

SAME DAY ACH

In May 2015, The Electronic Payments Association's (NACHA) voting membership approved changes to its Operating Rules that will allow ACH participants to originate transactions for receipt on the current business day. This will allow the ACH participants to speed delivery of transactions that are more time sensitive than traditional ACH transactions. The Same Day ACH service is not intended to replace the traditional uses of ACH for transactions such as weekly payroll and other predictable payments. Same Day ACH will be offered as a premium service and will provide opportunity for many consumer and business payment applications requiring faster delivery. Examples of Same Day use cases include: Person-to-Person (P2P) payments (between individual consumers), same day bill payments, and expedited payroll files due to processing delays.

¹ "How to Maximize Discount Capture," PayStream Advisors.

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