# A short developmental history of the technology behind payables finance solutions

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## Buyer-led platforms

During the early 1990s, German retail giant Metro Group was one of the first innovators to set up a supplier financing platform with its in-house financing entity MIAG in Switzerland, still operating today.[29]

French retail group, Carrefour, soon followed their lead by setting up a similar platform connected to its in-house financing entity, FINIFAC, in 2000.[30]

## Bank-led proprietary platforms

By the early 2000s, a number of leading banks had established their own proprietary payables finance platforms, often sold to clients as part of a wider portfolio of banking solutions.

These platforms are integrated with the buyer's ERP system through host-to-host connectivity solutions, with File Transfer Protocol (FTP) servers commonly used as a means of secure data transmission.

## Increased competition, third-party platforms and platform refinements

Starting in 2005 and over the next 15 years, the payables finance market has been flooded with technology platforms, driven by growing interest from leading corporates looking for ways to improve their working capital. With increased competition came a number of platform innovations and refinements. These include:

### 1. Plug-and-play technology

Several providers, including banks, offer a "plug and play" model, where the payables finance platform is connected to the buyer's ERP system, significantly reducing the time and effort required by a corporate buyer to initiate a programme.

### 2. Digitalisation

To simplify the onboarding process, many platforms now offer suppliers the option to upload or fill in the required documentation online. The onset of the pandemic early in 2020 accelerated this process considerably, driving demand and prompting regulators to update their legal frameworks to incorporate digital signatures. The introduction of blockchain-enabled platforms has further increased the push towards digitalisation, though it's still to be seen if live, large-scale transactions can gain traction in the coming years.

### 3. Shifting to the cloud

Many buyers are moving their ERP systems into the cloud. Several ERP software applications, including Microsoft Dynamics, SAP and Oracle Netsuite, now allow access to receivables finance apps and work is underway to bring in support for payables finance as well.

### 4. Single access

Until recently, some companies could be included on 20 different payables finance platforms, depending on their buyers and scope of geographical operations. This meant different integrations, solutions and access points. Today, however, there is a greater focus on rationalisation and efficiency. For example, suppliers signed up to several financing programmes run by Deutsche Bank are able to access all their programmes through single access point.

### 5. Artificial intelligence

Artificial intelligence (AI) has great potential in the payables finance space, particularly when it comes to deciding the specifics of a programme, such as the overall size and payment terms. After over 20 years of supply chain finance, there are a vast number of data points available that can be used to feed advanced algorithms to generate new insights. For example, during the pandemic, buyers have been keen to improve payment terms. AI can help them determine the optimum terms by analysing supplier cash flows, payment behaviours and other factors. It can also help buyers decide the size of the programme by analysing historical behaviour patterns to estimate how many invoices will ultimately be sold and how many suppliers will simply accept longer terms and decline the option of favourable financing.