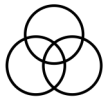




**Failing to harness the potential of upcoming e-invoicing regulation exposes banks to the risk of revenue loss in SME banking due to reduced payment & financing volumes**

# STRATEGIC IMPACT OF E-INVOICING FOR EUROPEAN BANKS

# FUTURE B2B ECOSYSTEM IS DEFINED BY THE RISE OF PLAYERS OFFERING ONE-STOP-SHOP SOLUTIONS, SHIFTING POWER DYNAMICS TOWARDS THOSE DOMINATING E-INVOICING



Increased digitization and related uptake of e-invoicing have led to **new entrants competing for increased market volume** previously held by specialized providers



Country-specific implementations of mandatory **standardized B2B e-invoicing** under VAT in the Digital Age (ViDA) **is expected to further boost e-invoicing** in Europe



**Access to standardized data from e-invoices** paves the way for **embedded payments and banking solutions** in, e.g., e-invoicing software, **threatening banks**



**PSPs and (neo)banks are entering** the e-invoicing market to capture valuable market share and enhance customer interaction with SMEs, **intensifying competition**



**Well-positioned e-invoicing providers** rush to integrate payment and financing capabilities to **offer one-stop-shop solution for SMEs** tapping into the **€6.6 Bln EU B2B payments revenue opportunity**<sup>1</sup>



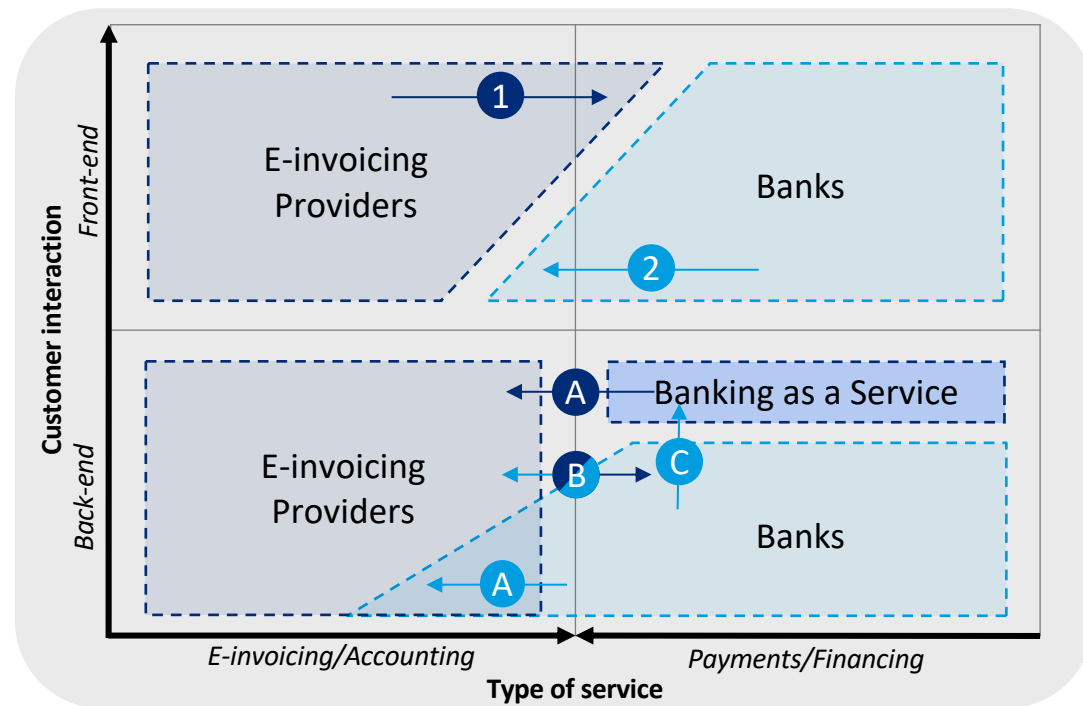
**For banks, it is imperative to adapt and innovate now** to stay ahead in this dynamic environment



# BANKS RISK BECOMING LESS RELEVANT TO SMES AS SOFTWARE PROVIDERS START OFFERING COMPREHENSIVE, INTEGRATED SOLUTIONS

NON-EXHAUSTIVE

## Changing e-invoicing ecosystem



## Strategic scenarios

- 1 **E-invoicing providers** start embedding banking services into their platform, becoming a one-stop-shop for its clients and **winning client interaction** over banks by:
  - A Integrating solutions from BaaS/Fintech providers
  - B Forging partnerships with banks for payments and financing services
- 2 To maintain client engagement, **banks** should enhance their platform with services related to e-invoicing and accounting. This could be achieved by:
  - A Offering own accounting/e-invoicing services within the banking platform
  - B Embedding e-invoicing software within the banking platform via APIs
  - C Partner with Banking as a Service players offering services to e-invoicing providers

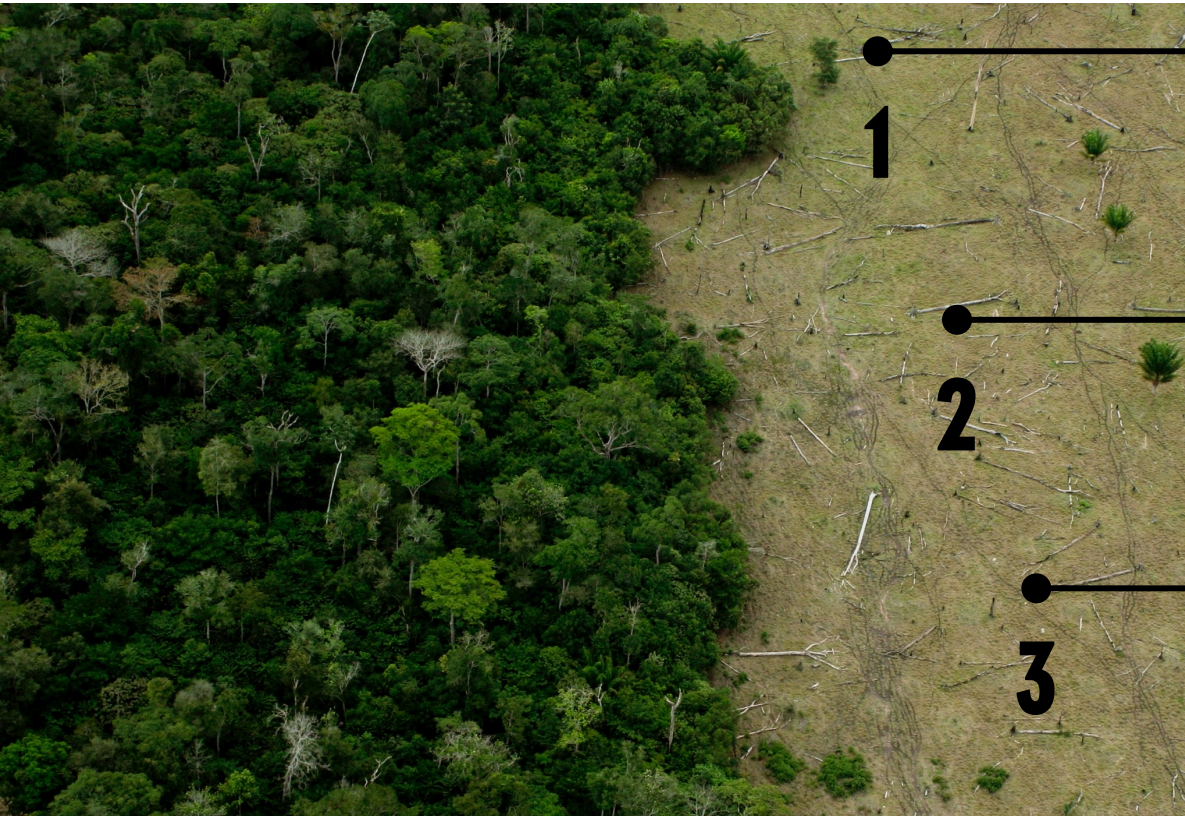
The uptake in e-invoicing will intensify this battle for **SME client relevance** between **banks** and **e-invoicing providers**



# E-INVOICING PROVIDERS ARE BETTER POSITIONED TO CAPITALIZE ON OPPORTUNITIES OF E-INVOICING, ENHANCING RELEVANCE AND DRIVING INNOVATION IN SME BANKING

NON-EXHAUSTIVE

## Challenges for banks



### **Losing revenue to e-invoicing providers**

Mandatory e-invoicing shifts the dominant position to e-invoicing providers who increasingly enhance their services with payment and financing features, boosting revenue at the expense of banks

### **Disintermediation of SME interaction by PSPs/FinTechs**

Existing threat of diminished customer interaction between banks and SMEs grows as PSPs and FinTechs offer faster, cost-effective payments & banking services to e-invoicing providers, limiting cross- & upsell opportunities for banks

### **Competition is intensifying**

Pioneering (neo)banks are already entering the e-invoicing ecosystem by partnering with specialized e-invoicing providers, integrating e-invoicing solutions in banking app, complemented with seamless payments and financing solutions

Banks need to rethink how to **maintain their relevance** and **enhance their offerings for SMEs with e-invoicing**

# BANKS HAVE THE OPPORTUNITY TO TRANSFORM SME ENGAGEMENT AND FOSTER CUSTOMER INTIMACY BY LEVERAGING E-INVOICE DATA

INDICATIVE

## **Pay invoices directly from banking app**

Instantly pay invoice from the banking app, eliminating manual tasks and human errors (e.g. copying IBAN)

## **Invoice (embedded) financing**

Boosting SME working capital needs with embedded lending by leveraging reliable invoice data for faster and more cost-effective SME loan underwriting

## **Centralized business intelligence**

Showing invoice data (AR/AP) into the SME banking application dashboard, centralizing business intelligence for SMEs





# BANKS CAN PROGRESSIVELY ADOPT AND INNOVATE TO MAINTAIN AND ENHANCE DOMINANT POSITION IN SME BANKING

INDICATIVE

1

## Integrating SME invoicing data

*Build on strong customer relationships and high level of trust to e.g.:*

- Create financial overview, insights and forecasts
- Drive sound financial decision making through centralized Business Intelligence & new insights (e.g., prediction of cash flow issues)
- Improve (credit) risk management processes and assessments for financing

2

## Enhancing SME payments

*Leverage existing payment capabilities, combined with e-invoicing to e.g.:*

- Integrate seamless invoice processing by offering integrated payments
- Boost the use of relevant payment methods (e.g., open banking) and improving users' payment flexibility

3

## Enabling new SME business models

*Extend key strength of access to capital and key role in payments to e.g.:*

- Build new customized value propositions based on e-invoicing data (e.g., tailored financing options)
- Become one-stop-shop for SME clients (e.g., by embedding bookkeeping functionalities in banking app)

# WE BRING MARKET LEADING EXPERIENCE TO SUPPORT YOUR JOURNEY IN POSITIONING, PREPARING & UNLOCKING INNOVATION IN E-INVOICING



## Vision & strategy definition

Establish a strategic baseline for e-invoicing

- Sense-making  
*(how to proceed)*
- E-invoicing impact & opportunity analysis  
*(what is happening)*
- Define positioning & strategy  
*(where to play)*



## Value proposition design

Establish value propositions for e-invoicing

- Understand customer needs  
*(to whom to sell)*
- Define value map incl. products & services  
*(what to sell)*
- Define fit incl. channels, partnerships, revenue streams  
*(how to sell)*



## Justification & approach setup

Determine best path forward and execution plan

- Business case estimates  
*(why pursue)*
- Implementation plan  
*(how to deliver and who will do what)*
- Program management, monitoring & evaluation  
*(how to adapt & track progress)*

**COUNTRIES HAVE DIFFERENT APPROACHES ON IMPLEMENTING E-INVOICING MANDATES, LIKELY CONVERGENCE TO DCTC (ZOSS) WILL BRING HARMONIZATION**

**E-INVOICING STREAMLINES INVOICING, SIMPLIFYING AND DIGITIZING THE FLOW OF SENDING AND RECEIVING INVOICES**

**E-INVOICING PROVIDERS: PRIORITIZE HIGH PRIORITY PROSPECTS WHILE STILL STRATEGICALLY TARGETING POTENTIAL LONG TERM PROSPECTS**

**SELL EXISTING PROPOSITIONS TO ALL PLAYERS IN ECOSYSTEM TODAY AND OFFER NEW HOLISTIC OFFERS IN THE FUTURE WITH PAN-EUROPEAN PLAY**

**SUGGESTION IS TO DRAFT MOCK-UPS IN PHASE 1 AND ESTABLISH PILOT IN PHASE 2 TO REALIZE PROPOSITION THAT IS READY FOR GO-TO-MARKET WITHIN 6 MONTHS**

**IMPACT OF E-INVOICING ON BANKS: RISK OF BANKS BEING DISINTERMEDIATED BY PDPS PROVIDING IBAN PAYMENT SOLUTIONS**



**INNOPAY**  
A business of Oliver Wyman

A business of Marsh McLennan