



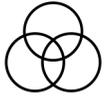
Failing to harness the potential of upcoming e-invoicing regulation exposes banks to the risk of revenue loss in SME banking due to reduced payment & financing volumes

STRATEGIC IMPACT OF E-INVOCING FOR EUROPEAN BANKS

Dear Ms Current Name,
I authorize myself to make following invoice:

Num	Qty	Units	Article Nr	Goods, Service	Unit Price	Price
1	1	pos		Food photography for summer menu. Menu design and printing on glossy cardboard DIN A5 double sided 50 pieces	273,11 €	273,11 €
1	33	pos		Single product photo on white background	2,52 €	83,16 €
1	1	pos		Photo Licenses for Certificates	16,80 €	20,00 €
Total						273,11 €
VAT						51,89 €
Total with VAT						325,00 €

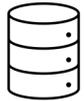
FUTURE B2B ECOSYSTEM IS DEFINED BY THE RISE OF PLAYERS OFFERING ONE-STOP-SHOP SOLUTIONS, SHIFTING POWER DYNAMICS TOWARDS THOSE DOMINATING E-INVOICING



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**



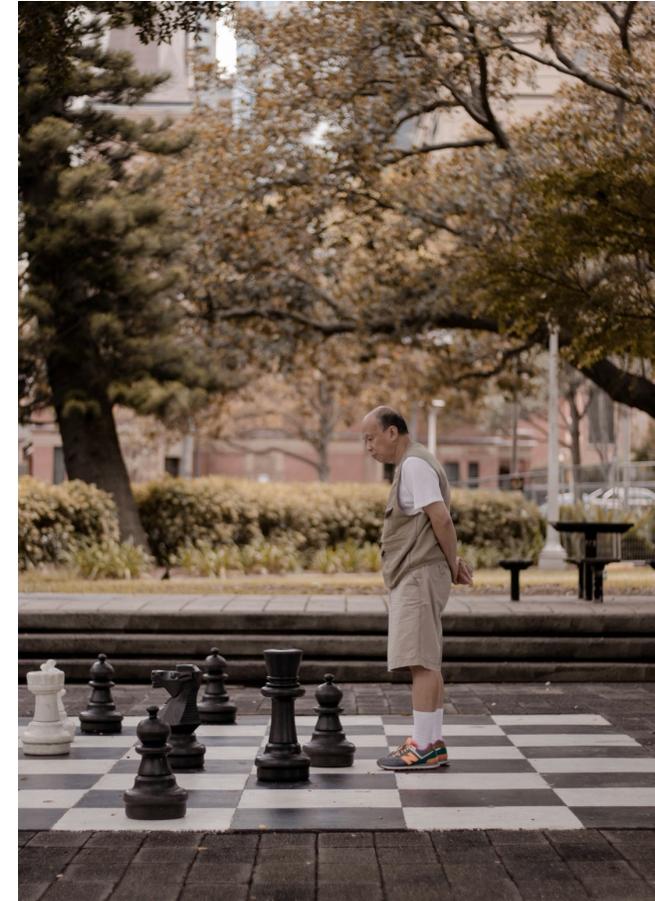
PSPs and (neo)banks are entering the e-invoicing market to capture valuable market share and enhance customer interaction with SMEs, **intensifying competition**



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**¹



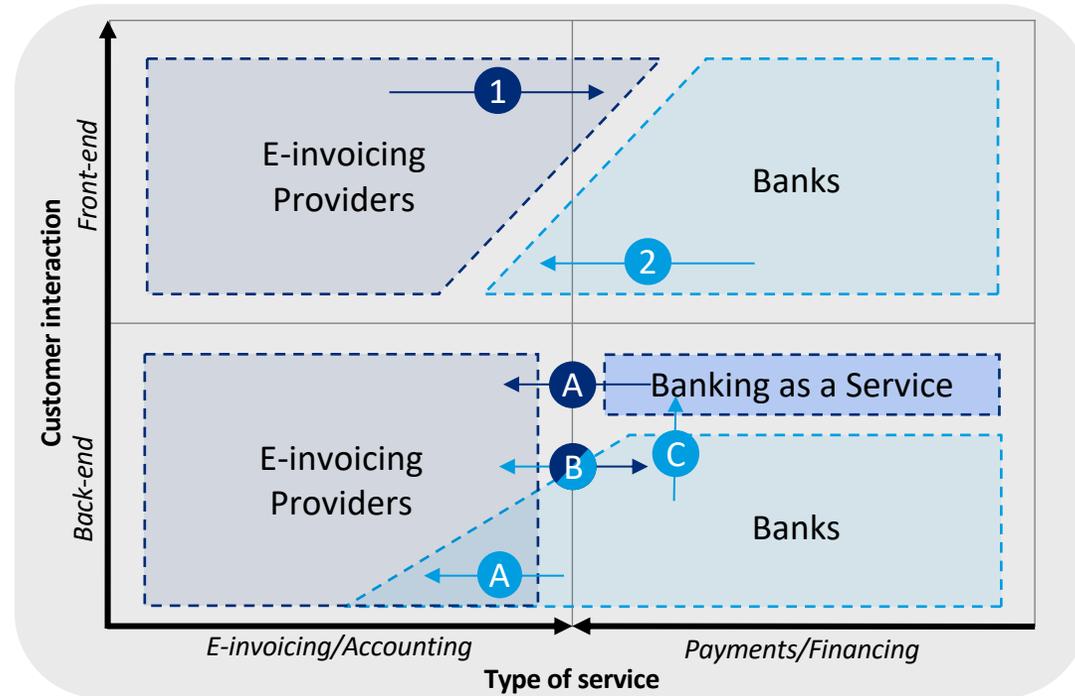
For banks, it is imperative to adapt and innovate now to stay ahead in this dynamic environment



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

NON-EXHAUSTIVE

Changing e-invoicing ecosystem



Strategic scenarios

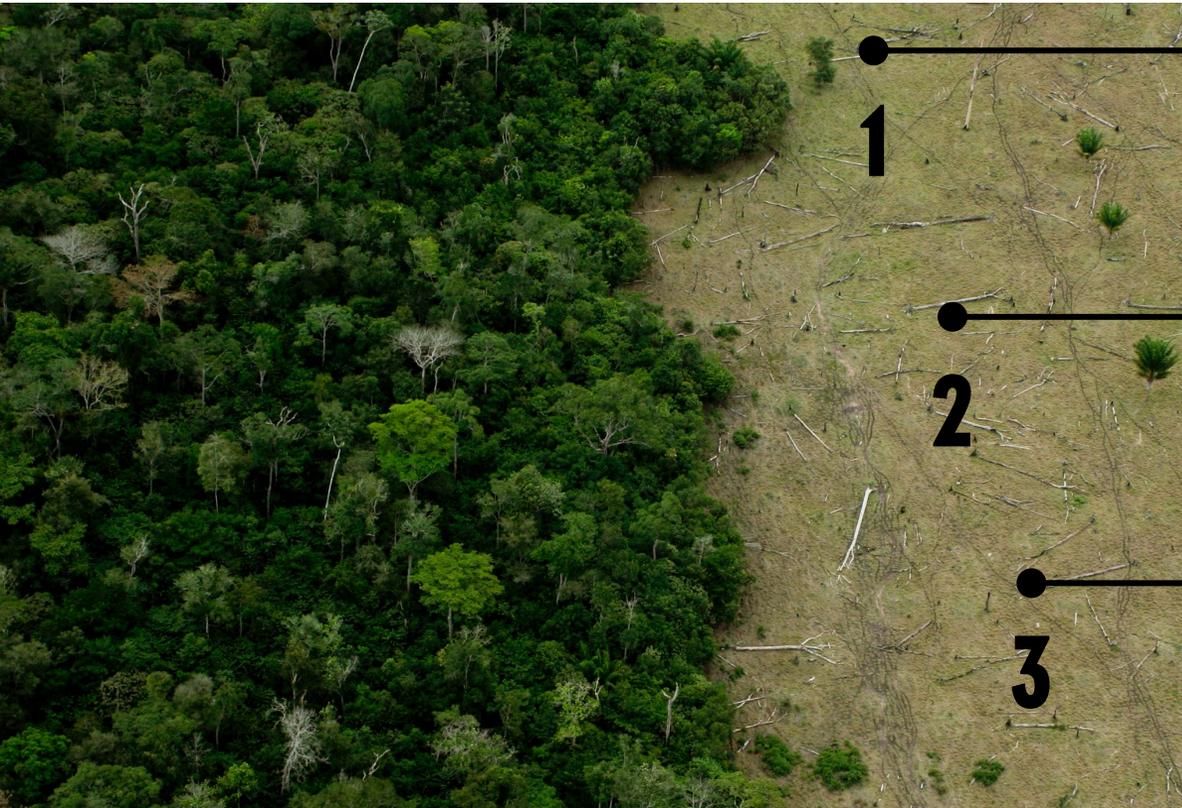
- 1 **E-invoicing providers** start embedding banking services into their platform, becoming a one-stop-shop for its clients and **winning client interaction** over banks by:
 - A Integrating solutions from BaaS/Fintech providers
 - B Forging partnerships with banks for payments and financing services
- 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

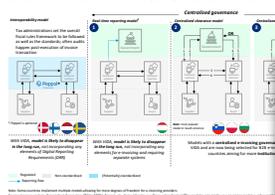
Determine best path forward and execution plan

Business case estimates
(why pursue)

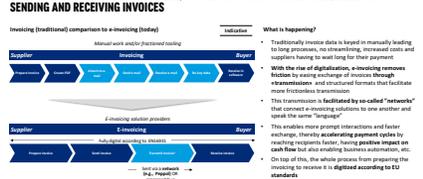
Implementation plan
(how to deliver and who will do what)

Program management, monitoring & evaluation
(how to adapt & track progress)

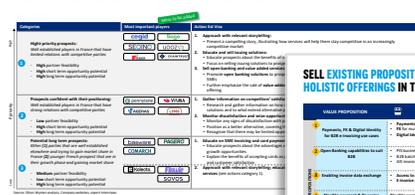
COUNTRIES HAVE DIFFERENT APPROACHES ON IMPLEMENTING E-INVOICING MANDATES, LIKELY CONVERGENCE TO DCTC (ZOSS) WILL BRING HARMONIZATION



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



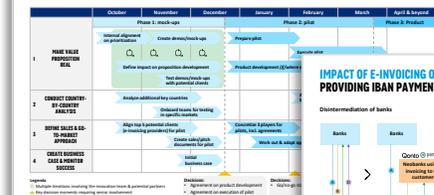
E-INVOICING PROVIDERS: PRIORITIZE HIGH PRIORITY PROSPECTS WHILE STILL STRATEGICALLY TARGETING POTENTIAL LONG TERM PROSPECTS



SELL EXISTING PROPOSITIONS TO ALL PLAYERS IN ECOSYSTEM TODAY AND OFFER NEW HOLISTIC OFFERINGS 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

Bank	Est. annual fees for banks reduced by disintermediating e-invoicing solutions*	Est. annual fees for 2024†	Est. 2026 potential fees 2024-26‡
Credit & Mutuel	2,000-2,200	€ 400 MM	€ 200 MM
BNP PARIBAS	1,000-1,400	€ 200 MM	€ 100 MM
Commerzbank	1,000-1,100	€ 200 MM	€ 100 MM
ING	600-700	€ 120 MM	€ 60 MM
DISPOSAL	400-450	€ 80 MM	€ 40 MM
Other	300-350	€ 60 MM	€ 30 MM
Total	5,300,000**	€ 1,400 MM	€ 700 MM

* E-invoicing is becoming a strategic priority for banks' SMB businesses with € 65-400 MM annual revenue of stable



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