



WHITE PAPER

# WINNING THE CORPORATE BANKING MARKET WITH E-INVOICING AND REQUEST TO PAY

## Request to pay: an e-invoicing game changer

Request to pay (R2P) has emerged as a key element for payments modernization worldwide. Built on the rails of real-time payments systems, R2P is a standardized financial messaging scheme that enables straight-through processing of e-invoices and payments via trusted bank channels.

In this paper, we explore how R2P with e-invoicing can help financial institutions enhance their corporate offerings and gain critical share in the e-invoicing market.

## A constantly evolving market

The market for e-invoicing is evolving rapidly with use cases rising in both Europe and the United States. The catalysts for e-invoicing include the need for more efficiency and scalability in e-invoicing services for wider adoption by businesses, and more accuracy in the payment process for corporates and business stakeholders.

Throughout Europe, the regulatory pressure to improve tax collection and reduce fraud is contributing to the increase in e-invoicing opportunities. The market has experienced double-digit growth in recent years and the European e-invoicing market is expected to grow to USD \$20 billion through 2025.

### Estimated e-bill/e-invoice volume 2019 (billions) and trend radar



Recipient segment	Europe		LATAM		North America		APAC		Rest of world	
Consumer	5	↗	8	→	5	→	4	↗	0.5	↗
Business & Government	8	↗	13	→	5	→	6	↗	0.5	↗

Relative growth rates ↗

Source: Billentis – “The E-invoicing Journey 2020-2025”

## The challenge with e-invoicing

Although e-invoicing has been a core online offering of financial institutions for years, traditional e-invoicing has been inefficient and costly due to a fragmented market with standalone services for specific industry sectors and marketplaces. Separate processes executed via separate channels for bill presentment and payment often lead to errors, inaccurate payments and complex reconciliation, which negatively impact treasury and liquidity management.

In Europe, the e-invoicing directive has created a legal framework for EU countries to adopt and gradually mandate the use of e-invoicing by enterprise and corporates. The purpose is two-fold: to increase the performance of the economy by accelerating the digitalization of invoicing and to increase the quality of tax collection (VAT) through the use of structured, standardized e-invoice data (XML/UBL). Tax collection errors, tax evasion and fraud are challenges for EU government entities. The weight of tax evasion on the EU economy was estimated at €820 billion in 2019 (source: Eurostat European Commission).

In the U.S., the public sector is less of a catalyst for e-invoicing because tax collection is not directly linked to invoice structure data. Instead, optimizing corporate internal operations such as order to cash, purchase to pay and supply-chain finance, are the main incentives for e-invoice adoption.

With more than 200 bill/invoice service providers in the U.S. with limited closed-loop service, the market is very fragmented. The bill pay initiative of The Clearing House is designed to offer a standardized and interoperable service model for e-invoicing. It is expected to bring much more scalability, efficiency and reach, and is backed by 21 CEOs from major banks in 2021.

## R2P overview

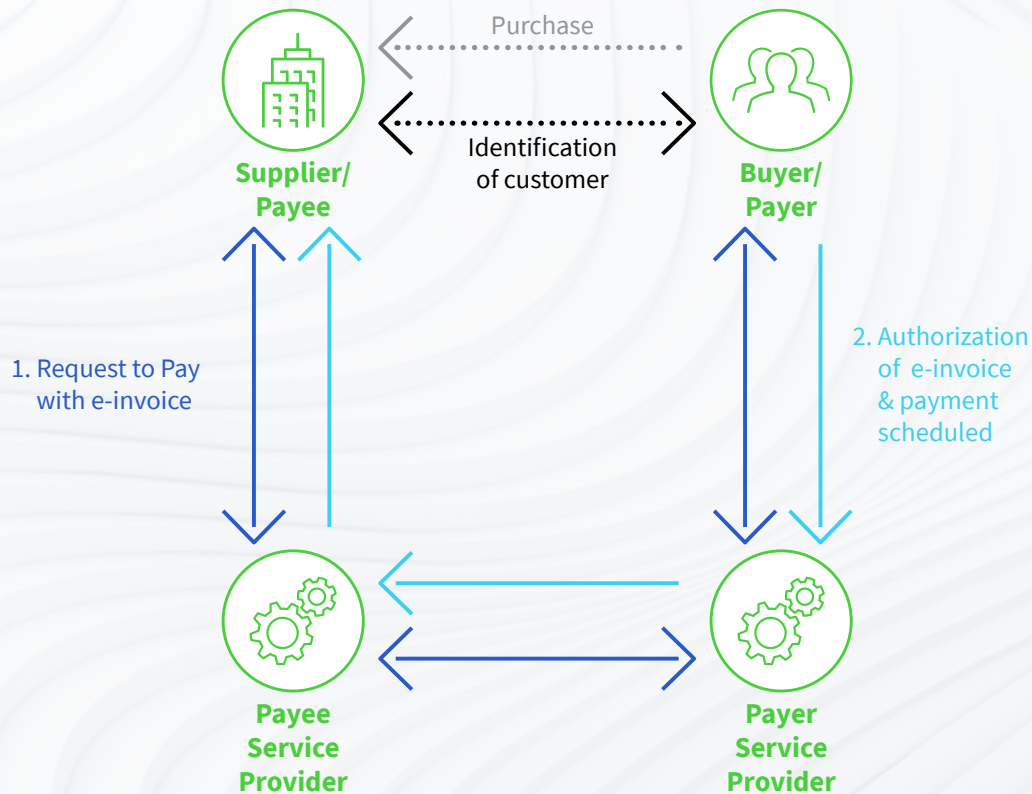
By enabling e-invoicing with payment initiation through secured bank channels, R2P provides secure, real-time payments services between individuals and businesses, and organizations and government entities.

R2P provides a messaging overlay that gives the payer more control over how and when invoices are paid and gives the payee more visibility. It digitizes manual processes for better accuracy and provides greater information into the payments process. With R2P, buyers and sellers agree on conditions for the payment transaction.

In Europe, the European Banking Authority (EBA) is developing the pan-European R2P infrastructure service aligning to the R2P scheme created by the European Payments Council (EPC). This service leverages ISO standards and is based on the four-corner model (see illustration). The push for e-invoicing is driven by compliance with EU regulation particularly in France, Spain and Italy.

All European member states will eventually have to put the e-invoicing directive into the local law. Some countries like France are also legislating to include the payment status in the requirements which can be met by R2P.

## R2P overview



## How R2P works:

1. A supplier/payee presents an R2P message to a buyer/payer along with an e-invoice.
2. The buyer validates the e-invoice and payment conditions and authorizes the payment request presented by the supplier/payee with R2P. If the buyer refuses to pay or questions the amount, this is immediately communicated, and exceptions can be resolved quickly.
3. The delivery of goods and services is decoupled from the presentation and the payment may be executed immediately or later according to conditions agreed in the R2P message.
4. B2B specific functions can be performed on buyer/payer side such as partial payment, forwarding the R2P to another party for financing purposes, grouping multiple R2Ps in one payment.
5. The payee can benefit from a guarantee of payment.

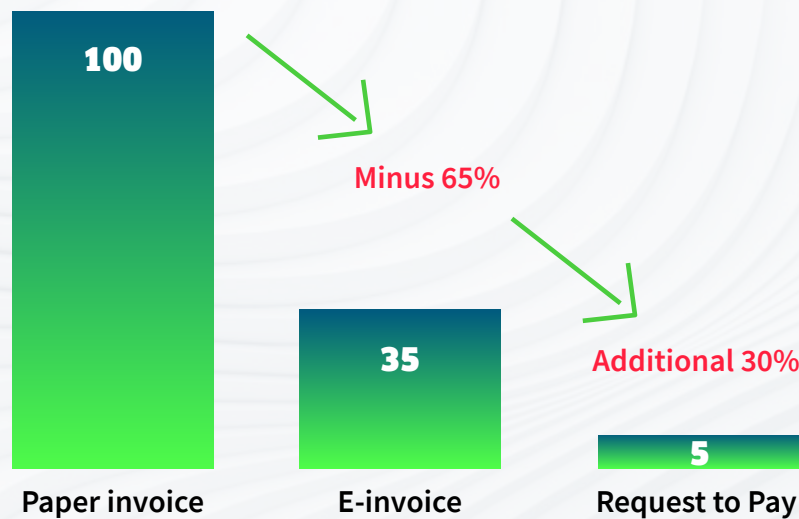
## The opportunity for financial institutions

While fintechs, payment initiation service providers and specialized invoicing companies can provide e-invoicing services, financial institutions hold a unique position to excel in the space. Financial institutions already have the customers and the payment channels upon which to base their R2P offering. Many have already made significant investments in instant payments and open banking and are now poised to enhance their offerings with R2P.

Integrating e-invoicing and R2P gives financial institutions the opportunity to redefine the payment experience for their customers by offering more control and communication around payments and a lower-cost alternative to traditional e-invoice services. As the first point of contact with the customer, R2P provides opportunities for financial institutions to acquire new customers and grow their portfolios.

In the U.S., JP Morgan and BNY Mellon are leading examples of how big banks are enabling corporates to send R2P messages to their customer base for immediate invoices. During the recent launch of their e-invoice solution using the RTP® network from The Clearing House, BNY Mellon highlighted the key advantages for billers. They included higher straight-through processing levels, faster collections, simplified reconciliation, increased transparency, lower costs and reduced environmental impact through the elimination of paper-based processes.

### E-invoice savings with R2P



Source: Billentis – “The E-invoicing Journey 2020-2025”

## The benefits of R2P

Several benefits are propelling the adoption of R2P in the U.S. and Europe. Implementing R2P for e-invoicing enables better tracking, more efficient collection and significant cost savings. While the most pressing use case in Europe is business-to-government, in the U.S., streamlining business-to-business payments is the main catalyst for adoption.

In Europe, tax regulations, the EU e-invoicing directive, regional interoperability initiatives and the launch of the pan-European R2P service by the EPC and EBA Clearing using RT/1 SEPA instant service are driving R2P implementation.

**91%**

of corporates see a relevant use case for e-invoicing

**90%**

say convenient reconciliation is a key benefit in the invoicing process

**95%**

of corporates want R2P as part of their e-invoicing process

**60%**

send e-invoice/e-bill cross-border regularly

Source: EBA Request to Pay survey, What Corporates Want

## How FIS® can help

As a leading provider of technology solutions for merchants, banks and capital markets firms globally, FIS helps financial institutions deploy e-invoicing and R2P as a service with a flexible integration into an ISO 20022 environment through APIs.

Built on cloud-native architecture to operate the most common four-corner model adopted by countries for R2P, our solution provides high performance and scalable services to meet real-time API requirements. It can be implemented within the FIS enterprise payment reference architecture or as a stand-alone component within non-FIS payment applications and channels.

To learn more [click here](#) or contact us at [getinfo@fisglobal.com](mailto:getinfo@fisglobal.com)

## About FIS

FIS is a leading provider of technology solutions for merchants, banks and capital markets firms globally. Our more than 55,000 people are dedicated to advancing the way the world pays, banks and invests by applying our scale, deep expertise and data-driven insights. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a Fortune 500® company and is a member of Standard & Poor's 500® Index.



[www.fisglobal.com](http://www.fisglobal.com)



[getinfo@fisglobal.com](mailto:getinfo@fisglobal.com)



[twitter.com/fisglobal](https://twitter.com/fisglobal)



[linkedin.com/company/fis](https://linkedin.com/company/fis)

©2021 FIS

FIS and the FIS logo are trademarks or registered trademarks of FIS or its subsidiaries in the U.S. and/or other countries. Other parties' marks are the property of their respective owners. 1597194



**ADVANCING THE WAY THE WORLD  
PAYS, BANKS AND INVESTS™**