



## Electronic Invoicing and Payments

Many Canadians will remember the rotating Canadian Postal Worker strikes in 2011 which resulted in the backlog of mail and parcels at postal distribution centres. If your business felt the pinch from the strike, you are in good company - the strike caused hardship for many businesses who simply were not getting paid because cheques were 'in the mail.' The lack of progress in the latest contract negotiations between Canada Post and the Canadian Union of Postal Workers (CUPW), means that another service disruption may be in store for Canada this July.

### ***Perils of a paper-based system***

According to the Canadian Payments Association, although the use of cheques have been in a steady decline, their wide use is still a reality in Canada - with approximately 950 million cheques processed in 2014.

Even when postal services are fully operational, the use of cheques leaves much to be desired. With manual processes, printing, mailing, postal interruptions, processing delays, bounced cheques and concerns about the environmental impacts of paper used for invoices, cheques and envelopes, the dependence on a mail-based invoicing and payments system no longer makes sense for many businesses. The UK already has plans in place to eliminate the use of cheques by November 2018.

### ***Progress on payments?***

Despite slow progress, Canada's business requirements are not going unheeded. The Government of Canada's creation of a Task Force for the Payments System Review and the efforts of The Canadian Payments Association mean a more efficient options for electronic invoicing and payments will become available in the coming years.

### ***Electronic invoicing***

Most accounting packages can generate a PDF invoice and email it directly to the customer via email. Electronic invoicing removes any time lag from sending to receiving. There is also a significant reduction in paper usage since envelopes are no longer required to deliver an invoice. As with all aspects of accounts receivable, emailing invoices requires due diligence. Spam filters and changing email addresses can prevent the delivery of emails resulting in the delay of payments.

### ***Receiving payments***

According to the Canadian Payments Association, in Canada, electronic payments represent approximately 85% of all non-cash transactions.

EFTs offer the ability to immediately transact a payment, or set a specific day for the payment to go through. There is no waiting for a cheque to clear (or *not* clear, which is even more problematic) or awaiting payments in the mail. You provide your customers with the name and address of your bank,



your 5-digit transit number and account number and the customer initiates the payment through their bank. Some vendors offer their customers an incentive to switch to EFTs to make their payments; by paying the cost of their customers' transaction fees or providing a service discount.

Your bank can help you set up electronic payments to your own vendors. Even without vendor incentives, consider the transaction costs against your long-term savings: Fewer (if any) cheques and envelopes required, and again the value of time required to manually process cheque payments. Even during a postal strike, bills must be paid and the use of EFT payments can also save the cost to deliver payments via courier or the cost of late payment charges for cheques 'stuck' in transit.

### ***Integrated payment systems***

Companies sending out large volumes of invoices each month can take advantage of integrated invoicing and payment systems such as Pay Simple ([www.paysimple.com](http://www.paysimple.com)) and Versa Pay ([www.versapay.com](http://www.versapay.com)). These electronic solutions offer the ability to send invoices electronically and in turn allow the customer to make their payment online. In January 2016, Moneris ([www.moneris.com](http://www.moneris.com)) announced the launch of a business-to-business (B2B) payment solution to facilitate the acceptance of commercial card payments.

### ***Continuing the conversation***

In our age of reliance on paper-based billing and payments, without doubt, another Canada Post strike will cause hardship and inconvenience for many businesses. On the positive side, another strike will provide added incentive to businesses to investigate alternatives to using traditional mail, billing and payment options and get people talking about them.

### ***Learn more:***

The Canadian Payments Association ([www.cdnpay.ca](http://www.cdnpay.ca))

The Task Force for the Payments Systems Review (<http://www.fin.gc.ca>)

Canada Post warns biggest customers to prepare for service disruption ([www.cbc.ca/news](http://www.cbc.ca/news))

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