



Navigating the E-invoicing Landscape with FinnAxia® (e-FSCM)

E-invoicing is the electronic exchange of invoices between a buyer and supplier. As per Directive 2014/55/EU, An e-invoice is a document that has been exchanged in a structured data format which allows for its automatic and electronic processing.

As per this directive, all public administrations in Europe should receive and process B2G invoices in electronic format from their suppliers (mandate).

FinnAxia® – Supply Chain Financing Software (e-FSCM)

As e-invoicing is fundamental in SCM for any organization due to the new mandate, digital players need to accommodate this need through technology. One such global platform is FinnAxia® – The Transaction Banking suite of Nucleus Software.

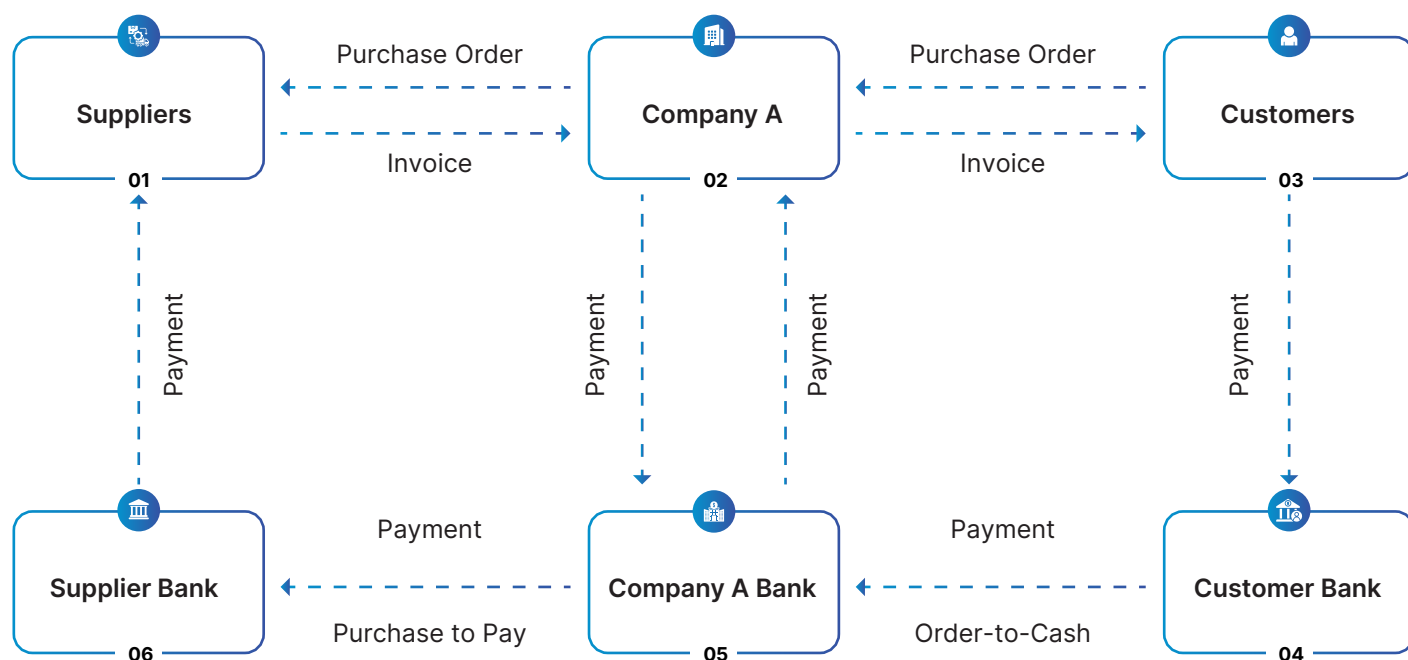
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Invoice processing being part of the accounts payable cycle involves the receiving, approval, and payment of supplier invoices with any remittance advice (documented in the general ledger).

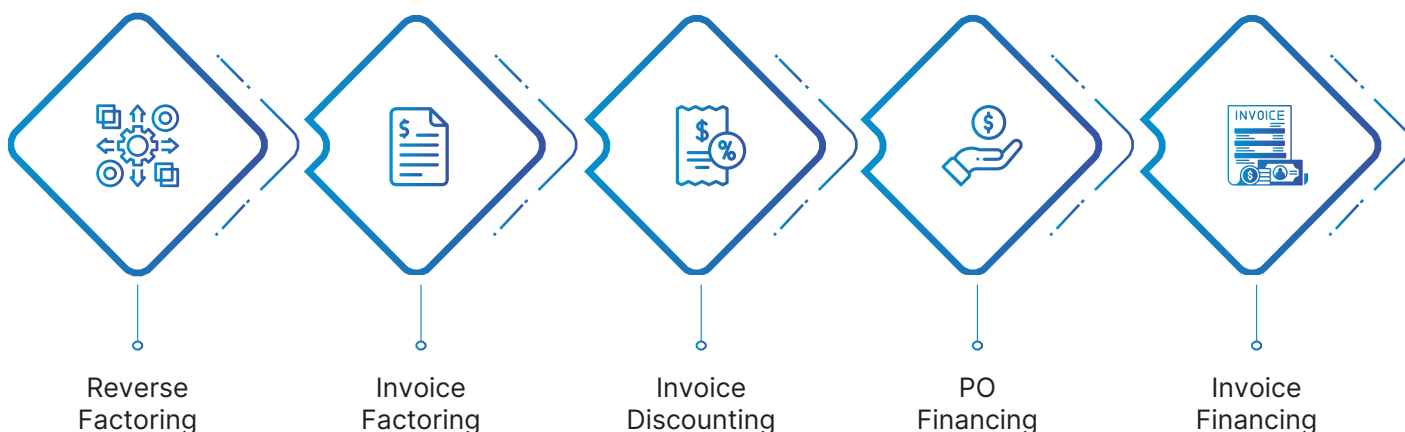
Through e-invoicing all the processes involved while processing any invoice can be done in an electronic manner streamlining the entire supply chain workflow for both the buyer and supplier.

FinnAxia® e-Financial Supply Chain Management (e-FSCM) helps firms manage their financial supply chain by enabling banks and their corporate customers to connect with trading partners, facilitating a seamless exchange of transaction-related documents and information. The solution helps to address a wide range of treasury departments' needs, including financing (supply chain finance) and document management (supply chain services).

Through FinnAxia®'s e-FSCM module the invoices can be processed and generated electronically. The module also has EIPP i.e., Electronic Invoice Presentment and Payment as part of its offerings.



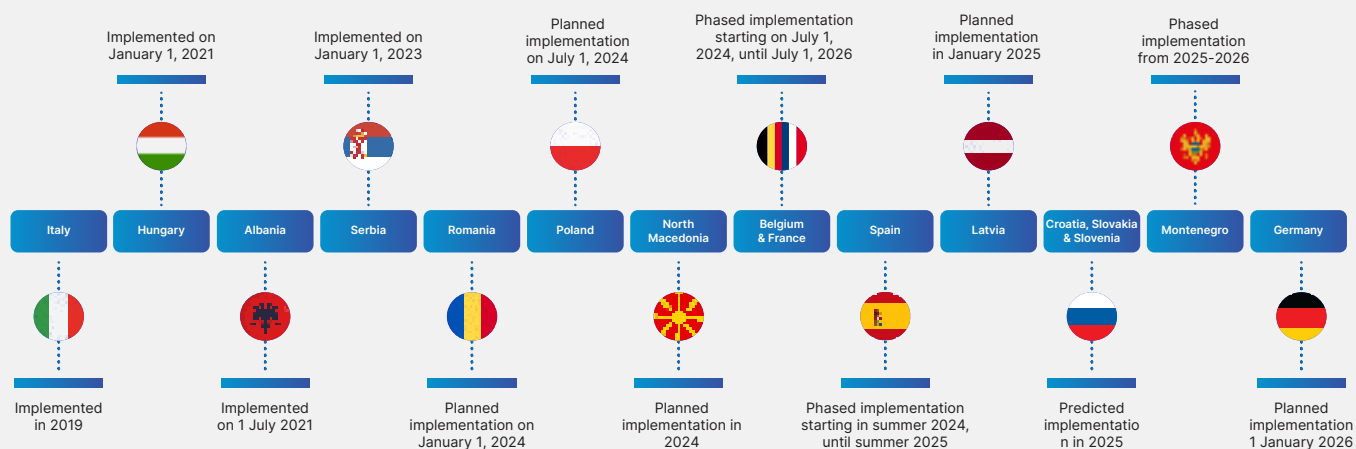
- | | |
|---|--|
| Company A issues purchase order | Customer issues purchase order |
| Supplier provides goods/services | Company A provides goods/services |
| Supplier issues invoices to Company A | Company A issues invoice to Customer |
| Company A reconciles invoice against purchase order | Customer reconciles invoice against purchase order |
| Company A pays supplier | Customer pays Company A |
| Supplier reconciles collection against invoice | Company A reconciles collection against invoice |



EU Landscape for E-invoicing

The current landscape in the EU for e-invoicing is undergoing a major transition as we speak. Regulations such as Electronic Invoice Directive 2014/55/EU & ViDA (VAT in the Digital Age) are enabling the business to keep up with the ever-evolving Digital economy.

Given below is the data showing the timelines of mandatory B2B e-invoicing in Europe-



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Members Nations that are still finalizing their implementation plans for mandatory B2B e-invoicing –

Andorra, Austria, Bosnia and Herzegovina, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, Greece, Ireland, Liechtenstein, Lithuania, Luxemburg, Malta, Monaco, the Netherlands, Norway, Portugal, Sweden, Switzerland, and the United Kingdom.

The few benefits of e-invoicing include cost reduction, faster payments, boosting B2G procurement (EU), expediting cross border trade, increased security, and compliance.

EIPP – Electronic Invoice Presentment and Payment with e-FSCM

EIPP i.e., Electronic Invoice Presentment and Payment is a feature in e-FSCM that enables electronic presentment of invoices and POS with automated and manual acceptance ensuring a hassle-free experience. It also offers dynamic discounting, enabling buyers to make early payments in exchange for a discount.

Benefits of e-FSCM

The Supply Chain Financing module provides a 4-corner model (two-bank interoperable), 3 corner model (single-bank closed) and the point model of financing.

Corporates benefit from optimized cash flows, enhanced liquidity, increased competitive advantage competitiveness, and reduced costs. FinnAxia® e-FSCM reduces risk with counter party profiling, recourse, and credit limit management. The solution also comes with comprehensive exception management capabilities, auto reconciliation and dynamic billing which helps to dramatically reduce transaction processing times. FinnAxia® e-FSCM provides a 360-degree view of the financial supply chain ecosystem with end-to-end credit line and transaction tracking.

Conclusion

Implementation of Directive 2014/55/EU laid the foundation for the digitization of EU nations supporting many legal and business initiatives for each member country. The mandatory implementation of B2G segment acts as steppingstone in the long journey of digitization across the region. The pilot implementation of mandatory e-Invoicing for all entities (B2G and B2B) in Italy will act as a beacon for other EU nations.

As the planned dates for the member suggest that by the next 2-3 years B2B e-invoicing implementation should begin in majority of the EU nations while those remaining are still finalizing their implementation. The transition from B2G to B2B should happen soon, which would also later happen in the B2C segment.

e-invoicing, being just one element of the tax system reforms being done by the European Union, is important in ensuring transparency, reducing cost & complexity, and assisting companies manage their contracts in EU countries.

This technological shift would keep companies on the lookout for solutions that would help assist in keeping up with the e-Invoicing mandates and new regulatory compliances. The next few years will be crucial to determine as to how these changes have impacted transactions across the EU.

References:

[1]: E-Invoicing in Europe

[2]: Digital eInvoicing

Results with FinnAxia®

\$60 millions value of transactions processed in a month.

19.5-million monthly volume of transactions.

37% increase in customers onboarded annually.