



Financial Services

## **The Top 4 Spend Management Challenges Facing Financial Services Firms (And How to Overcome Them)**



## Change Is the New Status Quo

It's the 21st century and every industry must continually adapt to navigate the challenges of change. But perhaps no other industry has had to navigate more change more quickly than the financial services industry.

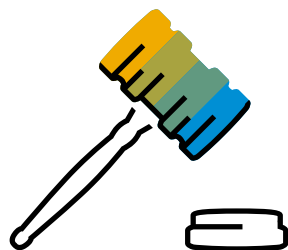
From new regulations to the effects of digital technology on the way we work, the industry has been completely transformed from what it was just a generation ago.

And all that change is just the tip of the iceberg. Compliance requirements, a greater focus on combating fraud, the needs of a connected workforce, and new technologies driving the modernization of finance all require financial services companies and their finance teams to rethink the way they handle employee spend.

Read on to learn more about the four most pressing business challenges related to employee-initiated spend and how they are impacting the financial services industry today.

# Compliance Chaos

Every business has to deal with some amount of regulation. But because of its impact on people, businesses, and the global economy, the financial services industry has always been one of the most heavily-regulated industries in the world.



In reaction to the global financial meltdown in 2008, a greater need for transparency and careful accounting was required by both lawmakers and shareholders. That meant – you guessed it – more regulations.

Ten years later, a strong economy and business-friendly political administration could lead to a loosening of rules – or perhaps not. Regulations like SOX and FINRA are still in full effect, while the Foreign Corrupt Practice Act (FCPA) continues to be difficult to navigate as companies do more and more business around the globe. Plus, it could only take one Enron-like catastrophe to spur regulators to enact sweeping new rules for the entire industry.

While it's unclear what regulations will be rolled back or what new regulations may soon be implemented, there are a few things financial services organizations can do to be prepared:

- **Simplify employee spend:** There are just too many regulations and internal policies for any single person to keep in mind. Keep employees in compliance by giving them spend management tools that can track rules and policies automatically, alerting your finance team whenever a transaction is out of order.
- **Automate expense reports:** Automation brings spend data into expense reports seamlessly, whether from photographed receipts, reservations made through your Travel Management System, or emailed receipts; then it checks for compliance and accuracy, flagging potential issues for human intervention.
- **Make employee spend central and visible:** Problems happen when things slip through the cracks. By centralizing the collection, auditing, and reimbursement of all your employee spend – including travel, expenses, and invoices – in one system, you can ensure you have the data to demonstrate compliance with industry and government regulations in near real-time.



## READ MORE

Learn more about [Foreign Corrupt Practice Act risk](#) in a global business landscape.



# The High Cost of Minor Fraud

Fraud isn't always about an employee trying to maliciously rob the company. In fact, most employee fraud is as minor as a dinner that's not exactly a business dinner, an unapproved upgrade to First Class, mileage padding, or a claim for a cab ride that never took place. It could even be as simple as accidentally placing an expense in the wrong category.



But big or small, malicious or not, fraud costs your company serious money:<sup>1</sup>

**5%**

of a typical organization's annual revenues are lost due to fraud

**83%**

of fraud cases involve asset misappropriation, including padding T&E claims

**\$154K**

is the median loss from asset misappropriation

It's estimated that **82%** of fraud is caused by **5%** of employees,<sup>2</sup> and it can take 18 months to uncover employee fraud. Here's how a digital spend management solution can make complying with T&E policies easier, make intentional spend fraud more difficult, and make identifying fraud faster:

- **Utilize a preventative approach:** An automated and connected travel and spend management solution makes it simple for employees to make the right decisions and know what's in policy through features like submitting expenses for preapproval, using color-coded cues to make travel decisions, or capturing every itinerary item regardless of where it was booked.
- **Incorporate a corporate card program:** Corporate card usage helps eliminate the hassle of reimbursement and the opportunity for fraud, while making it easier to prevent and/or flag noncompliant expenses to stop bad spending before the money goes out the door.
- **Automate data entry:** Use technology to make it simple for employees to submit expenses and receipts. The more data you can collect digitally, the faster and more accurately you'll be able to identify fraud.
- **Incorporate data analytics:** New technology like machine learning and AI can automatically review individual transactions and uncover patterns. By benchmarking your spend data, you'll be able to identify trends and find outliers that may indicate fraudulent activity.



## LEARN MORE

[Download our tip sheet](#) for ways you can better detect, manage, and prevent fraudulent activity.

# Give Finance an Upgrade

Technology has completely upended the way the financial services industry works. But not all digital disruption is created alike.



While companies of all sizes have made great strides incorporating fintech into operations, the finance departments of even the largest enterprises are often still years behind in technology and processes. The modern finance department should use automation to better handle spend to achieve the following benefits:

- **Streamlined operations:** Once your data collection is automated, your spend process can be scaled without adding additional resources.
- **Visibility in granular detail:** In finance, details are everything. The automation of data collection means you can review your expenses at the transaction level to truly understand what's driving costs.
- **Business agility:** Once data is automatically collected, you get real-time insights into your costs and how it impacts your business performance.
- **Optimized cash management:** The more visibility you have into your spend, the more you can use that data to identify trends, negotiate more favorable rates, and reallocate cash to free up working capital. You'll also have better insight into budgets with enough time to influence them.

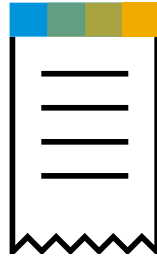


## LEARN MORE

[See how Capital Group modernized their T&E process](#) to reduce costs and save time.

# Your Business, Everywhere

More and more business is conducted outside of the office. Whether it's in a hotel room, in a client's lobby, or on the train, your employees expect to be able to work just as well on the road as they do at their desk.



**However, too often employees are still expected to manually submit a physical expense report using a templated Word doc with stapled receipts.**

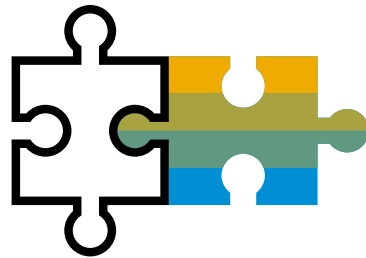
To adapt to how employees already live and work, and to attract and retain top talent, your organization's finance department must make mobile the center of every step of their employee spending process. Ways to incorporate mobile include:

- **Employee spend data capture:** A modern spend management solution can capture transaction data directly from airlines, hotels, restaurants, car rental agencies, and apps like Uber or Airbnb, entering it automatically into an expense report. At the same time, employees should have access to a user-friendly mobile app they can use to snap photos of receipts to automatically add and verify spend data.
- **Automatic expense reports:** Mobile spend management apps can be used to submit all spend transactions directly to the finance department without requiring a printed report or hard copies of receipts.
- **Access on the road:** Using a single mobile app, employees can easily book travel using approved vendors, see what's in and out of policy, and receive alerts if spending isn't covered. In addition, managers can issue approvals and check spend reports from their phone to help them stay on top of employee spend.
- **Increasing reimbursement speed:** Mobile means employees don't have to wait to submit expenses until they get back to the office or spend hours filling out expense reports.



## DOWNLOAD

[Key Success Factors for T&E Management in Financial Services tip sheet](#) to learn how to incorporate mobile into your process.



## **SAP Concur: The Solution to Employee Spend Challenges**

SAP Concur offers a completely connected, automated travel and expense management solution designed to help you overcome your most pressing employee-initiated spending challenges:

- Capture, track, allocate, reimburse, and report on regulations like SOX, FINRA, FCPA, and more.
- Reduce instances of noncompliant spending by automatically auditing all expenses in near real-time with the help of machine learning and AI.
- Automatically analyze employee behavior and patterns over time to identify expense report fraud.
- Gain visibility into travel and expenses as well as control over approvals.
- Our intuitive mobile app supports policy compliance while giving employees everything they need to book travel, manage itineraries, and submit expenses on the go.
- SAP Concur integrates with your ERP, keeping spend data up-to-date so you're always working with the most accurate, timely information.
- Easy-to-use dashboards provide a clear look at what's being spent and where, so you can track key performance indicators (KPIs), monitor trends, and stay on top of all employee spending.



**LEARN MORE**  
at [concur.com](https://concur.com)

<sup>1</sup> Association of Certified Fraud Examiners, "The Staggering Cost of Fraud," 2016

<sup>2</sup> SAP Concur, *Taking the Driver's Seat*, 2018

Learn more at [concur.com](https://concur.com)

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