

# Marketplace Heroes

## How Treasurers Can Keep the Cash Flowing Freely

**O**nline marketplaces are increasingly seen as one of the most effective ways of leveraging customer and seller relationships. A successful ecosystem requires the provision of a seamless experience for all, creating both challenges and opportunities for treasury, says Basak Toprak, Head of eCommerce solutions in EMEA, J.P. Morgan.

Without doubt, online marketplaces offer huge growth potential. To be successful, however, the operator has to be exceptional because there are certain well-established benchmarks by which both business-to-consumer (B2C) and business-to-business (B2B) sites will be judged.

If the standards are met, and a seamless experience is offered every time, then the ecosystem will grow. The natural

evolution of the marketplace is to enable the onboarding of external sellers. This extends product, customer and geographic reach for all stakeholders. For the treasurer of a business with online marketplace ambitions, this is a moment to shine.

Marketplaces drive growth by opening up new revenue opportunities and

By Tom Alford,  
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improving brand value and recognition. This is especially the case for companies that have previously focused on selling through traditional sales and distribution channels, notes Toprak.

“Over the past year, under the shadow of the pandemic, we have seen e-commerce uptake accelerate, with many more companies expediting their move online, first selling their own services, then adding more sellers to their platforms to broaden their opportunities.” However, she adds, for a marketplace to be successful, it must consider both buyer and seller perspectives.

Key considerations for buyers include ease of purchase, payment automation, real-time order visibility, ease of return and refund, and also a regular feed of appropriate promotions and offers. For sellers, a good marketplace is one that offers ease of onboarding, faster payment – real-time if possible – and additional reporting, reconciliation and data analytics features. It is important for the marketplace to have strong global partners in order to support worldwide expansion and scalability.

### Challenges and opportunities

Every success story has to be worked at and, with marketplaces, a number of challenges must be overcome on the journey. This is certainly the case for the treasurer. With global marketplaces typically involving a number of entities spread across different regions and jurisdictions, payment activity can generate multiple contractual agreements supporting pay-in and pay-out processes, often using a range of currencies.

The web of connections this creates only grows in complexity as marketplace success increases. As additional services are deployed to sustain growth, mobilising cash and ensuring optimal levels of liquidity wherever it is needed can be especially demanding.

“These are challenges, but they are also opportunities for treasury to drive the adoption of solutions to support business growth,” says Toprak. To this end she believes there can be significant value derived from collaboration between payments and treasury teams in finding solutions and enabling business opportunities to flourish. An optimal

treasury structure could, for example, support faster pay-outs to sellers. If the marketplace receives GBP funds in the UK faster than it receives SGD funds in Singapore, it may be feasible to use GBP liquidity to expedite SGD payments to sellers in Singapore.

In the right structure, moving funds seamlessly around the globe, offsetting different currencies, is ‘simply’ a matter of leveraging liquidity that already exists in the treasury system, notes Toprak. Of course, it takes ingenuity to realise this. But, she suggests, “treasury and payments functions, working in partnership with their banks, can be the source of some highly innovative and effective marketplace solutions”.

### Pay-in solutions

When building an effective structure to manage growth, consideration must be given not only to payment solutions already used by buyers, but also to the trending solutions in other markets in which the business is likely to be active, introducing new ways of paying to customers where necessary.

Across the regions and territories, different pay-in models will be favoured, from one-off payments to subscriptions. Here, a broad spectrum will also need to be considered by the marketplace operator. “With developments in the open banking space over the past year, we’ve developed a number of targeted solutions to address specific challenges arising from some of these prevailing payment methods,” notes Toprak.

Fraud can be a problem in Europe, where direct debits are commonly used by subscription-based platforms. To help mitigate this risk, J.P. Morgan has leveraged open banking solutions to ensure that the user has authority over the bank account they provide for direct debit mandates. Given the huge volumes of trade that can flow through a marketplace, lowering the cost of charge-backs, and reducing the impact these can have on liquidity, is a significant positive development.

With a wide variety of payments solutions and models in circulation, it is incumbent upon treasurers and payments teams to explore and understand the best options for each customer-base. Critically,

all systems deployed must be integrated fully within the payments and treasury infrastructure, ensuring a seamless user experience.

### Pay-out solutions

On the other side of the platform experience, where pay-outs are made (mostly to sellers but also as customer refunds), increased interest in, and implementation of, real-time payments is apparent, says Toprak. This has been of notable benefit over the past year, with smaller businesses naturally keen to receive due payment quickly.

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BASAK TOPRAK

### Head of eCommerce solutions in EMEA, J.P. Morgan

Basak Toprak, is Head of eCommerce Solutions for J.P. Morgan's Wholesale Payments business in Europe.

Toprak specialises in working with companies to design and deploy integrated banking and payments solutions supported by optimised treasury management. With over 20 years banking experience, Toprak has held various leadership roles in Product Management, Sales and Market Management in Europe. She holds an MBA in e-Business from Cass Business School, London.

While the ability for marketplaces to make faster payments to the seller community has become even more important, Toprak knows that it is now equally critical for treasurers to be able to support increased pay-out flows.

From a channel perspective, a single platform integration using an application programming interface (API) is an attractive proposition for marketplace operators. Indeed, facilitating reach into multiple markets with real-time payments – including UK Faster Payments, European SEPA Instant Credits, and US Request to Pay (RTP) – and doing so globally and seamlessly helps maintain seller uptake on the platform, and thus its appeal to customers.

From a treasury viewpoint, ease of visibility over the complex global flow of funds is key to effective working capital and cash flow management. There are solutions to further advance this too, says Toprak. “Treasurers do not need to be manually monitoring and reporting these flows; they can rely on globally implemented structures capable of automating some of these movements.”

### Capacity to deliver

Online marketplace operators can leverage a host of solutions and partners to support their platform build-out. “It has emerged strongly over the past few years that collaboration is the right way to progress; there really is no need to build it all yourself from scratch,” says Toprak. However, she adds, one of the key decisions for marketplace operators is whether to be in or out of ‘the flow of funds’.

To be ‘in the flow’ means the marketplace operator controls its liquidity. Fund settlements from card and other payments models are executed through the marketplace’s own account, with subsequent pay-outs made to sellers.

Having this level of control imposes additional regulatory obligations, with some jurisdictions requiring the platform operator to hold a payment or e-money institution licence.

“Greater overall control of the platform can generate more opportunities for licence holders to create additional revenue streams,” notes Toprak. One currently trending marketplace activity she cites is the creation of an ecosystem for sellers with embedded payment or simple banking services.

For example, rather than paying out to the seller’s third-party bank account, it might be preferable to be paid into an e-wallet provided to them by the marketplace. Platform operators, in some jurisdictions – such as the EU – will certainly require an e-money licence to provide an e-wallet, but the service retains money in the ecosystem, enabling sellers to use their wallet balance to purchase goods or services through the platform, or choose to cash out at a time that suits them.

Another service that Toprak has seen gaining traction in the marketplace world is foreign exchange (FX). For multiple currency operations, she explains that being able to automatically display and convert the marketplace’s operational currency into the user’s preferred transactional currency helps the smooth flow of trade.

“Bringing these different components together is where the bank/treasury relationship can have a significant role to play,” she says. “It can be a complex task to build them into a unified whole, so it’s important to work with a trusted partner; one who understands the full continuum of services and can help devise the optimal structure. This way, treasury can help the platform adapt and grow as the needs of the marketplace change over time.” ■

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