Agencies are under increasing pressure to fulfill their commitment to effectively serve the public, while achieving the important mission of providing transparency and delivering greater efficiencies without compromising payment integrity. Meeting these goals is made more challenging in a volatile environment shaped by five key trends:

1. Global recovery across developed and emerging markets
2. Supply chain pressures
3. Digital acceleration
4. Finance and tech modernization
5. Environmental Social and Governance (ESG) gaining momentum
Agencies are under increasing pressure to fulfill their commitment to effectively serve the public, while achieving the important mission of providing transparency and delivering greater efficiencies without compromising payment integrity. Meeting these goals is made more challenging in a volatile environment shaped by five key trends:

1. **Global recovery across developed and emerging markets**
   Emerging markets will lead the recovery, and the U.S. dollar weakening against currencies from Asia—while staying strong compared to EUR and GBP—will spur further growth.

2. **Supply chain pressures**
   With a heightened focus on supply chain resiliency in 2021, governments will look to reshore critical capabilities.
   - National security dependencies are looking to onshore for national emergencies and pandemics due to continued geopolitical pressure and production reduction and challenges. Government agencies are looking at their supply chains and international areas of dependency. In addition, the rise of Environmental Social and Governance (ESG) is also leading a movement on supply chain sustainability.

3. **Digital acceleration**
   Adoption of digital payments and e-commerce will drive a convergence of consumer and citizen experience.
   - Fifty-four percent of citizens expect government services to be online.¹ From a finance perspective, government agencies will need to facilitate digital payments. This also leads to opportunities for public-private exchanges to leverage best practices from the private sector.
4. **Finance and tech modernization**
   Digitally-driven shift to three themes- trust, agility and resilience
   - Offering trust from a security perspective to manage evolving cyberthreats and risk to citizens digital identity across multiple channels.
   - Leveraging agility to accelerate the transformation of legacy platforms and software through digitization.
   - Providing citizens resiliency through data-driven technologies, increasing the value of the government’s ecosystem to deliver interdependent and complex services.

5. **Environmental Social and Governance (ESG) gaining momentum**
   Events of 2020 served as a catalyst for ESG pillars, particularly social
   - Many public sector agencies globally have leveraged digital initiatives and payments to reduce the number of unbanked citizens and enhance the civic engagement experience.
Many agencies are grappling with significant hurdles as they look to deliver on critical payment processing objectives in an environment that continues to demand improved transaction security.

The following are some of the challenges your agency may face:

Achieving continuity in volatile times

**Attaining Resiliency**

**What challenge can J.P. Morgan help you solve?**

Agencies need to maintain continuity in volatile environments

**Consider:**

You need to develop and maintain a plan for resiliency and readiness

**We can help by:**

Bolstering your finance function’s operational readiness

Performing non-core business processes to free up valuable resources

Payment fraud protection

**Managing Improper Payments**

**What challenge can J.P. Morgan help you solve?**

Agencies are under constant pressure to reduce payments fraud

**Consider:**

You need to effectively and efficiently protect incoming and outgoing payments

**We can help by:**

Providing access to state-of-the-art fraud detection and prevention tools

Enabling you to validate and authenticate individual payments to root out fraud
Payment process digitization

Eliminating Cumbersome Manual Payment Processes

What challenge can J.P. Morgan help you solve?

Agencies face strains on resources having to manage time-consuming, manual payment processes

Consider:

You need to evaluate all your payments needs and examine opportunities to automate and digitize where possible

We can help by:

- Initiating and tracking digital payments
- Reducing paper-based check volume

Cash flow visibility

Achieving Critical Cash Flow Visibility

What challenge can J.P. Morgan help you solve?

Agencies are under pressure to increase transparency across all cash operations

Consider:

You need to consider centralizing your cash operations in order to improve vital access and visibility

We can help by:

- Implementing virtual accounts, automation and digital integration
- Providing real-time payment insight, including grants and subsidies
Finance process simplification

Modernizing the Finance Function

What challenge can J.P. Morgan help you solve?

Agencies are under constant pressure to improve efficiencies by adopting payment best practices which simplify and transform finance processes

Consider:

You need to align payment platforms and processes with your agencies’ mission, while also building for maximum flexibility

We can help by:

Implementing automated technologies, such as API solutions

Enabling you to find real use-cases for emerging technologies, such as machine learning and distributed ledger technology

Improving end-user experiences

Ensuring a Superior User Experience

What challenge can J.P. Morgan help you solve?

Agencies face expectations from citizens that they will improve experiences around payments

Consider:

You need to achieve a digitally enabled, simplified and transparent user experience when citizens interact with your agency

We can help by:

Integrating citizen payment experience onto digital platforms

Meeting citizen payment expectations (e.g., offering real-time payments)
Why Choosing the Right Banking Partner Matters

Choosing a banking partner that understands public sector challenges is crucial. For decades, J.P. Morgan has partnered with government financial professionals across the country, solving complex treasury challenges. We are proud to serve federal government agencies, Government-Sponsored Enterprises (GSE’s) and multi-lateral organizations alike in fulfilling their responsibilities to their constituents.

J.P. Morgan has earned a reputation as an industry leader, bringing cutting-edge treasury solutions to Fortune 100 corporations. The same proven success we’ve brought to the private sector has benefited nonprofit organizations and governments at the federal, state and local levels. Trust, experience and stability - core to who we are as an organization - are the attributes of a banking partner who understands the government and can translate that knowledge into innovative solutions.

With deep expertise and industry-leading solutions, we work with government financial professionals across the country to solve the most complex treasury challenges of the day.
The Importance of Setting Finance Priorities

In the US, there is a growing gap between what consumers want versus what they actually get. Despite a preference for instant payments, for example, consumers are mostly receiving disbursements via paper checks or ACH transfers. In fact, 52 million consumers received disbursements via check in 2020. Twenty-nine percent of those recipients didn't want checks as their form of disbursements.

Given this insight, and many more trends like it, digital transformation across the finance function becomes even more important. Not to mention the uncertainty and crisis brought on by the global pandemic.

Based on our extensive engagements with clients, J.P. Morgan has developed best practices to take advantage of positive trends, as well as to mitigate negative ones.

52 million consumers received disbursements via check in 2020

29% of those recipients didn’t want checks as their form of disbursements

PRIORITY #1 | PRIORITY #2 | PRIORITY #3
Top 3 Priorities for Finance Departments This Year

**PRIORITY #1: Strengthening the Supply Chain**

In the face of continued disruptions to vital supply chains, it is critical for government agencies to focus on digitization in order to diversify capabilities and strengthen critical infrastructure, enabling quicker, more efficient, and more effective disaster recovery.

A few short- and long-term considerations include:

- **Revisit your supply chain strategy** by analyzing geopolitical risks and adapting current processes to keep up with the speed of innovation and diversify procurement across suppliers and locations

- **Digitize your supply chain** to shift trade processes away from paper, including using tools such as online bank platforms or industry tools, like invoice reconciliation and matching solutions

- **Review solutions for supplier resiliency** and ensure your finance processes align to your agency’s objectives, whether it’s prioritizing critical suppliers or incorporating ESG values into supplier management

---

**Case Study Snapshots**

**Government of Estonia Digitizes Tax Refunds**

Estonia created a personal digital ID for each citizen, and also consolidated all previously collected information of each citizen. To file taxes, citizen logs into the platform and the forms are pre-filled with their information. After filing taxes any payments or refunds are automatically processed via existing banking information collected

**U.S.-based Defense Company Digitizes Payment Processes**

Defense company shifted their physical in-house check-printing process to digital platform for payment disbursements first as a continuity measure but have since fully transitioned as a permanent move

**Modernized Payments**

One U.S.-based consumer products manufacturer pivoted to digital payment platforms after realizing key physical dependencies in their payment processes. Using API integrations, the manufacturer is moving beyond legacy processes and providing electronic payments to their customers for a fast and modern payments process.
PRIORITY #2: Accelerate Your Digital Transformation

Sixty-one percent of U.S. government officials are seeing acceleration of digital transformation efforts. This important change is also being noted by peers, as well as citizens. As agencies engage in holistic transformation efforts, it makes good sense that the finance function should become increasingly involved.

Steps finance teams can take to accelerate digital initiatives:

- **Co-creation and partnership** with citizens and the private sector to develop innovative digital government solutions with low technical complexities
- **Adoption of digital public services** to provide multi-channel civic engagement and services
- **Focus on process and operations efficiency** to facilitate easier integration of new technology and free up employees for more strategic tasks
- **Improve the user experience** with real-time payments and shifting checks to electronic payment processes
- **Concentrate on payment integrity** to minimize improper payments and fraud
- **Develop real use cases with emerging technologies**, such as block-chain and machine learning

Updating a Legacy Treasury Management System

A major consumer product goods brand updated their legacy treasury management system by using J.P. Morgan’s API solution. The solution seamlessly integrated into their existing systems within 10 days, and it provides the brand with the capabilities to incrementally reach new milestones on the company’s digital journey.
PRIORITY #3: Convert Data into an Asset

An important driver behind successful digital transformation initiatives is the adoption of a mindset that recognizes data as an invaluable asset.

**Agencies should leverage data to improve government services, thus facilitating:**

- **A better citizen experience** – By providing greater visibility into Government to Citizen (G2C) processes and payments, and decreasing perceived “complexity,” agencies can increase transparency and trust.

- **Finance efficiency** – Agencies can employ greater usage of AI/ML (Artificial Intelligence/Machine Learning) and data science for enhanced insights and better decisioning across functions. Data can be used to increase efficiency, leveraging tangible Key Performance Indicators (KPIs) to achieve predictive and proactive tax collection (reducing improper payments and optimizing procurement).

- **The future of Public Sector** – By aligning overall strategy, taking a whole-of-government approach to digital transformation, agencies can increase visibility and connectivity across the ecosystem. This end-to-end transformation is critical to the transformation of public sector – from implementation of digital identities and currencies to transformation of individual agencies and functions.

**Government of Brazil digitizes stimulus payments**

Brazil paid economic stimulus payments to digital bank accounts created by a state-owned bank. Conditions were put in place to encourage the usage of these funds digitally (e.g., paying bills in app) via Boleto and QR codes, reducing their unbanked population by 73%.

**Faster Payments Made More Secure**

A food delivery technology company enhanced their vendors’ user experience by providing flexible and real-time digital payments, all by leveraging API-enabled payment options and leveraging early warning options and validation of accounts.
Start Your Digital Transformation Journey Today

As you and your team dig deeper into your agency's 2021 priorities, you may face a multitude of choices when it comes to solutions, partnerships and strategies. As you evaluate how to transform and modernize in the face of volatility, you don’t need to figure it out all at once or weigh making the right choices on your own.

J.P. Morgan can help you:

- **Deliver a better user experience** - We work closely with your team to enhance the citizen experience your agency delivers

- **Modernize your finance function** - We can help you transform and modernize your platforms and processes to align with your agency’s mission

- **Make banking easy** - We simply banking processes so you and your team can focus on what is important

- **Explore what’s next** - Through co-collaboration and co-innovation with you, our partners, and other financial services providers you work with, we enable you to prepare for the future

As your partner, J.P. Morgan is committed to the success of your transformation journey. Our fortress balance sheet allows us to invest through the cycle. And when paired with our execution expertise and top-notch security and controls, your payments always remain safe and secure. At the end of the day, J.P. Morgan is firmly committed to supporting the local communities where we live and work. Connect with us and we’ll help you find the best path forward for your agency.

Contact your J.P. Morgan representative or one of our public sector experts to learn more about how we can help you achieve your transformation goals.
This material was prepared exclusively for the benefit and internal use of the JPMorgan client to whom it is directly addressed (including such client’s subsidiaries, the “Company”) in order to assist the Company in evaluating a possible transaction(s) and does not carry any right of disclosure to any other party. In preparing this material, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was provided to us by or on behalf of the Company or which was otherwise reviewed by us. This material is for discussion purposes only and is incomplete without reference to the other briefings provided by JPMorgan. Neither this material nor any of its contents may be disclosed or used for any other purpose without the prior written consent of JPMorgan.

J.P. Morgan, JPMorgan, JPMorgan Chase and Chase are marketing names for certain businesses of JPMorgan Chase & Co. and its subsidiaries worldwide (collectively, “JPMC”). Products or services may be marketed and/or provided by commercial banks such as JPMorgan Chase Bank, N.A., securities or other non-banking affiliates or other JPMC entities and such affiliate or entity may or may not be the JPMC entity operating and regulated in your jurisdiction locally. JPMC contact persons may be employees or officers of any of the foregoing entities and the terms “J.P. Morgan”, “JPMorgan”, “JPMorgan Chase” and “Chase” if and as used herein include as applicable all such employees or officers and/or entities irrespective of marketing name(s) used. Nothing in this material is a solicitation by JPMC of any product or service which would be unlawful under applicable laws or regulations.

Investments or strategies discussed herein may not be suitable for all investors. Neither JPMorgan nor any of its directors, officers, employees or agents shall incur in any responsibility or liability whatsoever to the Company or any other party with respect to the contents of any matters referred herein, or discussed as a result of, this material. This material is not intended to provide, and should not be relied on for, accounting, legal or tax advice or investment recommendations. Please consult your own tax, legal, accounting or investment advisor concerning such matters.

Not all products and services are available in all geographic areas. Eligibility for particular products and services is subject to final determination by JPMC and or its affiliates/subsidiaries. This material does not constitute a commitment by any JPMC entity to extend or arrange credit or to provide any other products or services and JPMorgan reserves the right to withdraw at any time. All services are subject to applicable laws, regulations, and applicable approvals and notifications. The Company should examine the specific restrictions and limitations under the laws of its own jurisdiction that may be applicable to the Company due to its nature or to the products and services referred herein. Notwithstanding anything to the contrary, the statements in this material are not intended to be legally binding. Any products, services, terms or other matters described herein (other than in respect of confidentiality) are subject to the terms of separate legally binding documentation and/or are subject to change without notice.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates.

JPMorgan Chase Bank, N.A. Member FDIC.

JPMorgan Chase Bank, N.A., organized under the laws of U.S.A. with limited liability.

© 2021 JPMorgan Chase & Co. All Rights Reserved.