



# DFMI

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# Modernizing Public Sector Payments

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Presented by  
J.P. Morgan

[sdfm.org](https://sdfm.org)

# Agenda

## 1. Presenters Introduction:

- Grayson Hahnstadt, Head of Federal Government Payments Sales, J.P. Morgan
- Israel Mendoza, Vice President, Federal Government Payments, J.P. Morgan

## 2. Modernizing Public Sector Payments: Why, What, and How

- Strategic Overview: Digital Solutions & Process Enhancements
- Key Operational Drivers and Objectives
- Technology & Industry Trends Shaping the Future

## 3. Open Forum: Common and Audience Questions

# J.P. Morgan's Public Sector Team



**Grayson Hahnstadt**

**Executive Director,  
Head of Federal Government Payments Sales**



**Israel Mendoza, J.D.**

**Vice President,  
Federal Government Payments Sales**

# Modernizing Public Sector Payments: Why

- Payments modernization in the public sector uses digital solutions and process enhancements to boost speed, security, and transparency.
- Governments can fulfill their mandates to modernize legacy systems with platforms and digitized workflows to achieve operational efficiency, better citizen experience, regulatory compliance, and reduced fraud.
  - *Recently in the News:* The "Ending Improper Payments to Deceased People Act" (Public Law No. 119-77, is enacted February 2026). This bill permanently allows the Department of the Treasury to access certain death records maintained by the Social Security Administration (SSA) to prevent payments to deceased individuals.
- Business Case Example: *Account & Entity Validation Services*

**Digital Solutions &  
Process  
Enhancements**

- Implementing advanced digital solutions enables **faster, more secure, and transparent payments** across government organizations.

**Operational Drivers  
& Objectives**

- Agencies are being increasingly asked to optimize resource allocation, reduce manual intervention, and ensure **timely, accurate payments** to stakeholders, as well as reduce improper payments

**Technology Trends**

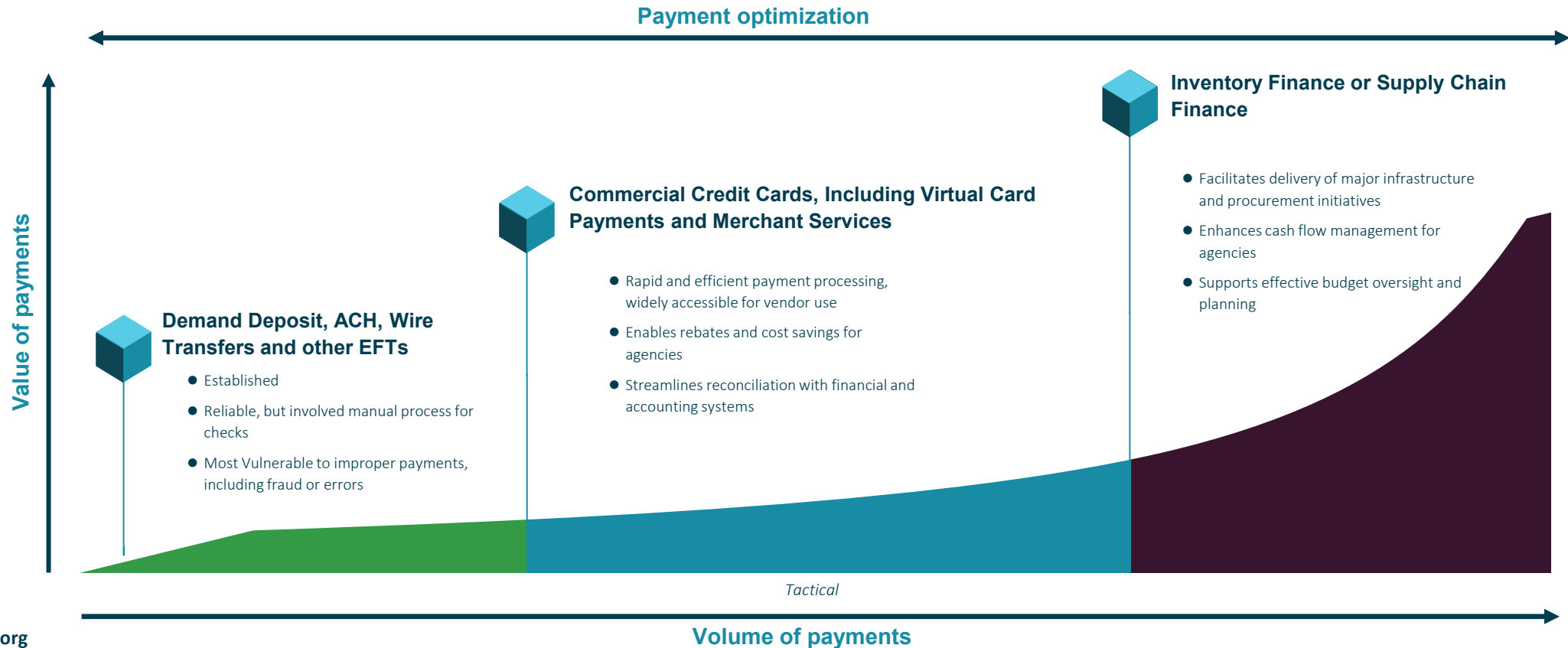
- Industry-standard technologies such as support seamless integration and enhanced analytics.

**Strategic Goals**

- Strategic objectives focus on **streamlining workflows, enabling interoperability**, and achieving measurable improvements in public sector service delivery.

# Payment Solutions Across the Value Spectrum

Vendor identity management, procure-to-pay efficiency and payment terms standardization form the foundation payments health



# Keys to Modernizing Public Sector Payments: What and How

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## *Cash Flow Management*

Improved cash flow management allows public sector entities to optimize budgeting and resource allocation, ensuring funds are available when needed and reducing the risk of idle capital or liquidity shortages.

## *Transparency*

Enhanced transparency provides greater visibility into payment transactions, supporting robust accountability, facilitating audit trails, and reducing opportunities for fraud or misappropriation of funds.

# Keys to Modernizing Public Sector Payments: What and How (continued)

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## *Cost Reduction*

Reduced costs are achieved through automation and digital workflows, which minimize manual intervention, decrease administrative overhead, and lower the likelihood of errors or duplicate payments

## *Stakeholder Satisfaction*

Increased stakeholder satisfaction results from quicker payments and more reliable processes, fostering trust among citizens, vendors, and government employees, and promoting positive engagement with public sector institutions.

# Business Case: ACH Transaction Safeguards

ACH Transaction Blocking allows you to manage your payment risks & increase efficiencies in your fraud detection procedures.

## ► ACH Transaction Blocking

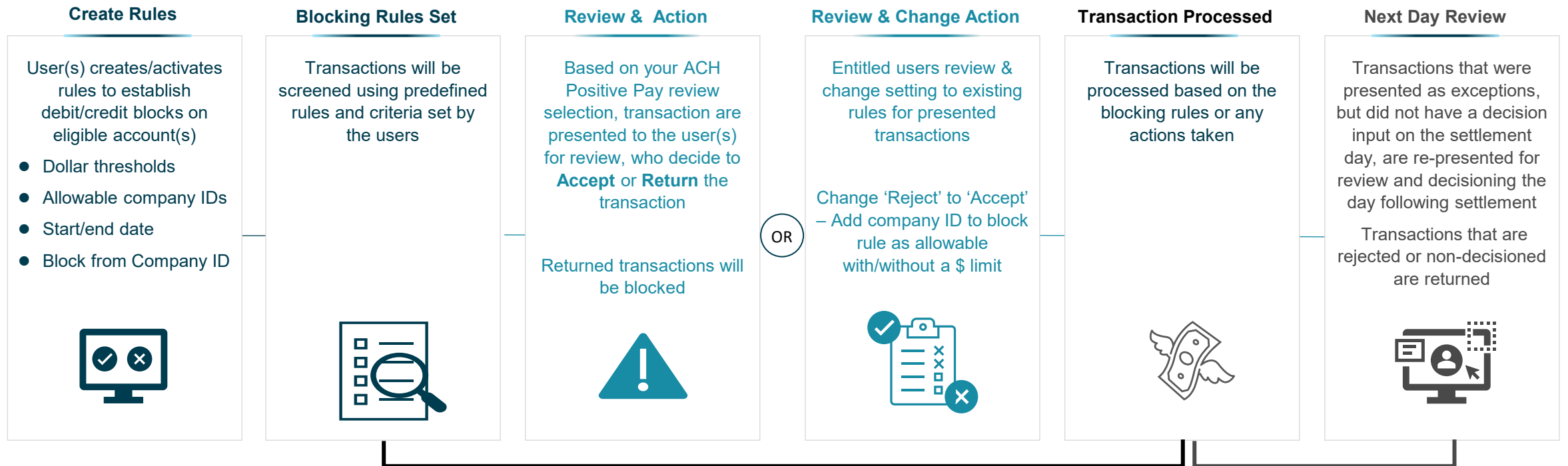
Automatically blocks unauthorized credit & debit transaction based on your enabled block rules

## ► ACH Positive Pay

is an optional feature of ACH Transaction Blocking allowing you to review & decision transactions

## ► Next Day Review

is an optional feature of ACH Positive Pay and provides another window to review the non-decided transactions that posted the prior day



# Real World Example: Government Agency payment automation and revenue with Virtual Commercial Cards

*Virtual card:* A single-use or controlled-use commercial card number issued for a specific payment to a supplier. It's delivered via secure channels, authorized for a set amount/date/MCC, and settles over card rails. Benefits include faster settlement, reduced fraud exposure, and rebates.

## The challenges

### High-volume of checks and manual payments

- Rebate potential not fully realized
- Staff constraints restricting ability to support a change in providers
- Limited payment delivery channels

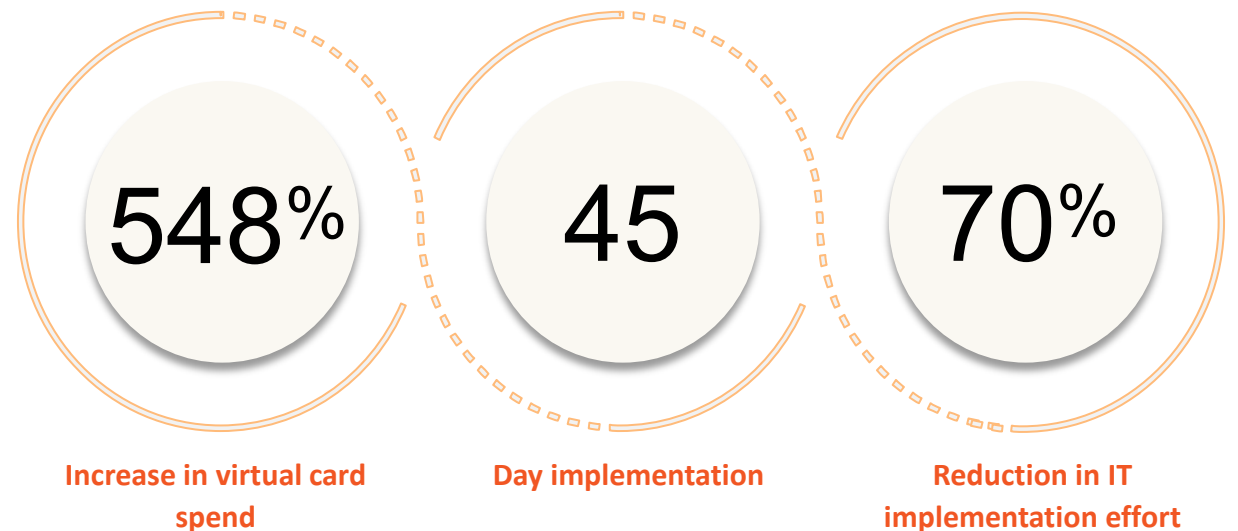
### The results

#### Increased virtual card spend with limited IT lift

- Improved supplier acceptance with multiple payment delivery channels including email, web portal and push payment solutions
- Leveraged existing ERP pay and file types to reduce implementation efforts
- Increased virtual card spend to +\$12 million
- Additional rebate revenue to the bottom line

## The solution

### Leveraged J.P. Morgan resources and existing ERP to implement a new virtual card program



# Open Forum: Common and Audience Questions

# Thank You!

## Your Dedicated J.P. Morgan Public Sector Team



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