INVOICELESS TRADING AND SETTLEMENT METHOD AND SYSTEM

Field of the Invention

This invention relates generally to data processing systems, and more particularly, to electronic trading and settlement systems.

BACKGROUND OF THE INVENTION

Description of the Related Art

Conventional trading and settlement systems generally involve large corporate customers, commercial suppliers, and large financial institutions (e.g., settlement banks). These systems trade using large amounts of paper. That is, conventional trading and settlement systems create "paper trails" that serve to lengthen a business transaction from the initial order to the final payment.

For example, a customer may place an order (e.g., a purchase order) with a supplier. Once the supplier receives the order, the supplier creates a packing slip, and ships the order to the customer. With the shipment of the order, the supplier includes an invoice for the order. The invoice generally requires payment within a standard time period set by the supplier (e.g., 30 days). In practice, however, many customers may take up to 60 days to settle their outstanding accounts with suppliers. Thus, it may take over two months from the time a customer places an order and it is shipped to the time the supplier receives a payment. Aside from the reduced cash flow and/or credit risk born by the supplier before receipt of payment, the customer must process (either manually or electronically) each invoice and account with the supplier.

In response to the inherent problems with conventional trading and settlement systems, more and more suppliers and/or customers are switching to the Internet, and trading and settling "online." That is, systems such as supply side trading systems that use normal trading terms (e.g., remit payment 30 days) offered by business solution firms, such as ORACLE, COMMERCE ONE, or ARIBA.

Although these electronic trading and settlement systems create an electronic marketplace that enables both customers and suppliers to trade online, the trading system does so at a high price. That is, unless all parties (e.g., customers, suppliers, settlement banks) are "wired," the benefits of electronic trading and settling is not realised. In other words, it may be that the customer has built a large infrastructure capable of complete automated ordering, however, unless the supplier has reciprocal functionality, the customer must resort to more conventional ordering (e.g., paper purchase orders) to engage the supplier. Although the benefits are obvious, nevertheless, both customers and suppliers have been slow to adopt electronic trading and settling. Thus, there is a need to for a system that encourages both suppliers and customers to adopt electronic trading and settlement capabilities.

Therefore, there exists a need to improve existing trading and settlement systems by enabling electronic invoiceless trading and settlement systems that provide incentives for both customers and suppliers to trade and settle electronically. Such a system should not only offer a tangible incentive to both customers and suppliers, but also it should place little to no risk on the settlement bank.

The foregoing discussion of the prior art does not constitute an admission that any of the admitted prior art forms part of the common general knowledge in the relevant art.

SUMMARY OF THE INVENTION

Methods and systems consistent with the present invention overcome the shortcomings of existing trading systems by providing an invoiceless trading system that creates incentives for customers to pay suppliers within a predetermined period of time, such as a settlement period. Specifically, the invoiceless trading system enables a customer to obtain a discount on orders placed with suppliers in return for an immediate payment (e.g., within 24 hours) by the customer. The supplier receives payment within the predetermined period of time, and the customer receives additional cash benefits by providing an early payment to the supplier. To communicate with and transfer funds between customers and suppliers, the invoiceless trading system may use an electronic gateway and a settlement bank. In addition to creating an incentive to embrace e-commerce, both customers and suppliers avoid the need to manually process orders and use invoices to complete transactions.

The present invention accordingly provides in one embodiment a method for a customer to electronically trade using an electronic gateway, comprising the steps, executed by a customer computer, of:

transmitting an order message to at least one supplier including an order for an item;

receiving a shipping notification from the supplier, wherein the shipping notification indicates that the order has been filled;

transmitting a payment instruction message to a settlement bank to pay the supplier an amount determined based on the item of the order; and

receiving an incentive if the supplier receives the payment from the settlement bank within a predetermined period of time.

The present invention provides in a separate embodiment a trading method, comprising the steps, performed by at least one computer, of:

receiving an instruction from a customer to pay a supplier;

providing the supplier with an electronic payment, wherein the customer receives an incentive if the account is settled within a predetermined period of time.

The present invention provides in a separate embodiment a trading method for suppliers and customers to trade electronically on a computer network, comprising:

permitting a customer to submit an order message to a supplier;

permitting the supplier to return a shipping notification, wherein the shipping notification includes information indicating that an order has been filled and a price for the order;

permitting the customer to pay the supplier the price of the order; and

providing an incentive to the customer if the supplier receives the payment from the customer within a predetermined period of time.

The present invention provides in a separate embodiment a trading system, comprising:

a memory containing a settlement program that receives an instruction from a customer to pay a supplier and that pays the supplier with an electronic payment, wherein the customer receives an incentive if the supplier is paid within a predetermined period of time; and

a processor configured to run the settlement program.

The present invention provides in a separate embodiment an electronic invoiceless trading and settlement method, comprising the steps of:

placing an order for a product with a supplier by a customer;

generating an account by the supplier; and

electronically settling the account for the product by a settlement party within a predetermined period of time, such that an incentive is provided to the customer if the account is settled within the predetermined time.

The present invention provides in a separate embodiment an electronic invoiceless trading and settlement method, comprising the steps of:

receiving an order for a product from a customer for a supplier;

receiving a confirmation message, a shipping notification, and an invoice amount from the supplier;

transferring funds and issuing a remittance notice from a settlement bank to the supplier when the shipping notification is received from the supplier regardless of whether or not the customer has received the product;

providing the customer an incentive when funds are transferred to the supplier within a predetermined period of time; and

receiving funds from the customer in response to transferring funds to the supplier within a credit period.

The present invention provides in a separate embodiment an electronic invoiceless trading and settlement system, comprising:

receiving means for receiving an order for a product from a customer for a supplier;

receiving means for receiving a confirmation message, and a shipping notification that includes an invoice amount from the supplier;

transferring means for transferring funds and issuing a remittance notice from a settlement bank to the supplier when the confirmation is received from the supplier regardless of whether or not the customer has received the product;

providing means for providing the customer an incentive when funds are transferred to the supplier within a predetermined period of time; and

receiving means for receiving funds from the customer in response to transferring funds to the supplier within a credit period.

The present invention provides in a separate embodiment an electronic invoiceless trading and settlement system, comprising:

order means for placing an order for a product with a supplier by a customer;

generating means for generating an account by the supplier; and

settling means for electronically settling the account for the product by a settlement party within a predetermined period of time, such that an incentive is provided to the customer if the account is settled within the predetermined time.

BRIEF DESCRIPTION OF THE DRAWINGS

The accompanying drawings, which are incorporated in and constitute a part of this specification, illustrate an implementation of the invention and, together with the description, serve to explain the advantages and principles of the invention. In the drawings:

Figure 1 depicts an invoiceless trading systems suitable for practicing methods and systems consistent with the present invention;

Figure 2A depicts a more detailed diagram of the customer computer depicted in Fig. 1;

Figure 2B depicts a more detailed diagram of the supplier computer depicted in Fig. 1;

Figure 3 depicts a more detailed diagram of the settlement bank server depicted in Fig. 1; and

Figure 4 depicts a flow chart of the steps performed by the invoiceless trading system consistent with the principles of the present invention.

DETAILED DESCRIPTION

The following detailed description of the invention refers to the accompanying drawings. Although the description includes exemplary implementations, other implementations are possible, and changes may be made to the implementations described without departing from the spirit and scope of the invention. The following detailed description does not limit the invention. Instead, the scope of the invention is defined by the appended claims. Wherever possible, the same reference numbers will be used throughout the drawings and the following description to refer to the same or like parts.

Overview

Methods and systems consistent with the present invention provide an invoiceless trading system that provides incentives for customers to pay suppliers within a predetermined period of time, such as a settlement period. The customer and supplier prenegotiate an incentive amount to apply to each order. The invoiceless trading system draws an amount equivalent to the full face value of an order placed by the customer and filled by the supplier from a bank account associated with the customer. Periodically, the trading system rebates to the customer the prenegotiated amount. Such methods and systems provide discounts as an incentive to the customer so that the customer pays the supplier within a predetermined settlement period (e.g., one day).

The invoiceless trading and settlement system comprises a number of components, such as a customer bank, a settlement bank, a supplier bank, and an electronic gateway connecting a customer and a supplier.

A customer (e.g., corporation or governmental entity) places an order using an electronic gateway to purchase products from a supplier. Products are broadly defined as commodities, services, physical objects or goods, or any other item a supplier might sell to a customer. An order may be an electronic message delivered in any well-known financial communications format, such as HTTP, FTP, EDI, SMTP.

A supplier offers products to a plurality of customers. To entice the customer to promptly pay within a settlement date, the supplier offers an incentive to the customer, such as discounts, bonuses, prizes, and the like. To ensure accuracy of an order, the supplier immediately transmits an electronic message to the customer using the electronic gateway. A supplier may fill customer orders by any traditional means. For example, the supplier may "scan-pack" (described below). In addition to scan-packing, the supplier may transmit an electronic confirmation message (e.g., Advanced Shipping Notice, ASN) to the customer using the electronic gateway. The ASN is further described below.

A settlement bank, such as a corporate bank or any similar financial institution, pays the supplier at a time agreed in advance between the customer and the supplier. Once a customer transmits an authorization to the settlement bank to pay the supplier through the electronic gateway, the settlement bank lodges cleared funds for a specified amount (e.g., a discounted amount) in a supplier's bank. Cleared funds may be obtained from a customer's bank as a loan to the customer, withdrawal from a customer's deposit account, or the like.

An electronic gateway may be an independent entity or specific to the type of products being bought and sold. For example, in the case of a private network, an electronic gateway may include an administrator that exchanges, logs and translates messages between subscribing customers and subscribing suppliers. In the case of an open network, the electronic gateway may be the Internet. To provide security in an open network, a firewall or VPN may be used when connecting the customer, supplier, their respective banks, and the

settlement bank. In addition, the electronic gateway may include translation, logging, and forwarding services to ensure the accuracy of all orders, payments, and notices. An example of an electronic gateway suitable for practicing methods and systems consistent with the present invention is the AT&T INTERCOMMERCE gateway, available from AT&T.

Invoiceless trading systems provide a number of benefits over traditional trading and settlement systems. First, invoiceless trading systems provide both customers and suppliers a tangible incentive to embrace e-commerce. Customers can generate additional profits by receiving a cash benefit for improving the cashflow to the supplier by authorising the settlement bank to transfer an early payment to a supplier's bank accounts. The supplier may receive payment of an outstanding customer account within a short period, such as one business day of the settlement bank receiving instructions from the customer to settle the account.

Second, invoiceless trading systems significantly reduce the cost associated with supply chain trading for both customer and suppliers. By using an electronic gateway, not only does a supplier not have to produce invoices, follow-up on outstanding accounts, or process payments, but also the supplier can almost instantly receive funds since the settlement bank directly deposits the funds into the supplier's bank. Moreover, remittance advice can automatically be lodged into the supplier's accounting software. Customers may have access to electronic catalogues located on a supplier's system, and the customer may also receive automated and immediate confirmation of shipment.

Finally, the invoiceless trading system creates additional profits for both suppliers and customers. That is, the customer's balance sheet is used to generate additional profits for the customer through supplier discounts. It is the strength of the customer's balance sheet that enables suppliers to receive immediate payment and therefore have the incentive to use the invoiceless trading system. The customer's balance sheet is not adversely affected by paying

its suppliers early as borrowed funds are used to discharge trade creditors, thus cancelling out the additional liability of the borrowing. Thus, the balance sheet improves marginally as the net borrowing is less than the face value of the trade creditors discharged.

Moreover, the invoiceless trading system creates additional profits for the customer by providing a rebate from the settlement bank. Since the customer is generally a larger and stronger party than the supplier, the customer has a lower cost of funds. Thus, the difference between the cost and availability of funds to the customer and supplier largely determine the size of the supplier incentive (discount), and therefore the size of the rebate from the settlement bank. As part of their incentive, the customer also receives a rebate from the settlement bank based on the strength of the customer's balance sheet and credit rating.

System Components

Figure 1 depicts an exemplary invoiceless trading system 100 suitable for practicing methods and systems consistent with the present invention. Invoiceless trading system 100 comprises a customer computer 102, a supplier computer 104, and a settlement bank server 106, all connected via an electronic gateway 120, such as the Internet. Also included in invoiceless trading system 100 are a customer bank computer 108 and a supplier bank computer 110. Bank computers 108, 110 may be directly connected to bank server 106, directly connected to customer 102 and supplier 104, or connected to both through electronic gateway 120. A customer may use customer computer 102 to place an order with a supplier for products. A supplier may use supplier computer 104 to receive and process orders and electronically transmit shipping notices to a customer computer 102. Although only one customer computer 102, and supplier computer 104 are depicted in system 100, one skilled in the art will appreciate that many more customers' and/or suppliers' computers may be connected into system 100.

Figure 2A depicts a more detailed diagram of customer computer 102, which contains a memory 210, a secondary storage device 220, a central processing unit (CPU) 230, an input device 240, and a video display 250. Memory 210 includes browser 212 that allows customers to interact with computer 104 and banks 106, 108 by transmitting and receiving files, such as Web pages. A Web page may include images or textual information to provide an interface to receive requests for products from a user using hypertext markup language (HTML), Java or other techniques. Examples of browsers suitable for use with methods and systems consistent with the present invention are the Netscape Navigator browser, from Netscape Communications Corp., and the Internet Explorer browser, from Microsoft Corp.

As shown in Figure 2B, supplier computer 104 includes a memory 260, a secondary storage device 270, a CPU 280, an input device 290, and a video display 292. Memory 260 includes accounting software 262 that processes received orders and creates ASNs for the customer. An ASN is a message sent to a customer upon shipment of goods. In addition, accounting software 262 contains a user interface (not shown) to communicate with computer 102 and bank servers 106, 110. The user interface may be a Web page, Application Program Interface (API), e-mail program, or other input interface. An API is a set of routines, protocols, or tools for communicating with software applications. APIs provide efficient access to accounting software 262 without the need for additional software to interface with the software. Web software, such as the APACHE Web software, or e-mail program, such as the Sendmail e-mail software, may also be included as a user interface to transmit and receive information. Secondary storage device 270 contains a database 272 that contains information relating to accounts receivables and accounts payables.

As shown in Figure 3, settlement bank server 106 includes a memory 310, a secondary storage device 320, a CPU 330, an input device 340, and a video display 350. Memory 310 includes settlement software 312 and a banking interface 314. Settlement software 312

dispatches funds to an account associated with the supplier in supplier bank 110 and debits funds from an account associated with the customer in customer bank 108. Settlement software 312 may communicate with computers 102, 104 and banks 108, 110 using banking interface 314. A banking interface is a payment gateway for a bank.

Invoiceless Trading Process

Figure 4 depicts a flow chart of the steps performed by invoiceless trading system 100 when providing invoiceless trading among customers and suppliers. The first step is for a customer using customer computer 102 to transmit an order to a supplier computer 104 through electronic gateway 120 (step 402). As explained earlier, electronic gateway 120 may translate the customer's order to a format understandable by supplier computer 104 and forward the order to accounting software 262 in supplier computer 104. For example, a supplier may use a Web interface and/or email to provide access to accounting software 262, however the customer may not have email or Web capability and, instead, may have only facsimile capability. The customer may fax a purchase order to a facsimile server (not shown) in electronic gateway 120. Gateway 120 then converts the facsimile to an e-mail and forwards the e-mail to supplier computer 104. Electronic gateway 120 may also maintain a log of all orders placed by the customer in a centralised database for accounting and/or auditing purposes.

If a customer's order contains multiple products from multiple suppliers, (e.g., product A from one supplier, and product B from another supplier), then electronic gateway 120 may create and forward order messages containing appropriate products for each supplier 104.

Next, supplier computer 104 processes the order and transmits a response to customer computer 102 including the status of the order (step 404). The supplier may first send a confirmation message to customer computer 102 indicating that the order can be filled (e.g., the supplier has the product in stock). The supplier may process the order using a "scan-

packing" technique. Scan-packing means first determining if the ordered products are available, and if so, scanning the barcodes of the ordered products, creating a packing slip, a delivery label and an ASN immediately prior to shipment of the products. The ASN message is sent to the customer as confirmation that the goods have been shipped, and confirmation of the contents of the shipment. The scan-packing technique ensures customer order integrity and accountability since the technique creates the bar code packing slip, delivery label as well as the ASN message.

At the time of actual shipment (e.g., UPS, Federal Express), the supplier may forward the ASN message to customer computer 102 through electronic gateway 120. Similarly to the customer order in step 402, electronic gateway 120 may transform the electronic message in a format selected by supplier 104 (e.g., e-mail, HTTP request). Electronic gateway 120 translates the ASN to a format understandable by the customer, logs the ASN, and delivers the ASN to customer computer 102.

Once customer computer 102 receives the ASN message, the customer may confirm that the contents of the ASN are identical to the order. And if so, the customer may use customer computer 102 to transmit a payment instruction to settlement software 312 located at settlement bank server 106 (step 406). The customer may use electronic gateway 120, or any other communication means, such as facsimile, to instruct bank server 106 to pay the supplier. The payment instruction may include supplier details (e.g., name, address, bank account number), amount of purchase, discounted amount, and the like. If the customer transmits the payment instruction using electronic gateway 120, electronic gateway 120 may translate the payment instruction into a format understandable by settlement bank server 106, and deliver the instruction to banking interface 314 in bank server 106. For example, if the customer transmits a payment instruction as an e-mail, and settlement bank server 106 requires an Electronic Data Interchange (EDI) format, electronic gateway 120 may translate

the payment instruction to an EDI format before forwarding the message to banking interface 314. The customer may transmit the payment instruction regardless of whether or not the actual products have been received. Alternatively, the customer may transmit a payment instruction once the products have been received and/or scan-packed by the customer, or after some other prearranged event, such as issuance of a delivery tracking number by a shipping company.

Regardless of the method used to transmit the payment instruction to settlement bank server 106, once received, settlement software 312 processes the payment instruction (step 408). That is, settlement software 312 first determines the amount to discount the payment and transfers cleared funds (e.g., customer loan, direct deposit) to the supplier's deposit account located at supplier bank 110. Settlement software 312 may determine the amount to discount from the payment instruction received from the customer. To deposit the funds with supplier bank 110, settlement software 312 may use banking interface 314 to wire transfer, prepare a check, or use any other well-known banking network, such as the EDI banking network. In addition, settlement software 312 may issue a remittance advice (e.g., electronic message, facsimile, e-mail) to the supplier by transmitting a notification though electronic gateway 120 to accounting software 262 (though a user interface). If the supplier can not accept an automated remittance, settlement bank 106 may forward the remittance notice in another format, such as facsimile, or mail.

As mentioned before, the discounted payment is prearranged and may be different for each customer and supplier based on a negotiated contract. For example, a supplier may offer a large customer a higher discount, or a supplier may offer a customer that pays within a shorter period of time (e.g., 24 hours of receiving the ASN) a higher discount. Settlement bank server 106 may obtain cleared funds from the customer by providing a loan, or direct withdrawal from the customer's bank account at customer bank 108. One skilled in the art

will appreciate that other accounting exercises between a customer and a supplier may exist, such as the customer and the supplier negotiating a price based on an immediate payment from the customer to the supplier, such that the payment includes a discount. In this case, settlement bank 106 may pay the supplier a full amount without any deduction.

After a credit period measured from the time at which settlement software 312 transfers the discounted funds to supplier bank 110 (e.g., one month), settlement software 312 debits the customer's account at customer bank 108 an amount equivalent to the face value of the payment before any discount (step 410). One skilled in the art will appreciate that other accounting exercises between settlement bank 106 and the customer may exist, such as debiting the amount equivalent to the discounted amount plus any additional bank fees (e.g., wire transfer, handling fees).

For example, if settlement software 312 directly debits the customer's bank account the full amount, a bank or an intermediary software developer may be entitled to a "facility fee" (described below), and/or a bank fee to process any supplier payment. In addition, if settlement bank 106 provides a loan to the customer, settlement bank 106 may also be entitled to an interest fee for the time the bank's funds are outstanding.

Finally, settlement bank 106 periodically (e.g., month, quarterly) rebates to the customer the amount of the discount deducted from the supplier account, less the settlement bank interest on funds for the time outstanding, plus any applicable fees (step 412).

Facility Fee

Electronic gateway 120 may contain added functionality. That is, a software supplier of business to business e-commerce solutions may add various software to electronic gateway 120, such as additional security, additional auditing and/or database functionality, or any other software to enhance financial settlements. The software supplier may request an electronic

gateway 120 owner to include a facility fee for each order that uses the suppliers software in electronic gateway 120. The software supplier may license the software to the owners of electronic gateway 120, and in return for the use of the software, electronic gateway 120 may pay a license fee based on a revenue share agreement, or a set percentage based on dollars transacted.

This licensing agreement would therefore enable the software suppliers to charge a facility fee for their software.

Conclusion

As explained, systems consistent with the present invention overcome the shortcomings of existing trading systems by providing incentives for customers to pay suppliers within a shortened settlement period. The customer pays a reduced price and the supplier receives payment more quickly reducing the cost of financing its sales.

Although aspects of the present invention are described as being stored in memory, one skilled in the art will appreciate that these aspects may be stored on or read from other computer readable media, such as secondary storage devices, like hard disks, floppy disks, and CD-ROM; a carrier wave received from a network, such as the Internet; or other forms of ROM or RAM. Additionally, although specific components and programs of computers 102, 104 and various bank servers have been described, one skilled in the art will appreciate that these may contain additional or different components or programs.

The foregoing description of an implementation of the invention has been presented for purposes of illustration and description. It is not exhaustive and does not limit the invention to the precise form disclosed. Modifications and variations are possible in light of the above teachings or may be acquired from practicing of the invention. For example, other discounts, and/or incentives for the customer may apply. Moreover the described

implementation includes software but the present invention may be implemented as a combination of hardware and software or in hardware alone. The invention may be implemented with both object-oriented and non-object-oriented programming systems.



WE CLAIM:

1. A method for a customer to electronically trade using an electronic gateway, comprising the steps, executed by a customer computer, of:

transmitting an order message to at least one supplier including an order for an item;

receiving a shipping notification from the supplier, wherein the shipping notification indicates that the order has been filled;

transmitting a payment instruction message to a settlement bank to pay the supplier an amount determined based on the item of the order; and

receiving an incentive if the supplier receives the payment from the settlement bank within a predetermined period of time.

2. The method of claim 1, wherein the customer computer uses the electronic gateway to communicate with the settlement bank and the supplier, and wherein the electronic gateway translates the messages between the customer computer, supplier and the settlement bank.

3. The method of claim 1, wherein the incentive is a percentage off of the amount paid to the supplier.

4. The method of claim 1, further comprising the step of receiving a confirmation message from the supplier, wherein the confirmation message indicates that the order can be filled before receiving the shipping notification.

5. The method of claim 1, wherein transmitting a payment message to a settlement bank occurs after a prearranged event.

6. The method of claim 1, further comprising the step of receiving a rebate from the settlement bank based on the strength of the customer's balance sheet.

7. A trading method, comprising the steps, performed by at least one computer, of:

receiving an instruction from a customer to pay a supplier;

providing the supplier with an electronic payment, wherein the customer receives an incentive if the account is settled within a predetermined period of time.

8. The method of claim 7, wherein providing the supplier with an electronic payment, further comprises the steps of:

discounting the electronic payment; and

obtaining funds to provide the supplier with the electronic payment from the customer.

9. The method of claim 8, wherein funds are obtained from an account associated with the customer.

10. The method of claim 8, further comprising the step of:

providing the customer a rebate based on the obtained funds minus a predetermined fee.

11. The method of claim 10 wherein the predetermined fee includes a bank fee, a software development firm fee, or a transactional fee.

12. The method of claim 8, wherein the electronic payment is discounted based on an amount prenegotiated between the customer and the supplier.

13. The method of claim 7, wherein the invoiceless trading method uses an electronic gateway to communicate with the customer and the supplier, and

receiving a facility fee from the customer for providing the supplier with an electronic payment.

14. A trading method for suppliers and customers to trade electronically on a computer network, comprising:

permitting a customer to submit an order message to a supplier;

permitting the supplier to return a shipping notification, wherein the shipping notification includes information indicating that an order has been filled and a price for the order;

permitting the customer to pay the supplier the price of the order; and

providing an incentive to the customer if the supplier receives the payment from the customer within a predetermined period of time.

15. The trading method of claim 14, wherein the customer pays the supplier by using a settlement bank server, and wherein the settlement bank server obtains funds to provide the supplier with the electronic payment from an account associated with the customer, pays the supplier the amount of the order, and rebates to the customer an amount based on the price of the order.

16. The trading method of claim 14, wherein the computer network translates the messages between the customer and the supplier.

17. The method of claim 14, wherein the permitting the customer to pay the supplier further includes the step of permitting the customer to pay the supplier at a prearranged event.

18. The method of claim 14, further comprising the step of permitting the supplier to provide a confirmation message to the customer, wherein the confirmation message indicates that the order can be filled before providing the shipping notification.

19. A trading system, comprising:

a memory containing a settlement program that receives an instruction from a customer to pay a supplier and that pays the supplier with an electronic payment, wherein the customer receives an incentive if the supplier is paid within a predetermined period of time; and

a processor configured to run the settlement program.

20. The system of claim 19, wherein the incentive is a discount based on the electronic payment.

21. The system of claim 19, wherein the settlement program further electronically obtains funds to provide the supplier with the electronic payment from the customer.

22. The system of claim 21, wherein the settlement program further provides a rebate to the customer based on the strength of the customer's balance sheet.

23. The system of claim 21, wherein funds are obtained from an account associated with the customer.

24. The system of claim 19, wherein the settlement program provides the customer a rebate based on the obtained funds minus a predetermined fee.

25. The system of claim 24, wherein the predetermined fee includes a bank fee, a software development firm fee, or a transactional fee.

26. The system of claim 20, wherein the electronic payment is discounted based on an amount prenegotiated between the customer and the supplier.

27. The system of claim 19, wherein the invoiceless trading system further comprises an electronic gateway to communicate with the customer and the supplier, and wherein the

gateway receives a facility fee from the customer for providing the supplier with an electronic payment.

28. An electronic invoiceless trading and settlement method, comprising the steps of:

placing an order for a product with a supplier by a customer;

generating an account by the supplier; and

electronically settling the account for the product by a settlement party within a predetermined period of time, such that an incentive is provided to the customer if the account is settled within the predetermined time.

29. The method of claim 28, wherein the settlement party provides a rebate to the customer based on the strength of the customer's balance sheet.

30. An electronic invoiceless trading and settlement method, comprising the steps of:

placing an order for a product with a supplier;

confirming that the order has been filled by the supplier with a shipping notification;

dispatching the order by the supplier;

paying for the product by a customer; and

providing an incentive to the customer when the customer pays within a settlement period.

31. The method of claim 30, further comprising the step confirming that the order can be filled by the supplier with a confirmation message.

32. An electronic invoiceless trading and settlement method, comprising the steps of:

receiving an order for a product from a customer for a supplier;

receiving a confirmation message, a shipping notification, and an invoice amount from the supplier;

transferring funds and issuing a remittance notice from a settlement bank to the supplier when the shipping notification is received from the supplier regardless of whether or not the customer has received the product;

providing the customer an incentive when funds are transferred to the supplier within a predetermined period of time; and

receiving funds from the customer in response to transferring funds to the supplier within a credit period.

33. The method of claim 32, further comprising the steps of:

transmitting the order to the supplier; and

transmitting the confirmation message, shipping notification, and the invoice amount to the customer.

34. The method of claim 32, wherein the settlement bank provides a rebate to the customer based on the strength of the customer's balance sheet.

35. An electronic invoiceless trading and settlement system, comprising:

receiving means for receiving an order for a product from a customer for a supplier;

receiving means for receiving a confirmation message, and a shipping notification that includes an invoice amount from the supplier;

transferring means for transferring funds and issuing a remittance notice from a settlement bank to the supplier when the confirmation is received from the supplier regardless of whether or not the customer has received the product;

providing means for providing the customer an incentive when funds are transferred to the supplier within a predetermined period of time; and

receiving means for receiving funds from the customer in response to transferring funds to the supplier within a credit period.

36. The system of claim 35, further comprising:

transmitting means for transmitting the order to the supplier; and

transmitting means for transmitting the confirmation message, shipping notification, and the invoice amount to the customer.

37. The system of claim 35, further comprising providing means for providing a rebate from the settlement bank to the customer based on the strength of the customer's balance sheet.

38. An electronic invoiceless trading and settlement system, comprising:

order means for placing an order for a product with a supplier by a customer;

generating means for generating an account by the supplier; and

settling means for electronically settling the account for the product by a settlement party within a predetermined period of time, such that an incentive is provided to the customer if the account is settled within the predetermined time.

39. The system of claim 38, further comprising providing means for providing a rebate from the settlement party to the customer based on the strength of the customer's balance sheet.