EXECUTIVE SUMMARY:

The Problem with Banks and Supplier Payments

INTRODUCTION

Selecting a bank to help automate payments to suppliers seems like an obvious choice. But as technology advances, businesses are discovering the hard way that the approach most banks take to electronic payments automation fails to provide optimal results.

However, it doesn’t have to be this way. And with smart business-to-business (B2B) payment networks, you have a better way to drive revenue, efficiency, and unlock the value of your accounts payable department.

THE PROBLEM WITH BANKS

Accounts payable professionals rank electronic payments as their top automation priority, yet 51% of B2B payments are still made via paper check. And while many businesses have turned to banks to help with their migration from paper to digital checks, the typical approach taken by banks creates

FOUR BIG PROBLEMS:

1. **Missed opportunities to convert suppliers:** Most banks miss valuable opportunities to convert suppliers to electronic payments, and conduct analyses designed to only identify suppliers that are willing to accept virtual card payments while ignoring ACH and other electronic payment methods.

2. **No payment options:** Most banks offer cards as their only option for paying suppliers electronically. This ‘take it or leave it’ approach to converting suppliers to electronic payments negatively impacts supplier adoption and strains relationships with valued suppliers. What’s more, banks that offer multiple payment options typically require buyers to submit one file of approved payments for each format that the bank supports, resulting in additional work for the AP department adding considerable time and operational risk to the process of paying suppliers.

3. **Low supplier adoption:** Enrolling suppliers in electronic payments is an afterthought for most banks, many of which lack the staff, automated technology, and onboarding processes to enable both new and long-time suppliers.

4. **Poor support:** Supplier engagement and support is expensive and time-consuming, and most banks put the onus on the buyers to handle processing questions, change-in-payment requests, and payment settlement. In fact, most banks do not provide any support after a payment is delivered, and it’s the accounts payable staff that feels the effects.

Not surprisingly, more businesses are looking for options when it’s time to renew their bank contract.
THE SOLUTION

Smart B2B payment networks unlock the strategic value of payables for efficiency-minded finance leaders.

Buyers benefit from increased revenue opportunities and cost savings, without sacrificing visibility and control or creating more work for overburdened accounts payable professionals. Meanwhile, suppliers get paid in the method that they prefer, without sharing their sensitive bank account information. Importantly, payment networks address the four biggest problems with bank payment services:

1. **Opportunities created**: Unlike banks, smart B2B payment networks pursue 100% of a buyer’s spending for conversion to electronic payments by analyzing a buyer’s accounts payable spend to determine the best payment method for each supplier. Organizations that migrate from a bank payments service to a smart B2B payments network achieve an average 15% increase in electronic payments adoption, which can result in hundreds of thousands of dollars in benefit back to buyers.

2. **Payment methods supported**: Smart B2B payment networks make it easy to pay suppliers in the method that they prefer, which means suppliers get paid faster and more reliably while strengthening the buyer-supplier relationship.

3. **Concierge support**: Smart B2B payment networks save buyers considerable time and money by providing a service desk, managing suppliers on their behalf and taking on responsibility for all payment settlement and administration support, freeing up your accounts payable department.

4. **Supplier Enablement**: Providers of smart B2B payment networks recognize the importance of supplier enablement and onboarding to the success of an electronic payment initiative. Unlike banks, smart B2B payment networks enable suppliers with educational materials and continuous enablement campaigns, allowing buyers to enroll both existing and new suppliers as their business grows.

CONCLUSION

To drive efficiency, improve supplier-relationships, and generate more sustainable revenue, financial leaders need more than a solution, they need a partner to unlock the business value of their accounts payable department.

To read the whole story go to [www.finexio.com/whitepaper](http://www.finexio.com/whitepaper) and download a copy of the full whitepaper.

ABOUT FINEXIO

In 2015, financial executives from MasterCard and Change Healthcare saw a critical opening for a B2B commercial payments execution platform that could service mid- to large-market companies. They envisioned Finexio to help customers and their efficiency minded-finance teams unlock the strategic value of payables.

Finexio’s payment technology identifies which suppliers can be paid electronically, then routes those payments without requiring bank account information. Finexio’s proprietary network identifies, delivers and supports nine forms of payment, generating revenue and cost savings for accounts payable departments while offering complete visibility and control of the payment process.