



Navigating the Global Digital Commercial Payments Landscape

A custom report compiled by Euromonitor International for
Discover® Financial Services

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1. Executive Summary

The value of global commercial payment transactions exceeded \$108 trillion in 2022 and are forecast to grow at a 7.5 percent compound annual growth rate to 2025 to reach \$135 trillion.¹ Although the response to the COVID-19 pandemic accelerated a substantial digital transformation among consumers and how they pay businesses, there remains a high degree of legacy payment methods still in use for commercial payments. Cash and cheque transactions are forecasted to remain above 20 percent of total commercial payments to 2025 in all three regions analysed for this paper (Europe / Middle East / Africa – 22.3 percent; Asia Pacific – 20.7 percent; Latin America – 20.0 percent).

The consumer payment user experience encountered by younger, digital-native business managers are spilling over into demanded upgrades to the commercial payments process. The personal buying experiences encountered by B2B buyers directly impacts their expectations for business purchases. Financial business decision makers at large companies increasingly seek more efficient, streamlined, intuitive digital payment management tools.

Through the course of 30 interviews with upper management at large businesses along with quantitative insights gathered from 932 B2B survey respondents across 16 countries, Discover Global Network and Euromonitor International uncovered a host of challenges faced by large businesses when it comes to commercial payments management.

Large corporations across multiple industries assert that their #1 commercial payment challenge relates to how they manage, pay, track, and reconcile supplier payments. This impact is felt by Procurement, Accounts Payable, and Travel Expense functions within organizations. Managers are seeking upgrades to better performing commercial payment suppliers that can deliver operational efficiencies, integrate into existing platforms, save their organization time and money, and provide greater peace of mind. Within this context, this white paper outlines the most pressing commercial payment challenges impacting large businesses and the payment tools and technologies that will be required to accommodate the next generation of commercial payments.

1.1 Commercial Payment Challenges Faced by Large Businesses

Based on interviews and surveys with senior managers at large companies, our analysis identified the following challenges related to commercial payments, listed in order of importance according to our respondents:



¹ Euromonitor Passport Consumer Finance system (2023 Edition)

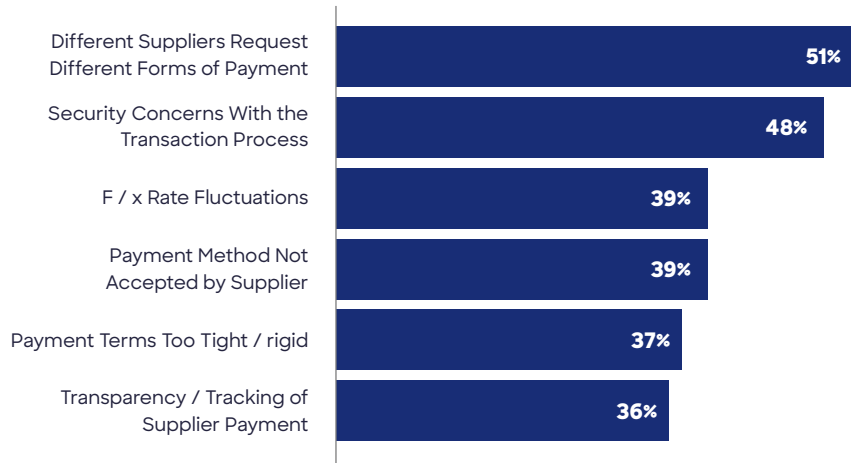
The following sections of this report detail these challenges and provide recommended commercial payment solutions that can be adopted to mitigate these high impact pain points.



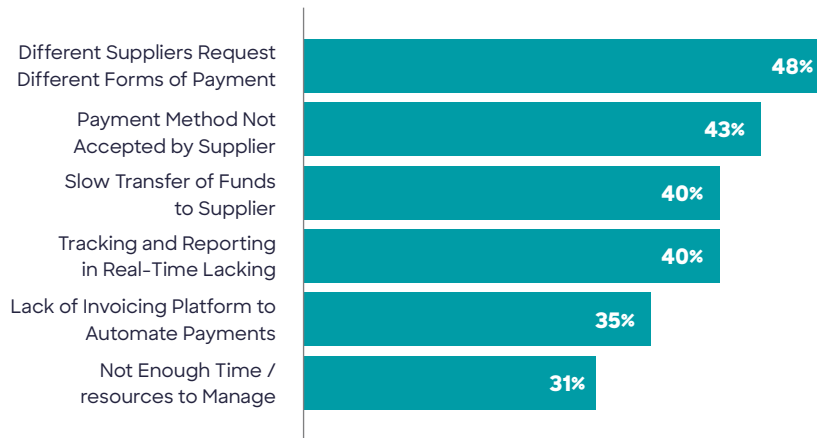
“The key challenges we face with supplier payments are slow transactions, transfers that take 72 hours or longer...the foreign exchange costs and intermediary fees, the lack of tracking and information related to the payment remittance, or the security of the transaction, all can be quite worrying.”

- *Fast-moving Consumer Goods (FMCG), Finance Manager, Europe / Middle East / Africa (EMEA)*

Top Challenges for Procurement Expense Management



Top Challenges for Accounts Payable Management



2. Embracing the Digital Shift

2.1 Using Technology to Deliver Process Improvements

The COVID-19 pandemic accelerated consumer preference for electronic payment options, setting the stage for B2B buyers to demand a similar payment experience. COVID-19 also ushered in a shift in employee workflows, as remote and hybrid workplaces became the norm, which necessitated a heavier reliance on technology to complete payment tasks.

Amid this embrace of digital solutions for accepting consumer payments and streamlining internal operations, it makes sense that businesses would similarly turn their focus to improving the ways in which they make and manage payments to their vast network of suppliers and service providers. Research findings show that there is keen interest in learning and investing in digital solutions in 2023. In fact, 67 percent of large businesses reported an intent to invest in commercial payment solutions within the next 12-24 months.

2.2 Dynamics Impacting the Commercial Payments Landscape

A number of trends at the global and regional level are influencing the ways in which businesses pay other businesses.

For example:



The governments of various countries have passed legislation to push not only consumers but businesses towards greater use of digital payments.



Global financial services companies have built up their capabilities to provide comprehensive commercial payment solutions.



Fintech companies are developing solutions at the country and / or industry level to solve for particular challenges.

2.2.1 Government Mandates for E-Invoicing for Business to Government (B2G) Expand to Commercial

Governments in Spain, Italy, Poland and Greece have enacted laws that require companies to use e-invoicing platforms to submit payment or request disbursement from a government agency, motivated by the need for governments to collect value-added tax and to combat evasions of payment by companies.² Similar plans are on the road to passage in 2023 for countries in the Latin America / Caribbean (LAC) and Asia-Pacific (APAC) regions, including Brazil, India, Malaysia and elsewhere.³ These mandates will speed the rate at which companies adopt digital methods for invoicing, and also encourage a shift to digital workflows including commercial payments.

² <https://joinup.ec.europa.eu/collection/rolling-plan-ict-standardisation/e-invoicing-1>

³ <https://www.voxelgroup.net/blog/en/electronic-invoice-new-laws-in-2023/>

2.2.2 Real-Time Commercial Payments Infrastructure Boosts Use of Digital Payments

The APAC region is set to continue the build-out of its real-time payment networks, with a greater focus on larger volume transactions and more sophisticated services for our businesses and consumers. The region has ambitions, driven by the Regional Comprehensive Economic Partnership trade agreement, to provide a truly pan-regional realtime infrastructure.⁴ India is the global leader in real-time payment transactions, with nearly 50 billion such payments executed in 2021, three times more than the second largest market, China.⁵ Combined India, China, South Korea and Thailand accounted for around 71 percent of global real time transactions in 2021.⁶

Countries within the European Union have enacted Single Euro Payment Area (SEPA) Instant, a real-time payments scheme that enables transfer of up to 15,000 Euros within ten seconds. In the LAC region, Brazil leads the way with its popular Pix real-time network, which has become widely used by both consumers and businesses. There were 26 billion transactions made via Pix in the first two years after its launch in November 2020.⁷ Other LAC countries, including Mexico and Argentina will need government mandates, as many financial institutions have little incentive to transform their technology, which is why Mexico's Cobro Digital (CoDi[®]) platform has yet to witness a high degree of adoption.⁸ Finally, in the United States, the long awaited FedNow service will start operating in July 2023 to initially support in-demand use cases such as account-to-account transfers and bill pay.⁹

2.2.3 Commercial E-Commerce Drives Overall Commercial Payments Growth

Globally, commercial e-commerce increased 16.7 percent from 2020-2022 to around \$1.9 trillion, outpacing the growth of total commercial payments. Many businesses have adopted commercial e-commerce, for example in the European Union, 70 percent of businesses make 30 percent or more of their commercial payments online.¹⁰ Given the establishment of B2B marketplace platforms, there is ample reason to believe growth in commercial e-commerce transactions will continue in the years ahead.

2.2.4 Evolution to Commercial Payments 3.0

For much of the 21st century, commercial payment methods have relied on slow-moving paper cheques and bank-to-bank transfers to remit payments between businesses. Yet in recent years, there have been widespread public and private investments made to modernize and digitalize commercial payments infrastructure. According to a study on mobile and contactless payment options, it is projected that 80 percent of buyer-to-supplier payments will be completed digitally by 2025.¹¹

As part of this shift in what is being described as 'Commercial Payments 3.0', process simplification and improved transaction efficiency is the predicted outcome. Large companies now expect their commercial payment solution providers to deliver the tools to send and receive domestic and cross-border payment flows seamlessly. Accounting and Finance departments will incorporate payments management platforms with customized dashboards to improve data reconciliation to better inform operational and financial strategies. Adoption of virtual card numbers (VCN) will become more widespread as a digitally secure real-time means of commercial payment.

⁴ <https://www.businesswire.com/news/home/20220425005220/en/Real-Time-Payments-Evolution-Underway-as-Asia-Pacific-Seeks-New-Growth-Frontiers-%E2%80%93-ACI-Worldwide-Report>

⁵ <https://investor.aciworldwide.com/news-releases/news-release-details/india-surges-ahead-worlds-leader-real-time-payments-boosting>

⁶ <https://www.businesswire.com/news/home/20220425005220/en/Real-Time-Payments-Evolution-Underway-as-Asia-Pacific-Seeks-New-Growth-Frontiers-%E2%80%93-ACI-Worldwide-Report>

⁷ <https://agenciabrasil.ebc.com.br/en/economia/noticia/2022-11/pix-consolidates-itself-most-used-means-payment-country>

⁸ <https://www.businesswire.com/news/home/20220425005208/en/Latin-American-Economies-Poised-to-Reap-Economic-Benefits-of-Real-Time-Payments-as-Adoption-Gathers-Pace-%E2%80%93-ACI-Worldwide-Report>

⁹ <https://www.federalreserve.gov/newsevents/pressreleases/other20230315a.htm>

¹⁰ <https://www.digitalcommerce360.com/article/future-of-b2b-marketplaces/>

¹¹ <https://www.pymnts.com/news/b2b-payments/2021/report-80-pct-b2b-transactions-expected-to-be-digital-by-2025/>

3. COMMERCIAL PAYMENTS CHALLENGES

Despite the rapid growth of commercial e-commerce payments, challenges and obstacles remain for large businesses that seek to better address those issues amid the shift to enhanced digital commercial payment solutions.

3.1 Inconsistent Processes and Payment Requirements From Suppliers

Challenge:

Management of supplier payments is a pressing challenge for large businesses. The perception is that there are many different steps to take and a myriad of channels required to submit payments. The disjointed and variable processes required to complete supplier bill payables is time consuming, frustrating and costly. When the supplier requires manual data entry, these submissions are prone to errors, late payments, and penalties.

Given these headaches, interest in B2B invoice platforms for procurement and accounts payable departments is sky high.

Automating Procurement and Accounts Payables processes can potentially unlock many benefits & efficiencies for large businesses. The data flows captured by an automated system enable easier reconciliations, reduce manual errors, and more importantly set the stage for more advanced functions such as tracking preferred payment methods and planning for the use of other services such as insurance and trade financing. In the case of procurement platforms, they can strengthen compliance with regulations and contracts, and help manage relationships with stakeholders: suppliers, buyers, and accounts payable staff.¹³

#1 Challenge - 50%+ of Large Companies report that 'different suppliers request different forms of payment' for Procurement expenses; 48% for Accounts Payables expenses¹²

Opportunity to Solve:

Digital invoice platforms manage the invoice-to-pay process and consist of software tools that digitalize processes involved in invoicing and purchasing. This includes the review, approval, and payment of supplier invoices. Companies can expect to gain efficiencies compared to manual processing. Desirable features of these platforms include:

- ✔ Automated invoice review and management
- ✔ Integration of accounts receivable / accounts payable data with enterprise resource planning (ERP) systems to enable efficient management of resources and cash flow
- ✔ Dashboard tools that offer a single view for managing payable and receivables transactions; and
- ✔ The ability to support multiple payment methods and options for both domestic and international payments.

61%

of large businesses aim to migrate to invoice platforms within the next 12-24 months in order to automate payments to their suppliers.¹⁴

¹² Euromonitor International custom B2B Commercial Payments Survey results (USE_5r2, n=784 and USE_6r2, n=932)

¹³ <https://www.sap.com/products/spend-management/procure-to-pay.html>

¹⁴ Euromonitor International custom B2B Commercial Payments Survey results (SELE_10r6 and 10r7, n=932)



“I would prefer something more automated than the current way, where we’re dealing with the bank and vendor’s accounts. A platform where we could send automated payments without having to enter the bank website or the vendor website would be great.”

- *Manufacturer, Owner, LAC*



“Where are our company’s investments are happening: Introduction of an ERP solution to enhance AP and supplier payments, followed by automation of recurring payments, and reconciling of accounts.”

- *Logistics, Financial Reporting & AP, EMEA*

3.2 Transparency and Tracking of Supplier Payments

Challenge:

Companies need to have the ability to know where their money is. Yet too often a business will issue a supplier payment order, observe the funds withdrawn from their account, but lack transparency and proper remittance details. And this pain point is even more apparent with large ticket value B2B payments, creating issues with cashflow management. Nearly four-in-ten of our survey respondents claimed transparency and tracking of supplier payments was a key challenge for their Procurement and Accounts Payables functions.

Switching Trigger - 42% of Large Companies would start looking for other payment providers due to the ‘lack of reliability with payments processed to supplier accounts’¹⁵

Opportunity to Solve:

Digital platforms exist to manage supplier payments more effectively. The data flows captured by an automated system enable easier reconciliations, reduce manual errors, and strengthen compliance with regulations and contracts, and help manage relationships with stakeholders: suppliers, buyers, and accounts payable staff.

Procurement platforms, also known as procure-to-pay or source-to-pay (S2P) software, offer additional guidance in the buying process when compared to AP automation. This guidance can include prioritizing products and services in search results, alerting buyers about product discounts, and enabling the enforcement of procurement rules set by company management.

Around 60 percent of businesses that have already digitized the process said it’s had a positive impact on supplier relationships.¹⁶ AP automation enables a reduction in days payables outstanding by five-six days compared to manual AP. This can also help companies take advantage of early payment benefits offered by suppliers, as automation can speed the time taken to approve invoice payments.¹⁷

90%

90% of Large Companies that said a digital ‘B2B Platform to initiate and receive payments’ was Very Important / Important tool for their business in the next 12 months (#1 selection)¹⁸

¹⁵ Euromonitor International custom B2B Commercial Payments Survey results (SELE_9r2, n=932)

¹⁶ <https://flywire.foleon.com/report/2022-b2b-payments-outlook/ar-process>

¹⁷ <https://www.netsuite.com/portal/resource/articles/accounting/ap-automation-best-practices.shtml>

¹⁸ Euromonitor International custom B2B Commercial Payments Survey results (SELE_6r12, n=932)

3.3 Ineffective Reporting and Reconciliation Tools

Challenge:

Accounting and finance roles depend on historic expenditure analysis for budget forecasting. Without robust reporting tools at their disposal, managers are at risk of missing trend observations that can help them plan for their business needs in the future.¹⁹

Reporting and reconciliation pain extends to employee travel management too. One-third of survey respondents noted that their system for submitting and processing employee travel-related expenses was a challenge for their business.²⁰

95% of Large Company survey respondents selected that ‘Expense report tools that facilitate the work of the accounting team and help managers control expenditures’ was Very Relevant / Relevant to their organization.²¹



“Accounting for procurement can be very tedious. We have a lot of difficulty with reconciliations and approvals.”

– Oil & Gas, General Manager, APAC



“Must haves: an automated solution that showcases a dashboard to facilitate, record and deliver [payment] transfer information to stakeholders within our business. This makes our job so much easier.”

– Logistics, Accounting Manager, EMEA

Opportunity to Solve:

Digital B2B payment platforms centralize all supplier payment data with optional add-on robust dashboard reporting tools. The most advanced and feature-rich platforms are available from integrated software vendors (ISV) mainly as a software-as-a-service (SaaS). Procurement platforms can be specifically tailored to a particular industry vertical. Invoice and AP platforms may be offered as a white-label solution from banks or payment service providers.

95%

of Large Company respondents believe ‘Expense report tools’ are relevant features that should be provided by their commercial payments solution provider.²²

¹⁹ Euromonitor International custom B2B Commercial Payments Survey results (SELE_1r1, n=932) – 54% marked ‘Very Relevant’

²⁰ Euromonitor International custom B2B Commercial Payments Survey results (USE_7r2, n=387)

²¹ Euromonitor International custom B2B Commercial Payments Survey results (SELE_1r1, n=932)

²² Euromonitor International custom B2B Commercial Payments Survey results (SELE_1r15, n=932)

3.4 Fraud Prevention Tools

Challenge:

Commercial payments to suppliers are often large value transactions. Payments fraud is a top-of-mind concern for businesses across the world.

Methods used to perpetrate the payment fraud in the commercial space include:²³

- ✔ Impersonating supplier / Existing supplier - 50%
- ✔ New supplier - 19%
- ✔ Impersonating an executive - 19%
- ✔ System breach - 8%

‘Strong security features’ are the #1 most important feature in a commercial payments solution - 66% of Large Company respondents selected as Very Relevant.²⁴

Opportunity to Solve:

A switch to safer, more secure digital payment methods can counter the risk of becoming susceptible to payments fraud. Card payments offer near-instant payment speed while security and reconciliation is much better than more traditional commercial payment methods. This includes the use of virtual card numbers (VCN), which are single or multi-use digital-format cards that can be customized to meet unique spending control needs. VCNs are more secure than bank transfers as there is no need for access to the company’s payment information to remit a payment. For example, VCNs accounted for less than three percent of targeted payment fraud, compared to 74 percent of fraud that targeted cheques.²⁵

With VCNs the payment is nearly instantaneous, and fraud protection is a key part of the package. VCNs can be limited to one-time payment use for the exact invoiced amount, limiting potential for misuse while also increasing security. The company gets to retain their working capital for longer and may be able to negotiate for a rebate on their spending.



“VCN is common to clear domestic suppliers to ensure reduced cyber flaws, which is quite common in the United Arab Emirates.”

– Retail, Finance Manager, EMEA



“Now most every bank offers the VCN functionality, with benefits such as insurance, and cashback that has made it competitive to opt in next few years from now, as the offering would improve over relationship management for better banking experience, and seamless commercial payment journeys.”

– Manufacturer, Chief Accountant, EMEA

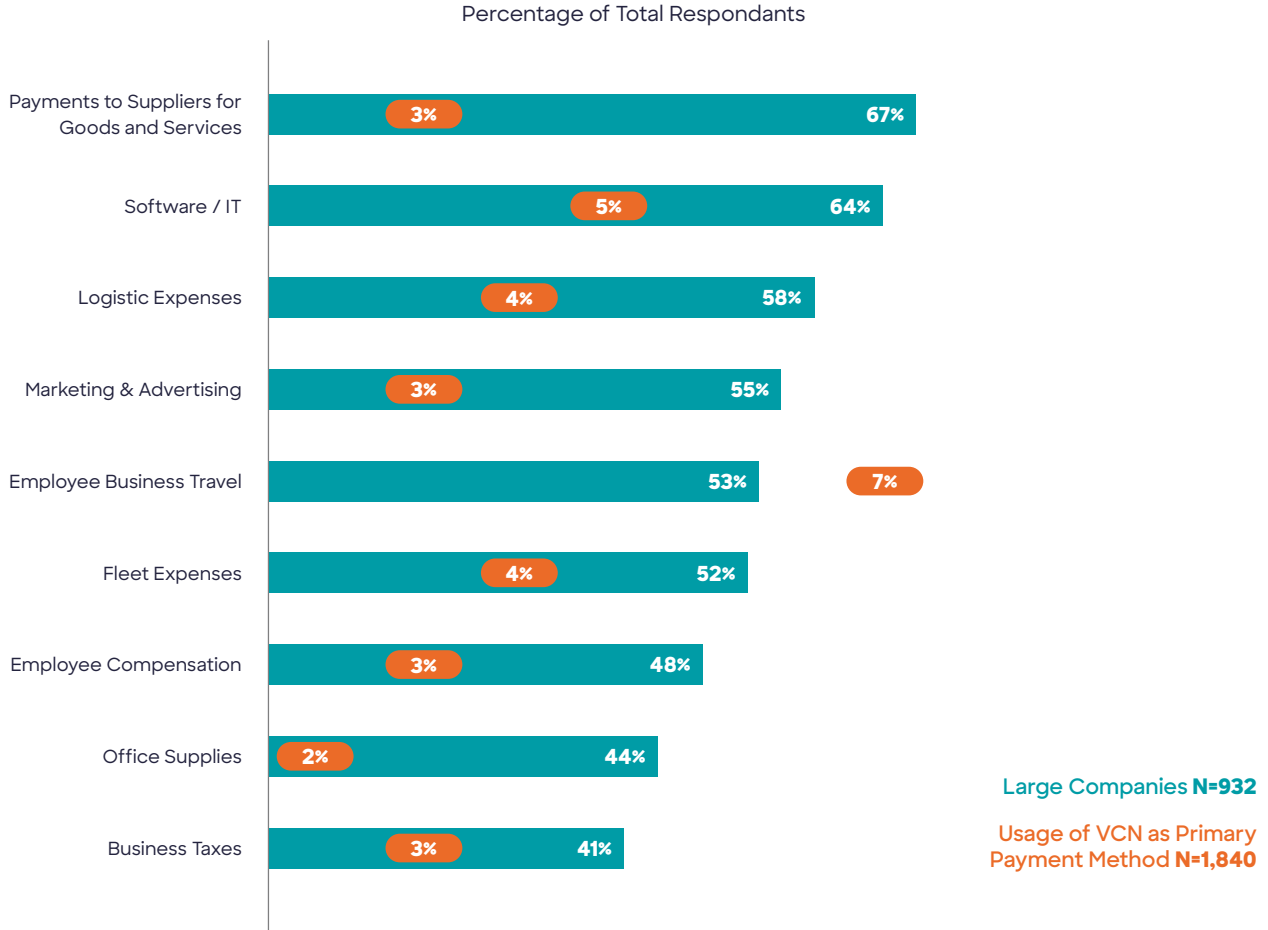
²³ Euromonitor International custom B2B Commercial Payments Survey results (SELE_1r15, n=932)

²⁴ [Bottomline B2B Payments Report](#)

²⁵ <https://www.bigcommerce.com/articles/b2b-ecommerce/b2b-payment-trends/>

Despite select commentary during qualitative interview suggesting VCN is widely used, quantitative results from the survey shows a lack of VCN penetration across a range of use cases. However, there is keen interest across all business expense types to leverage VCN as a payment method in the future.

Percentage of respondents that are planning to increase the use of digital payment methods to manage payments made by the company and percentage of total respondents currently using VCN as primary payment method (N=1,840)



3.5 Currency Fluctuations With Cross-Border Payments

Challenge:

The globalization of supply chains and the concurrent rise in international trade has made cross-border commercial payments a hot topic, with 92 percent of Large Company survey respondents saying it was relevant to their business. The general lack of tracking capabilities for cross-border payments, and unpredictable add-on fees and costs were common complaints.

Managing foreign exchange challenges extend to employee travel for in-destination payments. This leads to issues with reconciling expenses against budgeted travel expense forecasts.

33% of Large Company respondents feel like they are NOT being provided with ‘cost-competitive cross-border payments’²⁶

80% of Large Company respondents said ‘Foreign currency contracts’ are Very Important or Important commercial payment tool for their business. And the slow transfer of cross-border funds was considered a challenge for supplier payments by 40% of Large Companies surveyed.²⁷



“The fees for cross border payments if paid through cards is a bit pricey, as the fees per transaction costs more than the discount offered.”

- Logistics, Financial Reporting & AP, EMEA



“The transparency feature [is so important] –you need to have the ability to review the movement of funds during cross-border transactions. Too high of costs - I understand currency exchange rates fluctuate, but many fees tacked on by banks / others. If I’m doing a high volume with relative frequency to supplier partners in Africa or Brazil or wherever, I’d like better terms.”

- FMCG, Finance Manager, EMEA

Opportunity to Solve:

Greater fee transparency and richer data flows enabled by the next generation of cross-border payments solutions can enable more accurate payment remittance, ensuring the recipient receives the correct amount net of fees. Additionally:

- ✔ Payment tracking can reduce transaction risk
- ✔ Increased transaction speed is useful for payers making “just-in-time” payments that help conserve cash resources
- ✔ Early payments can be timed more precisely to take advantage of early payment discounts.
- ✔ Digital invoice platforms that leverage global partnerships with financial institutions and fintech firms provide access to a cross-border payments network to enable faster, more secure, and cost-competitive international payments.

The right commercial payment solutions provider should enable their customer to transact internationally with options to leverage any of the above outlined means of payment.

²⁶ Euromonitor International custom B2B Commercial Payments Survey results (SELE_2r14, n=932)

²⁷ Euromonitor International custom B2B Commercial Payments Survey results (SELE_6r4, n=932)

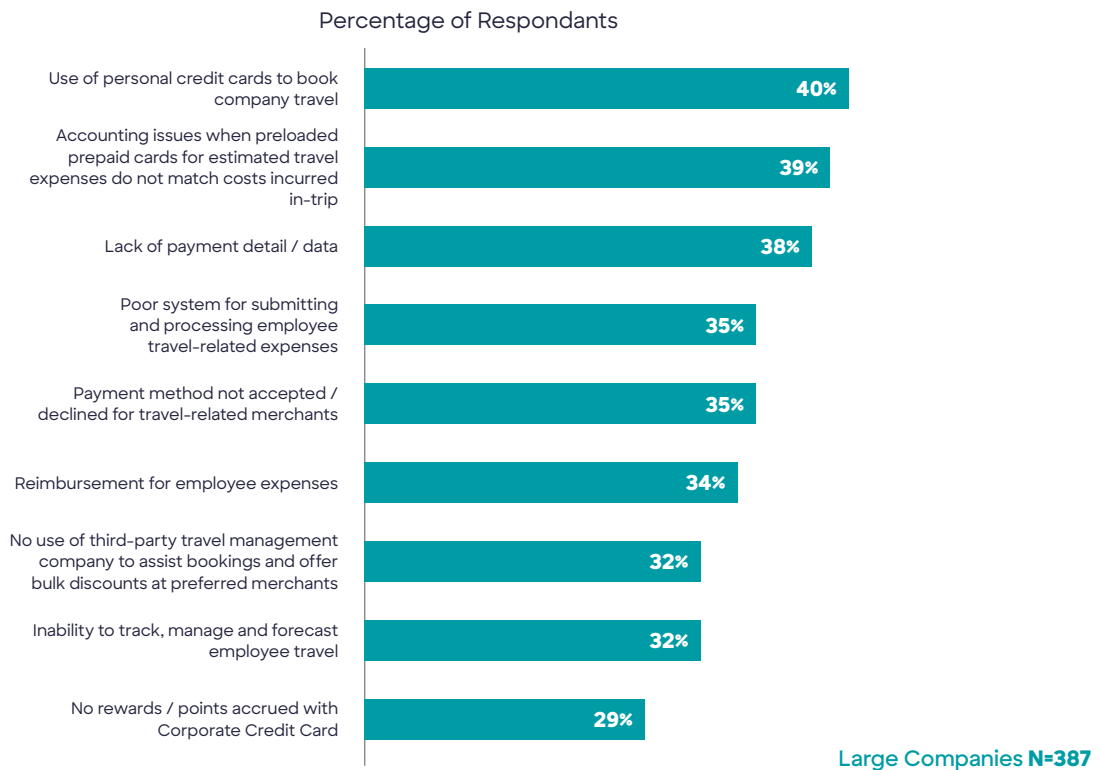
3.6 Better Budgeting and Forecasting Tools for Employee Travel

Challenge:

A core challenge for managing employee travel includes poor systems for submitting and processing travel-related expenses. This leads to a cascade of related challenges like collecting adequate and timely data for reimbursing employees, and accounting reconciliation. Employees using their personal credit cards for travel only adds to the inefficiency, as manual collection and input of receipts is needed. A high-quality set of travel management tools would help large firms to meet these challenges, in addition to providing insight into travel planning and forecasting variables like foreign exchange rates, which were additional pain-points for respondents.

COVID-19 brought travel to a standstill, particularly business travel, which decreased global value sales by 55 percent from 2019-20. While 2022 and 2023 are expected to witness 25-33% annual growth, the global business travel expenditure is not forecast to reach 2019 levels (\$1.4 trillion) until 2025 or 2026.³⁰ In the EMEA and APAC regions, businesses indicate a willingness to invest in new solutions and more fully embrace digital payment technologies as they ramp back up business travel investment.

Challenges with Employee Travel (N=666)



What challenges does your company encounter when it comes to managing employee Travel expenses?



“The reconciliation of the accounts after employee travel, when the employee has to make some of the payments [on their personal credit card] and then claim the expense later on, is a real pain for us to manage.”

- Manufacturer, Sr. Manager in Purchasing Dept., APAC

³⁰ <https://www.gbta.org/global-business-travel-spending-is-coming-back-but-recent-headwinds-push-anticipated-full-recovery-into-2025-and-2026/>

Opportunity to Solve:

As business travel rebounds, large companies will look to replace existing travel service providers with third party management solutions in order to address the challenges related to bookings and expense reconciliation.

With large companies looking to invest in travel management solutions, nearly 80+ percent of respondents said that travel accounts and prepaid cards were important for managing business travel expenses.³¹ Several options exist to help large businesses better manage employee travel. As our survey results demonstrate, it is not enough to simply increase the use of digital payments without also having software / systems in place to manage travel spend. Relevant solutions could include: prepaid or virtual cards plus an expense-tracking system; a travel account; and / or working through a third-party travel agency specialized in business travel.

Prepaid cards and virtual cards can be programmed for precise control of travel spending; unlike a corporate card, security is enhanced by the ability to pre-set credit limits, spend categories, and spend time windows. Integration with expense tracking makes reconciliations easy.

Travel Accounts offer spending controls on cards (or lines of credit instead of cards) and tend to have strong systems / data reporting capabilities, making for easier accounting flows. Many can offer rebates as they deal only with preferred suppliers.

The Travel Service Account (TSA) is leveraged by third-party travel management companies for managing bookings. TSA is a wholesale B2B product issued to travel agencies to pay their suppliers to improve working capital, increase sales, reduce fraud, and streamline the end-to-end payment process.

Adoption of travel management tools would provide expected gains in operations management and expense reporting. Whichever solution is chosen, it should include a software application that centralizes data and decision-making around travel.

53% of large companies planned on increasing their use of digital payment methods for managing business travel in the next 12 months.²⁸

47% of large firms are planning to make investments in third-party travel management solutions.²⁹

3.7 Access and Availability of Financing

Challenge:

Large businesses place a high priority on the availability of trade credit from their lending institution or specialist financing partner. The case is similar for extended payments terms, with an 86 percent importance rating by our survey respondents. Most of the comments from the qualitative interviews indicated their companies use bank credit facilities. Bank lines of credit or trade credit are traditionally the key methods for financing purchases from suppliers.

The disruption of global supply chains in 2022 caused greater competition among buyers to win supply contracts for necessary inputs in a scarce environment. This spurred buyers toward trade solutions to be able to pay upfront, and the faster the better. But bureaucratic inertia within larger financial institutions showed their lack of flexibility and product innovation, opening the door for fintech firms focused on supply chain finance and procure to pay solutions to step into the void.

88% of Large Company respondents (and 93% of respondents in Latin America) said a 'Trade Credit facility' was a Very Important or Important commercial payment tool for their business.³²

²⁸ Euromonitor International custom B2B Commercial Payments Survey results (USE_6r6, n=932)

²⁹ Euromonitor International custom B2B Commercial Payments Survey results (SELE_10 n=932)

³¹ Euromonitor International custom B2B Commercial Payments Survey results (SELE_6r7, 6r8, 6r9, n=932) ³² Euromonitor International custom B2B Commercial Payments Survey results (SELE_6r3, n=932)

Opportunity to Solve:

Early payment solutions such as supply chain finance, dynamic discounting, and accounts receivable finance are on the rise. A recent study on global B2B trade finance found that 80 percent of invoices that have an option for early payment financing are being traded in that manner.³³

Transacting on B2B marketplaces also allows for access to embedded financing offers. Marketplaces make it easy for purchasers to find and compare product offerings across different suppliers. These sites often include sophisticated payment processes, broad choice of payment options and cross-border payments capabilities.

Buyer-initiated financing arrangements are of increasing interest to large companies. These finance solutions can be beneficial to both sides of a B2B equation. A buyer can seek an external financing partner, which then allows the buyer to manage cash flow and provides more time to settle an invoice without forcing the vendor to delay receiving funds.

40%

40% of Large Companies would start looking for other payment providers if ‘financing is unavailable, restrictive, or too costly’^{34,37}



“Larger suppliers can take advantage of the rising interest rate environment [to demand better terms], but their goal is to create loyalty. They might actually find ways to incentivize larger purchases by offering financing terms to buyers.”

- Manufacturing, Operations Consultant, APAC

4. Conclusion

4.1 Large Companies Are Ready to Embrace Commercial Payments 3.0

Amid this shifting commercial payments landscape, 67 percent of large businesses plan to invest in commercial payment solutions in 2023 and 2024.³⁵

Reasons provided for seeking a more comprehensive solution were myriad:



Managing supplier expenses are **too complicated** – a centralized invoice platform would provide time and cost savings and reduce stress within Procurement and Accounts Payables departments.



Payments to suppliers take **too long, cost too much, lack transparency**, and cause **security concerns** – leveraging real-time payments infrastructure and carded solutions provide greater levels of fraud protection and security guardrails.



My current commercial payments provider **lacks the ability** to issue payments on our behalf with all the **digital payment methods** now available – financial service providers that are global in reach have established acceptance relationships with counterparties throughout the world.



Expense monitoring and **reconciliation** for employee travel does not meet our needs – use of centrally managed travel accounts will create the ability to monitor travel expenses more efficiently and accurately.

³³ <https://www.supplychainbrain.com/blogs/1-think-tank/post/36130-four-trends-reshaping-the-global-b2b-payments-sector>

³⁴ Euromonitor International custom B2B Commercial Payments Survey results (SELE_9r9 (42%), SELE_9r7 (37%), n=932)

³⁵ Euromonitor International custom B2B Commercial Payments Survey results (SELE_10r7, n=932)

4.1.1 Prioritized Partner Selection Criteria

Financial business decision makers have told us their organizations place a priority on the following exhibited capabilities when considering a commercial payments solution provider:

- ✔ Strong security features and access to payment fraud tools
- ✔ B2B payments platform with dynamic dashboards and reporting tools
- ✔ Save us time and money
- ✔ Nationwide and international reach
- ✔ Integration with existing complementary software platforms
- ✔ Ability to execute large ticket transactions in an efficient and safe manner
- ✔ Easy to work with and available customer support

4.1.2 Solving the Challenges

Numerous supplier payment challenges have been highlighted in this paper. A digital shift is afoot for commercial payments in 2023 and beyond. Software platforms and digital payment tools exist to address the pain points that have aggravated companies in the past.

B2B Payment Platforms

A digital procurement and invoice payables platform:

- ✔ Increases tracking and transparency
- ✔ Reduces manual data entry errors
- ✔ Lessens bureaucratic approvals delays
- ✔ Provides real-time reporting and interactive dashboards to inform better business forecasting
- ✔ Provides a consistent way to manage and pay suppliers

Real-Time Card Payments

Carded commercial payment solutions will help your business:

- ✔ Send payments faster
- ✔ Increase negotiating leverage with suppliers with faster funds arrival
- ✔ Transparent tracking and view on flow of funds
- ✔ Reporting tools create accounting efficiencies
- ✔ Allows business to set spending compliance policies
- ✔ Rebates for spend thresholds and timely repayment

More Secure Payments

In a separate B2B survey conducted by Bottomline, 49 percent of firms reported they had serious fraud attempts against them.³⁶ Therefore, it should be no surprise that companies prioritize strong security payment features for commercial flows:

- ✓ VCN drastically reduces the risk of payments fraud - account numbers are never revealed to suppliers
- ✓ More frequent reconciliations can help identify discrepancies
- ✓ Invest in fraud tools and monitoring provided by third party specialists

Tailored Employee Travel Management

The larger the company, the more likely that employee travel management is a much more significant burden. Large companies tend to hire a third-party travel management company or commercial travel intermediary. Employee travel management arrangements include:



Corporate Travel Account - an end-to-end solution that provides access to a distinct line of credit for business travel expenses through a designated travel service provider



Commercial Travel Card - line of credit in card format, unlimited number of cardholders, use of VCN for travel bookings, ability to load and use prepaid cards

5. Purpose & Background

Euromonitor International's Payments & Lending Consulting Group conducted research on behalf of Discover Financial Services, Diners Club and Discover Global Network to uncover the use cases, payment preferences, pain points and challenges, and future investment decisions related to commercial payments.

In-depth qualitative interviews were conducted with more than 40 companies located in 9 different countries in December 2022 and January 2023. Interviewee job titles included Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Vice President, General Manager, Purchasing Manager, Chief Accountant and more. These employees worked in 7 select industries that included Manufacturing, Retail, Fast-Moving Consumer Goods, Logistics, Construction, Pharmaceuticals, and Energy.

A 20-minute online survey was developed and launched in-field in February 2023. This B2B survey with financial decision makers in the above listed priority industries collected response data on 1,840 respondents, 932 of which were employed at firms with greater than 50 employees, our demarcation for what are termed 'large businesses' in this white paper.

These two custom primary research inputs served as the basis of the white paper findings, which were supplemented by further available data points and reporting from Euromonitor International's syndicated Passport system. Finally, reporting and insights from third party sources provides added context and support for the importance of the identified priorities that will impact the commercial payments landscape in the months and years ahead.

³⁶ [Bottomline Payments Report](#)