

# B2B DIGITAL PAYMENTS

TRACKER®

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MARCH 2022



## ■ FEATURE STORY

HubSpot on how technology can help improve the B2B payments experience

## ■ PYMNTS INTELLIGENCE

How FIs are working to modernize the digital payments process for B2B clients



# B2B DIGITAL PAYMENTS TRACKER®

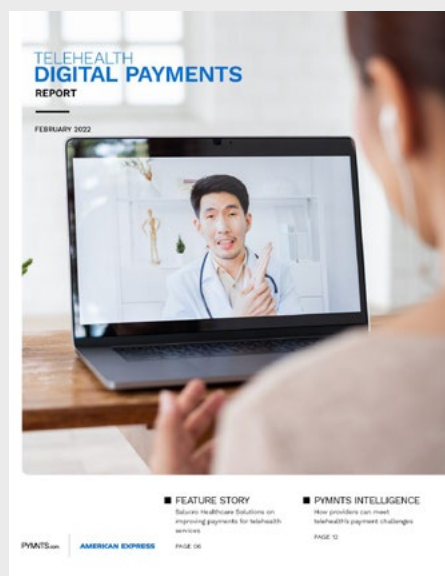
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## ACKNOWLEDGMENT

The B2B Digital Payments Tracker® was produced in collaboration with American Express, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://pymnts.com) retains full editorial control over the following findings, methodology and data analysis.

Read the previous edition



■ FEBRUARY 2022

Telehealth Digital Payments Report

## TABLE OF CONTENTS



### 04 EDITOR'S LETTER

PYMNTS' Thought Leadership Team on how FIs are falling behind on digital B2B payments solutions adoption and how they catch up quickly to attract and retain corporate customers



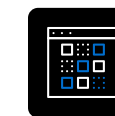
### 06 FEATURE STORY

An interview with Michael Vittum, senior manager and go to market lead for payments and commerce for HubSpot, on some of the ways that technology can be used to improve the B2B buyer experience



### 10 Q&A

Insights from Trina Dutta, vice president and general manager, B2B payments automation, global commercial services for American Express, on how businesses can address B2B digital payment pain points



### 12 PYMNTS INTELLIGENCE

An in-depth look at how FIs are working to improve their digital payment offerings for businesses of all sizes and how digital technologies and automation are creating greater flexibility in B2B payments to help businesses better serve customers



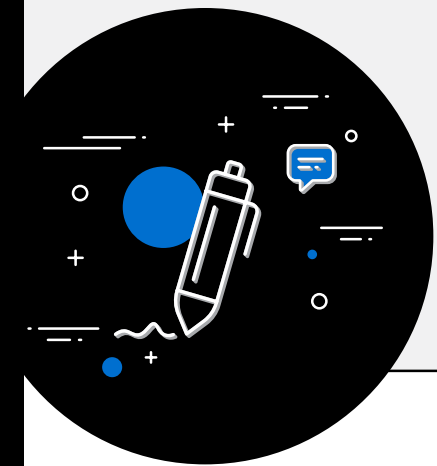
### 16 NEWS AND TRENDS

The latest B2B digital payments ecosystem headlines, including why most FIs say their current tools are not enough to meet the demand for robust digital B2B payment solutions and how EU-based B2B manufacturers plan to invest in digital transformations in the coming years to tap into new revenue streams



### 22 ABOUT

Information on PYMNTS.com and American Express



## EDITOR'S LETTER

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The pandemic has changed some aspects of business operations for the better, so much so that many will remain exactly as they are. The last two years changed the way that businesses and their vendors interact and pay, and the digital transformation that the pandemic forced upon the commerce world has also altered consumers' expectations regarding how they want to pay for goods and services.

Financial institutions (FIs) have worked to meet consumers' needs, but many are lagging when it comes to providing the same seamless, digital experiences for corporate clients. Whether it is delays caused by the onboarding process for new clients or the ability to incorporate payments and invoicing capabilities into the legacy enterprise resource planning (ERP) systems of current partners, FIs are struggling to adopt the technologies needed to keep up with the digital transformations of many of the world's businesses.

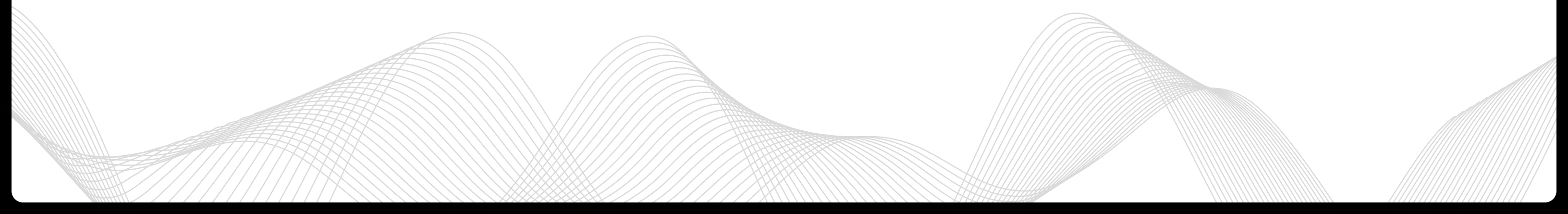
In just one year, the share of business-to-business (B2B) companies that make more than 90% of their payments electronically rose by 12 percentage points, reaching approximately one-fourth of the total B2B payments value in 2020, according to one [report](#). By comparison, PYMNTS' [research](#) found that less than one-third of FIs feel their current digital tool offerings sufficiently ease friction for their clients.

FIs are thus working with their partners to help them accept and process more digital invoicing and payments, streamline accounts payable (AP) and accounts receivable (AR) processes and plan for the future. By becoming not just a bank but also a business partner, FIs can attract and retain corporate clients by helping them maintain satisfying relationships with their own customers. Traditional FIs need to provide the same seamless digital experiences that consumers expect, or smaller and nimbler FIs will take their place.

The B2B Digital Payments Report, a PYMNTS and American Express collaboration, takes a close look at how FIs are working to improve their digital payment offerings for businesses of all sizes and how digital technologies and automation are creating greater flexibility in B2B payments and helping businesses better understand and serve customers.

### THOUGHT LEADERSHIP TEAM

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# HubSpot On How Technology Can Help Improve The B2B Payments Experience



Many companies are looking for ways to better serve and understand the needs of their customers in an increasingly digital-first economy, and B2B customers should be no exception. As automation and digital technology proliferate and physical interactions decrease, it has become more important than ever for businesses to offer a frictionless experience along with top-notch customer service to both consumers and B2B partners.

“Buyers of B2B technology expect to have the same quick, seamless experience that matches [business-to-consumer] experiences offered by companies like Amazon or DoorDash,” Michael Vittum, senior manager and go to market lead for payments and commerce at [HubSpot](#), told PYMNTS in a recent interview. “The pandemic [has] driven this gigantic shift in buyer behavior, and businesses must adapt to that in the post-pandemic world.”

Some businesses have been slow to adapt, he noted. HubSpot is a customer relationship management (CRM) platform with tools and integrations for marketing, sales, content management and customer service. Vittum said he sees many merchants still using inefficient payment processes that lead to a number of frictions.

“I think companies have to have a level of comfortability in adopting new processes,” he said, “[but] change is scary, especially a change in how an organization handles its money.”

One of the problems with antiquated B2B payment processes, he said, is that outdated systems still rely on manually processing invoices and paper checks. Such methods not only open the door to errors but also miss the opportunity to capture valuable customer data and measure trends and patterns because they cannot integrate this information directly into AP and AR systems. This data, Vittum said, is the key to both streamlining and personalizing the B2B buying experience.

## IMPROVING THE CUSTOMER EXPERIENCE WITH DIGITAL STREAMLINING

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“We see three core pain points in businesses: poor buying experience, wasted time and lost or delayed revenue,” Vittum continued. “Seventy percent of B2B buyers found their latest purchase to be complex or difficult.”

Vittum attributed much of the problem to a fragmented business approach, citing the current multitude of tools often being used in business transactions. Front- and back-office processes have a tendency to be separate at many companies, he explained. One tool is used to sign a contract, another is used to pay an invoice and still others connect to order fulfillment and other back-office processes.

Business customers demand that their time be valued and prefer a frictionless experience. To achieve this, Vittum said, companies must centralize the collection of customer data, including payments data, to create a more unified buyer experience. A robust CRM platform with all these tools in one place can help streamline the B2B buying process.

This digital streamlining of the payments process not only makes for greater efficiency and a smoother experience but it can also pay dividends by providing a better understanding of customers’ needs and buying habits, allowing companies to serve them better in the long run. Digital payment solutions can integrate directly into a CRM platform, enabling customer service and sales teams to generate a full view of their customers by their habits and preferences. This, in turn, can allow for more personalized sales interactions — an increasing necessity in both B2B and consumer-facing customer relationships.

“Bringing commerce into the CRM helps you provide a complete view into the customer journey,” Vittum explained. “If I’m a [customer service or sales] representative, I can go in, look at the history and see that they purchased X, Y or Z or that they seem to be on, say, a quarterly cadence for purchasing, and that this is a good time to reach out [to] offer them something else. I think it just empowers [customer service professionals] to do their job a lot better.”

Vittum said the pandemic prompted many companies to increase both the speed of their digital transformations and the money they were willing to spend on them. While upgrading payments and CRM systems can be expensive, B2B buyers now expect a seamless experience, and companies can no longer afford not to upgrade. Incorporating eCommerce into CRM promises to do a lot more for businesses than improve efficiency: It can strengthen B2B partnerships and loyalty, adding to the bottom line.





# Q&A

**TRINA DUTTA**  
Vice President and General Manager,  
B2B Payments Automation,  
Global Commercial Services

**AMERICAN EXPRESS**

## What are some of the pain points businesses experience that create the need for technology advancements in B2B digital payment technologies?

Many businesses still manage an inefficient and manual process when making B2B payments. In fact, more than 40% of B2B transactions in the U.S. are still paid for with paper checks, which can be time-consuming and costly for both buyers and suppliers. Automation technology and integrations that enable buyers to seamlessly deliver payments coupled with streamlined, ‘hands-free’ payment processing and reconciliation for suppliers are starting to change the B2B payments game. For many businesses, an important part of adopting these technologies is access to a trusted partner that can help them find the right solution tailored to their needs and existing processes and support the change management and onboarding required to make the transition a success.

## Looking to the future, what are some of the ways that you think technology will be used to improve the B2B buyer experience? In what kinds of use cases or verticals can we expect to see the most technology adoption?

Businesses increasingly look to us for insights to support smarter spending across their payables file. B2B networks contain robust data around invoice and payment timing and delivery preferences that we can tap into to optimize transactions between buyers and suppliers. In conjunction with payments automation software, we can provide buyers [with] a single solution that enables delivery of these payments across rails. While we anticipate adoption across a broad set of use cases, manual workflows are especially prevalent for many companies in [the] manufacturing, construction and service industries, which rely heavily on paper-based processing today. Increased investment in connection [with] industry-specific accounting and planning systems, along with data-driven technologies, will drive further adoption in these verticals.

# Modernizing The Digital Payments Process For B2B Clients

**T**hough many businesses provide agile and secure payment methods for consumers, the pandemic exposed significant discrepancies in their abilities to provide the same to B2B clients. Consumer sites such as Amazon and DoorDash had already gained traction and could quickly adapt to serve an audience now choosing to avoid in-person shopping experiences. Yet, the same could not be said for B2B analogs, and B2B payments and purchases have lagged behind the consumer market in automation and speed. The proliferation of global ventures and cross-border businesses has raised the stakes, creating a pressing need to modernize B2B payments and streamline associated processes.

PYMNTS' [surveys](#) of FIs found that the pandemic intensified the friction their B2B clients experience managing invoicing and payments. FIs said their clients report numerous financial management pain points, including slow underwriting (15%), general invoice reconciliation (14%) and working capital management processes (11%). Our [research](#) also found that significant pain points CFOs experienced revolved around the need to improve cash flow management by digitizing AR and AP systems.

To their credit, FIs recognize the need to meet these challenges. FIs accustomed to handling transactions in person or in hybrid interactions are aware of the need to offer business clients high-quality mobile and digital-first payment tools.

However, an increased number of solutions for secure, convenient and simple facilitation tools have entered the space, yet the major pain points for B2B transactions have worsened in the past two years.

FIs must improve digital transformation efforts to meet their client needs or risk losing business to the smaller and nimbler FinTechs that continue to proliferate every year.

This month, PYMNTS looks at how FIs are working to improve their digital payment offerings for businesses of all sizes and how digital technologies and automation make B2B payments more flexible and help businesses better understand and serve customers.

## HOW FIs CAN DIGITALLY TRANSFORM ALONGSIDE B2B CLIENTS

What needs to change to ensure that FIs serve their corporate clients satisfactorily? FIs need to shed the old-school way of providing their services exclusively in person and meet their clients where they do business most — online or in digital channels on electronic devices. They should offer the digital features that consumers have become used to, including instant payments and refunds and embedded finance abilities.

PYMNTS' [research](#) found five key digital features that FIs could add to their online experiences that would help alleviate their clients' pain points. These are the ability to offer supplier portals and improve access and shareability for cash flow data and other critical data in real time. In addition, many organizations desire a simple and integrated AP and AR system, real-time cash flow management and easier payment integration with legacy systems, including ERP systems.

Unfortunately, FIs have been slow to respond. While two-thirds of FIs said they recognize the need for more digital features, just three out of 10 think their current digital offerings provide the tools their clients need. Businesses had transformed their B2B digital payments capabilities almost overnight during the pandemic, yet the share of B2B companies that make more than 90% of their payments electronically rose by just 12 percentage points, reaching approximately one-fourth of the total B2B payments value in 2020, according to one [report](#).

Many of the world's largest companies are looking to continue transforming their digital payment processes in the future — in turn, meeting their clients' and vendors' expectations. As a result, they want their FIs to not just help them with cash management but also serve as a business partner that can help them succeed. While many companies still use checks as a preferred way of payment, for instance, payments made with cards

and other digital means continue to gain popularity. A recent [survey](#) of finance executives found that 64% intend to make more digital payments in the next year, and 32% of respondents have implemented some form of AP automation.

Digitizing AP and AR can create more efficient processes for customers and suppliers, facilitating repeat business, improved loyalty and positive reputations for the businesses that serve them. These businesses demand the same from their FIs. Offering easy-to-use and alternative payment methods can help provide early payments to vendors, cash flow transparency and better financial health overall.

There is no doubt that digital transformation among businesses will continue, and the most successful FIs will be the ones that anticipate these moves and transform with them. In some cases, the survival of the traditional FI depends on it.





# NEWS & TRENDS

## B2B DIGITAL PAYMENT TRENDS

### CURRENT DIGITAL B2B PAYMENT CAPABILITIES FALL SHORT FOR FIs

While most FIs recognize the demand for robust digital B2B payment solutions, many say their current tools are not enough to meet their clients' needs. Recent PYMNTS [research](#) found that while two-thirds of survey respondents acknowledge the need for new digital payment solutions, 30% say their existing solutions are "very" or "extremely" effective in dealing with B2B payments frictions. Sixty-four percent of FI executives are "very" or "extremely" willing to embrace new technologies to facilitate the consumerization of B2B payments, demonstrating a commitment to improving their clients' B2B payments experiences.

Survey respondents shared a list of five key features to address common B2B pain points, including offering supplier portals and the ability to access and share cash flow and other critical data. Other items on the wish list include easy payment integration with ERP systems, real-time cash flow management and simple, integrated AP and AR systems.

### USE OF PAPER CHECKS FOR B2B PAYMENTS HAS DROPPED IN FAVOR OF ACH, STUDY FINDS

Organizations have used fewer paper checks in the last four years in favor of automated clearing house (ACH) and other digital channels, according to a new [study](#) from the Association of Financial Professionals (AFP). The study found that a typical organization processes between 500 and 999 checks per month, compared to 1,000 to 1,999 outgoing payments with ACH credit. This share was reversed in 2015 when the number of checks processed per month was between 1,000 and 1,999, and ACH credit payments were between 500 and 999.

The AFP survey reflects the acceleration of electronic payment adoption fueled by the pandemic and remote work trends. Some 92% of AP professionals said that increased efficiency was the driving factor for switching to electronic payments, while 82% indicated that cost savings were a major consideration. Despite the knowledge that processing paper checks is more expensive than electronic payment methods, 92% of organizations still accept them, and 37% of all respondents said they would continue to use paper checks no matter the cost.



## DIGITIZATION EFFORTS

### **MOST EUROPEAN B2B MANUFACTURERS PLAN TO INCREASE DIGITIZATION BUDGET, SURVEY FINDS**

B2B manufacturers in the European Union plan to invest in digital transformations in the coming years that allow them to tap into new revenue streams. A recent [survey](#) of 50 B2B manufacturers in the EU showed that approximately 83% plan to increase their budget as much as 20% to put toward digital business strategies. Twenty-four percent indicated the reason for digitization included the need to create new business models, and 19% wanted to improve productivity and reduce costs by leveraging digital tools.

The survey found that 58% of respondents are currently using eCommerce solutions, and approximately 59% said they were using digital marketing tools to generate more leads and sales. Many of those surveyed also said they seek solutions geared toward simplifying the sales process for the manufacturer and its customers.

### **ECONOMIC CONCERNS LINGER FOR FINANCIAL EXECS, BUT DIGITAL STRATEGY INVESTMENTS OFFER HOPE**

Economic impacts created by the pandemic continue to concern finance executives worldwide, but many feel optimistic about the future and plan to invest significantly in digital technologies to help drive new revenue growth and simplify business processes, according to a recent [report](#) of more than 300 financial executives regarding the pandemic's continuing impact. Notably, 21% of respondents said it is "likely" economic factors will significantly impact their budgets this year, down from 39% in 2021, indicating signs of hope from organizations.

As far as the current state of digital technology adoption, 56% said that 50% to 89% of their organization's overall AR are received via digital payments, up from just half of respondents in 2021. Some obstacles remain, however, with 28% indicating the top technology issues finance operations faced include automating or updating billing systems and processes. Concerns still permeate the process of switching to digital payments, and 47% said the risk of cybersecurity attacks and payment fraud was their top concern.

### **LACK OF AUTOMATION HINDERS 79% OF AP PROFESSIONALS, FUELS FRAUD CONCERNS, SURVEY SHOWS**

A recent [survey](#) has uncovered some of the biggest reasons for automating accounting processes. Automation in accounting processes makes day-to-day tasks simpler. Approximately 81% of respondents indicated that automation had made their auditing processes easier during the pandemic, mainly due to accounting teams working remotely. Lack of automation hindered 79% in some way, and overall, 78% said they believed AP automation was the key to improved remote working.

Communication within AP departments improved due to automation, according to 79% of respondents, who said that their automated AP platform is effective at spotting potentially fraudulent billing or payments. More than three-quarters said automation freed up time to focus on more high-level tasks, and 76% of teams that had automated AP functions reported greater productivity and less overtime. Organizations indicated that automation is ongoing as they start to see the benefits of digital processes.

# Fixing the friction points

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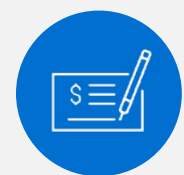
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Less than one-third of FIs see the digital solutions they offer as “very” or “extremely” effective in meeting their B2B clients’ payments needs.

## Pain points between FIs and clients

Financial institutions acknowledge the many frictions that B2B clients face in their B2B payments processes and the need to streamline these payments.

### Share of FIs indicating the most important problems corporate customers experience when paying suppliers



9%

Invoice reconciliation



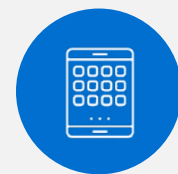
15%

Inability to offer supplier portals



8%

Payment integration with ERP systems



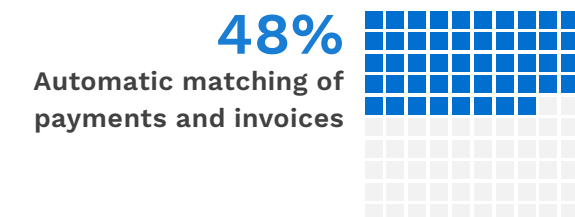
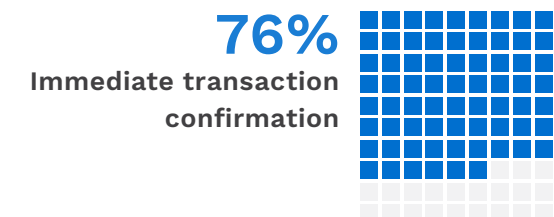
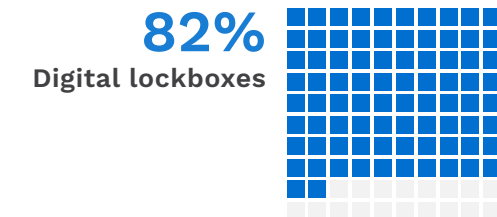
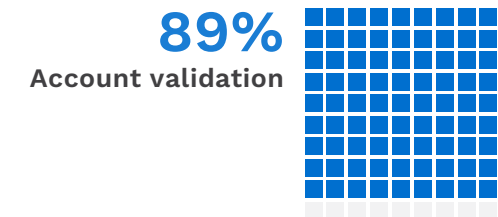
6%

Inability to manage with mobile apps

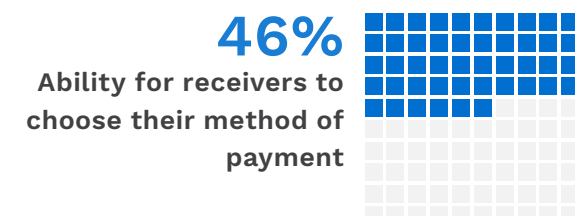
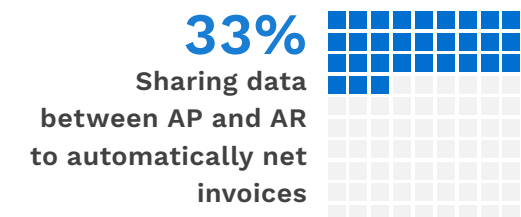
## Helping to ease the burden

Approximately 64% of FIs are “very” or “extremely” willing to adopt new technologies to lessen the friction clients experience.

### Share of FIs offering select digital solutions to corporate clients to help streamline management of payments flows



### Share of FIs currently working on or planning to work on select digital solutions for corporate clients, by solution



# B2B DIGITAL PAYMENTS

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PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way in which companies in payments share relevant information about the initiatives that shape the future of this dynamic sector and make news. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovation that is at the cutting edge of this new world.

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