

# Building Better B2B Relationships Through Payments Innovation

August 2024

*By contributing to delays and cash flow challenges, legacy payments and accounting processes can sow seeds of dissatisfaction in B2B interactions, possibly placing their longevity at risk. Could automated and instant payment solutions be the foundation of a long and successful B2B relationship?*

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Timely and reliable payments are fundamental to strong business-to-business (B2B) partnerships and are especially critical for small to mid-sized businesses (SMBs) on the receiving end. However, the continued use of paper payments and manual accounts payable (AP) and accounts receivable (AR) processes often leads to payment delays and poor communication, threatening the trust and two-way efficiency vital to these connections. Adopting automated AP/AR solutions and real-time payments offers an opportunity to turn the frequent friction of B2B payments into lasting buyer-supplier relationships and steady income streams. Seizing this opportunity fosters not only good financial management but also good customer relations for solid future growth.

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## Payment Problems Can Strain B2B Relationships

*Inefficient manual payments are putting businesses in a tight spot and can place strains on B2B relationships. The need for AP/AR automation grows ever more pressing.*

Payments are at the heart of B2B relationships.

**42%** of businesses globally reported an average **DSO** exceeding 60 days in 2023.

Small businesses depend heavily on timely payments and are especially vulnerable to protracted payment delays. However, in 2023, the surge in the average **days sales outstanding** (DSO) — how long it takes a business to get paid for services rendered — was nearly twice that in 2022, marking the largest increase seen since 2008. By the close of 2023, 42% of firms had agreed to payment terms exceeding 60 days, with 6% facing a DSO that eclipsed 120 days.

**Longer payment terms** are not an anonymous market condition: B2B buyers are asking their suppliers for these terms because they themselves are squeezed by slow payments, high inflation and other market factors. Still, nearly 60% of receiving businesses say that longer payment terms are forcing them to turn to alternative sources of **working capital** other than their sales to fuel growth. This lack of equilibrium could jeopardize **B2B relationships’** long-term continuity.

### Legacy payments do damage on both sides of the ledger.

A chief culprit in late payments is the continued reliance on slow, frustrating paper payments and **manual accounting processes**. These legacy payments hamper the work of AR teams, threatening cash flow. What isn’t immediately apparent, however, is that these methods also create problems for AP. More than 80% of SMBs in a recent survey said that **automation** is an essential tool for daily financial management. Manual AP leads to difficulty and delays in handling higher transaction volumes via paper checks, which are costly and time-consuming to produce and send. In addition, poor communication channels surrounding invoice approval and payment processing can exacerbate the problem, leading to seemingly never-ending **disputes** between buyers and suppliers. Buyers risk their **supply chains** when they do not meet suppliers’ expectations for fast and seamless payments. Automation offers solutions that are beneficial to both sides of the B2B equation.

## Automation and Instant Payments: Forging Stronger B2B Bonds

*Automation, virtual cards and digital payments are becoming cornerstones of B2B payments, with businesses increasingly recognizing their role in strengthening buyer-supplier relationships.*

Automated solutions bridge the divide between AR and AP.

Good communication is the basis of any effective relationship, and B2B partnerships are no exception. Suppliers’ AR teams must be able to collaborate with buyers’ AP teams to ensure the smooth and swift processing of invoices and payment. However, **communication gaps** in legacy payment systems frequently short-circuit these connections. A 2023 study revealed that disputes and lapses in communication between B2B partners result in \$4 million in outstanding invoices per mid-sized company each month. In 2024, more than 80% of executives say they’ve lost business because of a payment process miscommunication. More than half say it’s happened on more than one occasion.

**80%** of executives say they’ve lost business because of a payment process **miscommunication**.

Automated **self-service payment portals** can offer a collaborative solution by enabling both business partners to communicate in real time within the application to resolve questions and disputes. By closing the B2B communication gap, this technology can eliminate delays and simplify the payment experience. The portals also can automatically offer discounts for payments made before the due date, thus rewarding and incentivizing earlier payment.

### Real-time payments are becoming essential to many B2B relationships.

PYMNTS Intelligence research reveals a strong preference for **instant payments** among SMB receivers, with 66% opting for this method if available. **Freelancers** and contractors have an even higher demand for this method, with 81% expressing a preference for instant payments. Indeed, nearly half of SMBs that receive B2B payments warn that they are likely to sever ties with payers that fail to offer real-time payment options.

Enterprises making B2B payments are recognizing this dynamic, with 58% of payers identifying **payee satisfaction** as the primary reason for offering real-time payments. In the **gig economy** and the transportation sector, real-time payments are increasingly seen as crucial for **worker retention**, with nearly six in 10 enterprises willing to pay fees to offer real-time payments to **gig workers**.

## The ‘Other’ Customer Service: Upgrading B2B Payments for Success

*The “consumerization” of the B2B payments experience is inevitable as businesses in the digital age recognize the need to build loyalty with their “other” customers: B2B partners.*

B2B partners are demanding the same digital payments experience as consumers.

**84%** of **manufacturers** receiving real-time B2B payments report stronger buyer-supplier relationships.

As **consumer payments** in the digital age become ever more personalized and convenient, B2B payments are being pulled in the same direction, making payments innovation a key **differentiator** for both buyers and suppliers in the B2B space. With nearly four in 10 firms still using paper checks to pay for commercial goods and services, B2B payments innovation offers businesses an important opportunity to gain a competitive edge by implementing modern methods such as virtual cards, digital and mobile wallets, real-time payments and artificial intelligence (AI) solutions.

“The market changes over the past few years have really accelerated the adoption of **digitized B2B payments**, which in turn has accelerated innovation in the industry,” Chris Loll, Vice President and General Manager of B2B Product, Partner and Client Management at American Express, told PYMNTS Intelligence in an interview. “If you’re in a situation where your customers are automating and you’re not, you’re basically suboptimizing not just your own return but also their experience.”

Modern B2B payment solutions and platforms deliver greater value, not only by enhancing internal processes but also by optimizing supplier and enterprise customer relationships for long-term profitability.

### Businesses are securing B2B partnerships with real-time payments.

Evidence is growing that real-time payments, for one, are revitalizing buyer-supplier relationships across multiple industries. According to PYMNTS Intelligence research, 84% of **manufacturers** that receive real-time B2B payments report strengthened buyer-supplier relationships as a significant benefit, with 20% calling it the most important reason to use this payment method. This sentiment is echoed by 76% of **retailers** and 82% of **insurers** that receive real-time B2B payments. These findings demonstrate how instant and reliable payments can foster greater trust and collaboration among businesses, underscoring the strategic importance of B2B payments innovation as a driver of success.



“CAPP was able to leverage virtual card technology to help prevent overcharges and payment discrepancies. Now tracking and reconciliation are smooth and fast, and troubleshooting is easy and less time-consuming. One AP has cut down the amount of time it takes for our accounts payable team to actually do their jobs.”

Monte Caplan  
CEO  
CAPP


## Unlocking B2B Efficiency and Trust With Payments Innovation

For business suppliers that are struggling with friction-filled manual AR, automating the process can help them speed and maximize cash flow to thrive in the digital-first economy. Similarly, business buyers can secure their supply chains by automating AP to support their B2B payments. Leveraging **automated tools** and real-time payment solutions reduces the friction in B2B payments, benefiting both partners equally.

PYMNTS Intelligence prescribes the following actionable roadmap for businesses:

- **Automate AP/AR processes and payments.** Deploy tools that automate all accounting processes on both sides of the ledger and offer preferred payment methods such as real-time payments to B2B partners. These tools include advanced collaborative self-service payment portals that provide access to payment data through real-time dashboards and offer comprehensive features for payment dispute resolution.
- **Unify the cash management ecosystem.** Seek unified platforms that streamline cash management tools for simplification of technology providers.
- **Partner with financial technology providers.** Partner with FinTechs and other technology providers to gain access to the latest AP/AR tools and real-time payment solutions, thereby ensuring seamless implementation and continuous support.

In today’s landscape, automated solutions and real-time payments are becoming as much an expectation in B2B payments as they are in consumer payments. Turn one-to-one transactions — whether buyers or suppliers — are unequivocal, granting the power to the benefits to businesses into long-term revenue generation for both parties.



“Delayed payments impact not only business operations but potentially business relationships, too. Automated solutions — like One AP and others available through American Express’ connected B2B ecosystem — can help businesses streamline B2B payments as well as foster strong relationships across the invoice-to-pay process. In short, automated payments create a win-win scenario for buyers and suppliers.”

Trina Dutta  
Vice President and General Manager  
B2B Solutions, Global Commercial Services

### Acknowledgment

The B2B and Digital Payments Tracker® Series is produced in collaboration with American Express, and PYMNTS Intelligence is grateful for the company’s support and insight. PYMNTS Intelligence retains full editorial control over the above findings, methodology and data analysis.

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