B2B and Digital Payments Tracker® Series Report

Cutting the Checks: Boosting Commercial Payment Speed and Security With Virtual Cards

November 2024

Delays and fraud risk can weigh down commercial payments. Find out how virtual cards could unlock secure, seamless transactions and stronger buyer-supplier relationships.

PYMNTS INTELLIGENCE

01 Corporate and commercial payment delays can tie up working capital, inhibit growth and exacerbate inefficiencies. Virtual cards offer a modern solution that minimizes cash flow volatility.

02 Traditional payment methods are increasingly susceptible to fraud, potentially leading to financial loss and reputational damage. By contrast, virtual cards offer built-in, digital safeguards against fraud.

03 Optimizing cash flow and minimizing operational friction are critical to maintaining long-term B2B relationships. Virtual cards check all the boxes for companies looking to streamline operations while increasing customer and supplier satisfaction.

04 PYMNTS Intelligence interviews Dean M. Leavitt, Founder & CEO of Boost Payment Solutions, on how virtual cards and straight-through processing offer clear benefits to accounting teams on both sides of the ledger.

Inefficiencies in business-to-business (B2B) and other types of commercial payments continue to compromise firms' financial footing. Traditional paper-based and manual payment processes present a host of challenges, ranging from delays to fraud threats. These obstacles risk not only disrupting day-to-day operations but also placing strains on buyer-supplier relationships.

Virtual cards offer firms a streamlined, secure and modern payment alternative, helping to eliminate many of these pain points. By minimizing delays, reducing fraud risk, and improving efficiency, virtual cards can help businesses stabilize cash flow and strengthen B2B relationships.

Delays: The Cost of Traditional Commercial Payments

Corporate and commercial payment delays can tie up working capital, inhibit growth and exacerbate inefficiencies. Virtual cards offer a modern solution that minimizes cash flow volatility.

B2B payment delays remain a struggle for U.S. firms.

59%

of AP leaders would consider switching to a supplier that accepts **virtual card payments**.

Nearly three in five United States businesses contend with late B2B payments, with one-third enduring delays exceeding 90 days. A chief culprit of the problem remains the paper-based, manual methods most firms continue to use for these payments. According to a 2024 survey, 75% of companies still use paper checks. PYMNTS Intelligence research finds that middle-market businesses use an average of four payment methods to pay suppliers. The 36% of firms that rely primarily on paper-based payments say these methods directly hinder their growth opportunities.

Virtual cards offer solutions for B2B and other types of commercial payments.

Virtual cards are digital versions of traditional credit or debit cards that offer enhanced flexibility and security for corporate payments. The cards can be configured with spending limits for single or specific types of transactions. As such, virtual cards not only can streamline the B2B accounts payable (AP) process but also enable quick, secure online payments for other types of corporate purchases. These may include travel expenses, office supplies and equipment. Moreover, the cards' real-time tracking and reporting capabilities can lead to improved expense management and control over corporate spending.

The virtual card solution has yet to be fully tapped.

Heads of payments say that fast and convenient payment methods like virtual cards boost the bottom line. One way they do this is by enabling buyers to capture suppliers' early payment discounts. They also promote growth by improving cash flow forecasting and building trust with suppliers.

Despite these benefits, only 18% of middle-market firms reported using virtual cards in the last year. Just 3.3% adopted the cards as their primary payment method. This represents a significant missed opportunity for companies to reduce their reliance on paper checks. One barrier to greater use may be supplier resistance, with 52% of AP leaders having encountered vendors that refused virtual card payments. This reluctance could prove costly, however, given that 59% of AP leaders are prepared to switch to suppliers that accept virtual cards.

Virtual Value: Mitigating Fraud Risk

Traditional payment methods are increasingly susceptible to fraud, potentially leading to financial loss and reputational damage. By contrast, virtual cards offer built-in, digital safeguards against fraud.

B2B payment fraud attacks are on the rise.

Multiple studies confirm that B2B payment fraud is a growing problem. In its 2024 fraud survey, the Association for Financial Professionals reported that 80% of organizations were targeted by payment fraud last year, up from 65% the previous year. Another study reported that 37% of companies experienced more B2B fraud attacks in the last year than in the previous one. This compared to only 27% saying they had not. Yet a third report disclosed that invoice fraud alone imposes an average annual cost of $280,000 on middle-market companies.

37%

of companies said they experienced more **B2B fraud** attacks in the last year than in the previous one.

The persistence of legacy, paper-based payment methods directly feeds this risk. Paper checks remain the top source of fraud vulnerability, with 65% of organizations confronting check fraud in 2023. The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) further reported $688 million in theft-related check fraud losses over a recent six-month period. In addition, for 30% of the businesses victimized by payments fraud last year, recovery of lost funds proved impossible.

Manual payment processes muddy the picture of fraud risk.

In addition to paper checks' known risks, businesses are subject to unknown risks due to manual payment processes' poor transparency. A June survey reported that 48% of firms have no idea just how many fraud attempts they faced last year. More than half are unable to determine fraud's financial toll on their organizations. Researchers attributed these blind spots to the fact that 26% of businesses still rely on manual or semimanual payment processes. Ultimately, manual systems are ill-equipped to manage the rapidly evolving landscape of fraud schemes.

Virtual cards harden the security of B2B payments.

Unlike these legacy payment methods, virtual cards offer a preventive solution with digital safeguards against fraud. Because they exist only in digital form, virtual cards eliminate the need to carry plastic cards and thus the potential for loss or theft. Their usage specifications and temporary nature, moreover, reduce the risk of unauthorized use. As security concerns grow, more businesses are recognizing virtual cards' value. Nearly six in 10 AP leaders already leverage virtual cards to manage risk and control spending through merchant-specific restrictions. More than half (52%) of AP leaders implement usage limits to prevent unauthorized charges. Virtual card solutions such as those from American Express replace physical card numbers with secure digital alternatives. These initiatives reflect the growing demand for greater control and security in B2B payment experiences.

Bolstering Cash Flow and B2B Relationships With Virtual Cards

Optimizing cash flow and minimizing operational friction are critical to maintaining long-term B2B relationships. Virtual cards check all the boxes for companies looking to streamline operations while increasing customer and supplier satisfaction.

Virtual cards offer greater certainty in B2B payments.

80%

of **B2B buyers** favor working with vendors that accept virtual cards for payments.

Recent PYMNTS Intelligence research reveals that virtual cards help provide cash flow certainty, directly benefiting accounts receivable (AR). AR uncertainty regarding payment timing can introduce significant cash flow volatility, compromising financial forecasting accuracy and straining business operations. Middle-market firms using virtual cards are less likely to report payment collection challenges compared to nonusers. As a result, nonusers forfeit nearly twice as much revenue due to payment uncertainties.

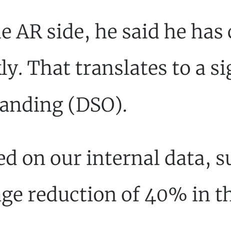
Virtual cards also yield operational advantages. By eliminating the need to chase payments, they allow businesses to improve productivity through staff reallocation to higher-value activities. Predictable cash flow also enables better working capital management and more informed investment decisions. Virtual cards thus not only simplify collections but also facilitate a broader transformation in operations and financial health.

Virtual cards drive both customer and vendor satisfaction.

For buyers, virtual cards offer greater security and spending controls. It is no wonder that 80% of B2B buyers prefer working with vendors that accept these cards. However, the benefits go both ways. For suppliers, virtual cards offer faster payment processing compared to paper checks and simplified invoice reconciliation. Moreover, 54% of AR leaders acknowledge that not accepting virtual cards can negatively impact the buyer experience and potentially harm long-term partnerships. With 64% of vendors already reporting lost revenue due to nonacceptance of virtual cards, there is every reason for both parties' swift adoption of the method.

An Insider on How Virtual Cards Boost Payments

PYMNTS Intelligence interviews Dean M. Leavitt, Founder & CEO of Boost Payment Solutions, on how virtual cards and straight-through processing offer clear benefits to accounting teams on both sides of the ledger.



*"**Based on our internal data,** suppliers who are accepting card payments via the Boost network see an average reduction of 40% in their DSO. It's truly a cash flow win-win."*

Dean M. Leavitt
Founder & CEO
boost

Virtual cards offer cash flow benefits for both payables and receivables.

Leavitt told PYMNTS Intelligence in a recent interview that virtual cards are one of the best tools CFOs can have in their cash flow toolkits. That applies to both AP and AR.

On the AP side, utilizing a commercial credit card for making invoice-based payments provides an automatic extension of working capital. This allows buyers to pay suppliers on time while still extending days payable outstanding (DPO) by up to 60 days.

On the AR side, he said he has consistently seen that suppliers accepting card payments get paid more quickly. That translates to a significant reduction in the key financial health metric of days sales outstanding (DSO).

"Based on our internal data, suppliers who are accepting card payments via the Boost network see an average reduction of 40% in their DSO," he said. "It's truly a cash flow win-win."

Virtual cards and STP enhance B2B payment security.

According to Leavitt, data has shown that virtual cards are one of the most secure methods available for B2B payments. This means they result in significantly lower rates of both attempted and successful fraud.

This inherent security, combined with the end-to-end automation of straight-through processing (STP), meaningfully limits the potential attack surface, he said. He explained that when a payment is processed via the Boost solution, the card data never enters the supplier's system. Instead, it is sent directly to the company's secure platform, where it is automatically unpacked and processed. Additionally, all the payments are buyer-initiated, so they are preauthorized.

"I am proud to say that we have processed tens of billions of dollars of B2B volume with no successful fraud or chargebacks," he said.

Contrary to misconception, virtual cards are a substantial cost saver over traditional payment methods.

One of the biggest misconceptions about virtual card acceptance, Leavitt said, is that it costs more than traditional payment methods.

"I have found that a lot of companies struggle to understand how much it actually costs them to get paid," he said.

He explained that although firms perceive checks or automated clearing house (ACH) as "free," that is frequently not the case. There are operational costs associated with processing these payments and reconciling them in enterprise resource planning (ERP) systems. Often these costs are significantly higher than the transactional cost of digital card acceptance.

"A comprehensive STP solution like virtual cards provides end-to-end automation and data reconciliation, eliminating all the operational expenses associated with manually processing payments," he said.

Virtual cards can improve relationships with both vendors and customers.

Leavitt also touched on how virtual cards can streamline the user experience — boosting both customer and vendor satisfaction.

Buyers expect to be able to use their preferred form of payment, he noted. Suppliers that offer a variety of payment options and simplify the payment process can significantly improve overall customer satisfaction. This naturally paves the way to longer relationships and higher overall lifetime customer value.

"B2B buyers and suppliers expect a seamless purchasing and payment experience — and are willing to move their business to get it," he concluded.

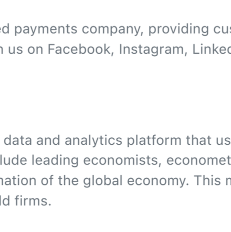
Modernizing B2B Payments: A Virtual Card Action Plan

Traditional payment methods, while long-standing, struggle to keep pace with the demands of a digital-first B2B ecosystem. Businesses relying on these outdated methods face increasing risks of payment delays, fraud and operational inefficiencies. These challenges threaten cash flow and critical buyer-supplier relationships. Virtual cards, by contrast, offer a streamlined and secure alternative that minimizes payment friction. This modern solution empowers businesses to cultivate trust with partners, optimize working capital and future-proof their payment strategies.

PYMNTS Intelligence prescribes the following actionable roadmap for businesses ready to optimize their B2B payments:

- **Analyze payment flows.** Identify inefficiencies and costs associated with manual processing, late payments and the risk of fraud. Build a business case for virtual card adoption tailored to your organization's specific pain points and financial goals.
- **Choose the right virtual card partner.** Select a provider with robust security features, wide acceptance networks and scalable solutions. Ensure compatibility with your financial technology ecosystem. Verify that the provider offers comprehensive onboarding support and ongoing technical assistance to ensure successful implementation and optimization.
- **Implement strategically.** Segment suppliers by transaction volume and existing digital payment capabilities. Launch a pilot program with high-volume suppliers receptive to virtual cards. Develop targeted value propositions highlighting benefits such as faster payments, reduced risk of fraud and automated reconciliation. Design a phased rollout plan for the entirety of your supplier network.
- **Integrate with existing systems.** Assess ERP and AP/AR software compatibility with virtual card solutions. Prioritize providers offering application programming interface (API)-based integration, real-time transaction visibility and automated reconciliation. Implement artificial intelligence (AI)-powered analytics to gain modernized actionable insights from transaction data to better inform cash flow optimization and spend management strategies.
- **Manage organizational change.** Develop a comprehensive change management plan including staff training and supplier communication strategies. Establish clear, measurable objectives for virtual card adoption, such as reductions in processing time and DSO. Regularly assess performance against these goals to drive continuous improvement.

Business is evolving — and payment headaches can no longer be overlooked. Resolving payment challenges today can turn friction into momentum for tomorrow's growth.



*"**We are seeing** businesses use virtual cards more and more because of the enhanced security, budget control, spend tracking and ability to pay suppliers more quickly compared to paper checks. They are also incredibly easy to use, especially when they are embedded in software that businesses are already using to run the business, like AR/AP systems, expense management solutions and travel booking tools — the use cases are vast."*

Widad Chaoui
VP, Corporate Program Product Management

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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PYMNTS Intelligence is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multilingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

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