



ROUNDTABLE THE PAYMENTS EXPERIENCE B2B BUYERS WANT FROM THEIR SELLERS



In collaboration with



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“The B2B payments landscape is uniquely large, and largely unique. Responsible for around US\$125 trillion in annual volume, the B2B payments marketplace is defined by both the status quo and the fact that no two businesses are alike in the ways they prefer to transact.”

Damp Sydney weather was no deterrent for a full turnout of industry professionals – B2B buyers, sellers and service providers – attending the roundtable discussion about “The Payments Experience B2B Buyers Want From Their Sellers”.

Organised by the EPAA, sponsored by TreviPay, hosted by EY and moderated by David Ojerholm of specialist payments consultants, The Initiatives Group, a fascinating multi-perspective discussion ensued stimulated by our expert panel of speakers:

- **Allen Bonde** - Chief Marketing Officer, TreviPay
- **Andrew Scarra** - Country Payments Leader, IKEA
- **Hilary McMahon** - Director, Business Development - Commercial Solutions, Mastercard
- **Joanne Walker** - Lead Partner, Oceania FSO Tech Consulting, EY
- **Paul Burke** - National Development and Technical Manager, NTI

Consumer payments experience, B2B complexity

Consumer payments are convenient, why can't B2B payments be the same?

Every B2B buyer is a consumer and, even though the value of commercial payments is far greater than consumer payments, there can be a tendency to bring our consumer payments experiences and expectations to the B2B payments environment.

That's limiting. By their very nature B2B payments can be far more complex, having to cater for requirements such as an expectation of 30-day account payment terms, invoice and payment reconciliation processes, and a range of systems integrations which could include ERP systems, accounting platforms, and even travel expense management programs.

Looking at what B2B buyers expect

In a 2023 US/UK Murphy Research Report commissioned by Trevipay, sellers were found to fall short in 3 areas: inefficient processes, inaccurate invoices, and slow onboarding.

Other key takeaways from this research included:

- 80% of respondents stated the ability to pay using their preferred payment method was very important or extremely important.
- 85% of respondents want to pay with trade credit and 45% would buy more if offered trade credit.
- 80% of respondents stated integration with ERP Platforms was very important or extremely important.



In further discussion, it was suggested that, in general, “payments (as a) strategy” is not high on the agenda for corporates who are locked into existing ways of making and accepting payments – think legacy platforms, batch processing and account-to-account payments within the domain of finance and treasury departments.

What B2B payments capability offer sellers

B2B payments capability offers different things to different sellers – influenced by the industry’s structure and the buyers that they service. The greater the proportion of small business customers, the likelihood of a greater demand for consumer style payments solutions.

Notwithstanding, aside from the potential process improvements, the roundtable participants also discussed:

- opportunities to reduce the costs and effort around accepting payments;
- payments offering business development advantages and possibly leading to greater customer acquisition, retention and subsequent sales & revenue improvement.

Even within our forum group we had “real life” examples:

- A retailer who was unable to win corporate and government contracts, thus missing out on sales, as their consumer payments-based platform was unable to offer 30-day account payment terms;
- A B2B service provider who had introduced monthly premium payments that reduced large annual fees to easier to digest monthly charges. This was done not only for customer convenience, but also as a customer retention strategy.

Are commercial, corporate and B2B virtual cards the solution?

Cards are an important, but not the only, part of the solution. Our experience using cards for business expenses are well developed – spending in categories such as:

- travel & entertainment;
- purchases of office supplies
- monthly insurance premiums, and mobile phone bills (particularly amongst SMEs, who like the opportunity for up to 55 days to pay);
- the use of virtual “lodge” cards in the accommodation industry.

In addition, commercial card platforms are widely integrated with ERP, expense reporting data and travel management systems, with such integrations streamlining payments, administration and control.

Notwithstanding, there is a lot of upside for card use in B2B payments – in 2017 it had been estimated that cards could be used for approximately 5% of business expenditure, but that cards were only being used for less than 20% of this potential spend.



Since then, card schemes have developed services such as “B2B Payment Hubs” to encourage and enable more streamlined B2B payments. Even with such initiatives it is likely that card use for B2B payments remains in the minority.

Complexity and Technological Advancements

Dissection of the inherent complexities of contemporary payment systems, while also exploring the transformative potential of technological advancements in streamlining processes and mitigating operational challenges is essential when understanding the B2B buyer experience. Artificial Intelligence (AI) has emerged as a prominent tool for enhancing payment efficiency and customer experience, albeit accompanied by nuanced considerations regarding data privacy and cybersecurity risks.

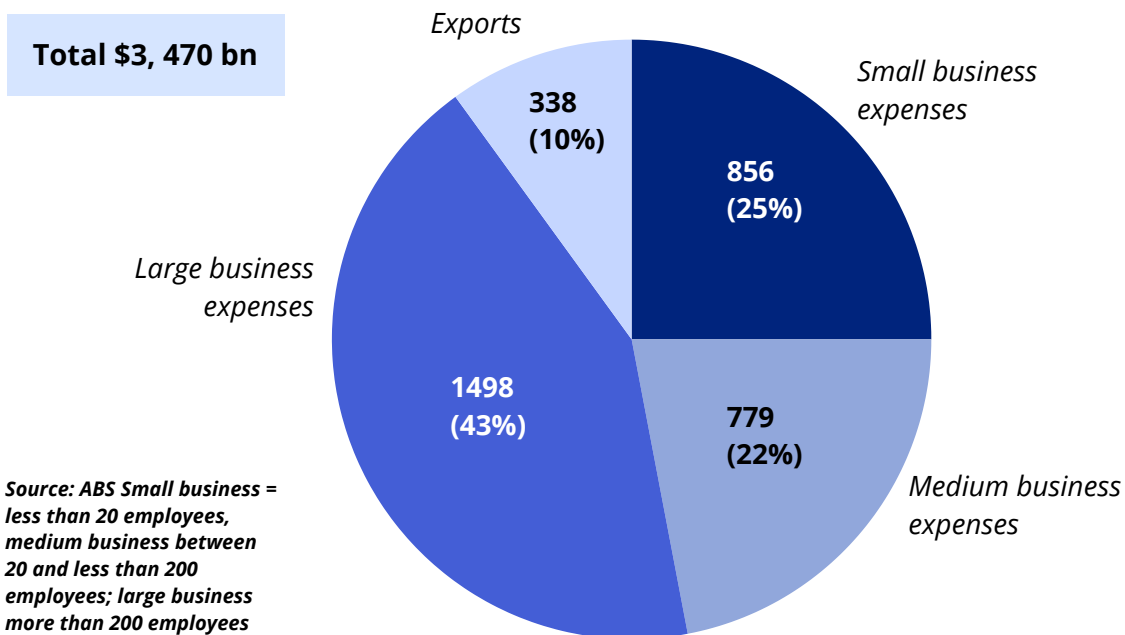
As businesses navigate the intricacies of digital payments, robust security protocols and proactive risk management practices emerge as indispensable prerequisites for safeguarding financial integrity and preserving consumer trust in an increasingly interconnected digital ecosystem.

One size does not fit all

“Don’t come to us with a payments solution that works in the insurance category and expect it will work for our type of insurance business.”

There are many ways to segment markets. A rudimentary (and overly simplistic) way is the size of buyer businesses. Based on business size, the chart below shows the value of Australian commercial payments in all categories is substantial.

Commercial Payments in Australia (\$bn)



However, aspects such as the number of businesses in each category, and the average transaction size, payments preferences and needs of businesses will undoubtedly differ.

Again, from the 2023 [Murphy Research Report](#):

“B2B buyers aren’t a monolith. They require a variety of payment options just like consumers, with trade credit (net terms) reigning supreme for many. Offering flexible invoicing schedules (30,60, 90 days) is a major plus. But don’t neglect credit cards or other digital payment methods for smaller transactions.”

Delivering on multiple sets of needs

An added complication can be that your B2B customers may be spread across different categories. For example, a large building materials supplier’s customers range from corporate builder clients to small business owner-operators such as tradies – one size does not fit all, and for payments it may be near impossible “to be everything to everyone”. Borrowing terminology from economists, it’s an imperfect market.

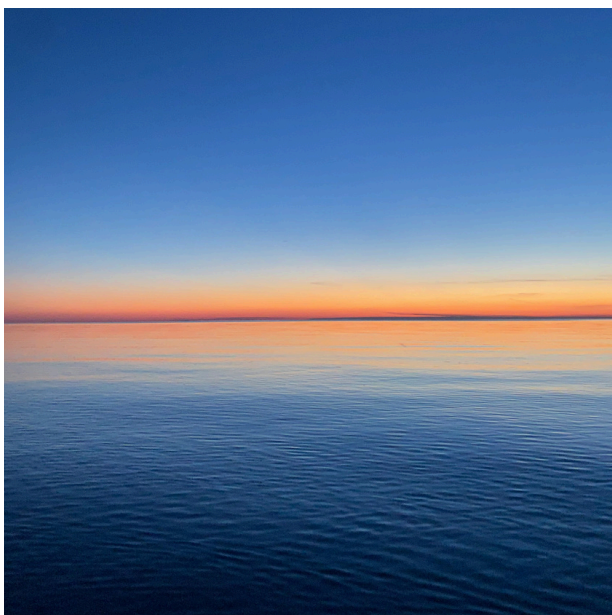
“The demand and supply sides of payments each have their strategies, but without middleware it doesn’t work. Thus the fintech “service layer” holds everything together.”

Whilst new payments methods are contributing to improving the B2B payments environment, legacy platforms and processes can hold things back. In response, and with the added incentive that businesses are more likely to pay for payments solutions than consumers, fintechs are playing a role in bringing the needs of buyers and sellers together without the requirement for either side to radically change their platforms, processes and preferences.



As an example, a service provider client of The Initiatives Group has maintained its existing ERP reconciliation and batch payments processes, whilst at the same time as delivering near real-time payments to its suppliers by utilising a fintech to accept the legacy batch payments file, de-batch those transactions and then send individual payments to small business suppliers using the NPP. Notably this has not been done to reduce costs. Rather, it has been done to enhance the service provider's revenue through delivering competitive advantage via gaining supplier loyalty ... this payment strategy has been driven by the sales and marketing team.

Future Ambitions and Infrastructure



Looking towards the horizon, participants in the payments industry have ambitious visions for the future trajectory of payment systems, with an emphasis on the imperative of global infrastructure development and seamless interoperability across diverse markets and regulatory frameworks. While acknowledging the inherent complexities of catering to diverse customer needs and regulatory environments, it is important to strike a delicate balance between localized customization and global scalability.

By fostering a culture of innovation, collaboration, and strategic foresight, businesses can position themselves as trailblazers in shaping the future landscape of payment solutions and driving sustainable growth in an increasingly dynamic and interconnected global marketplace.

The wrap-up

A far larger category than consumer payments, B2B payments are complex. One size does not fit all, and it is near impossible in B2B payments to be everything to everybody. The needs of sellers and buyers differ by, amongst other things, industry category & structure, the existence of legacy platforms & processes, and the relative sizes of the businesses interacting.



Yet it is the same complexity that encourages the development of accessible solutions, which businesses are more likely to be willing to pay for in return for net cost reduction, improved customer acquisition, customer retention and sales revenue.

About the author **David Ojerholm**



David has 40 years experience in financial services and over the last 6 years has specialised in payments as Partner at The Initiatives Group. His career includes being a founder of Pinpoint, that grew to provide loyalty programs to 25 banks, their 100 million customers and 50,000 merchants, eventually being acquired by Mastercard to become their global loyalty business. Prior to that David worked at Westpac and American Express.

Expert Participants

Moderator



David Ojerholm
The Initiatives
Group

Speakers



Allen Bonde
TreviPay



Andrew Scarra
IKEA



Hilary McMahon
Mastercard



Joanne Walker
EY



Paul Burke
NTI



Grant Johnstone
Independent



James Heape
Conferma



Jim Vrontas
Ant Group



Josh Boyden
Volvo



Kris Rogers
Volt | EML



Mark Hansell
Shaype



Kevin Butler
Zenith Payments



Mathew Lech
Nespresso



Matthew Giannotti
NSW Treasury



Wendy Zhai
Nium



Robert Karlsson
Global Power Energy

We always turn to our Members for Thought Leadership

Thank you



At TreviPay, we believe loyalty begins at the payment. As the most trusted B2B payments and invoicing network, thousands of sellers turn to us to provide choice and convenience to buyers, open new markets and automate accounts receivables. With integrations to top eCommerce and ERP solutions and flexible trade credit options, TreviPay brings 40 years of experience serving leaders across the globe in manufacturing, retail and transportation.