



Legacy vs. Virtual: **Modernizing B2B Payments**



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Organizations are stuck in limbo between legacy and virtual payments

In the world of corporate payments, you don't have to dig too deep to find an organization that still relies heavily on outdated transacting methods.

81%

While consumers have, for the most part, ditched the paper check, as much [as 81% of businesses still use them to settle bills](#) — at least semi-frequently.

Beyond that, it's estimated that [one in every three](#) business-to-business (B2B) transactions are paid via paper check.

Add in a few other common yet expiring methods of payment, like manual invoicing, and even wire transfers, and there's no doubt that these figures would climb.

These numbers beg the question: **Why haven't more businesses adopted an automated and virtual approach to B2B payments?**





The true cost of traditional payment methods

Legacy payment methods cost organizations more than just money. Beyond the cost of paper and postage, antiquated means of sending money create a bigger burden on accounts payable (AP) departments.

The cost to manually process an invoice or paper check varies greatly and can add up quickly. Labor and postage make up two of the most significant cost factors for processing invoices manually.

Here are a couple of other ways that manual payment methods cost businesses:



LOST TIME:

Processing payments manually takes more time — especially when organizations have to post checks through the mail.



LACK OF INTEGRATION:

Traditional forms of payment, like checks, need to be manually entered into backend accounting systems, which is more prone to human error and puts accuracy at risk. In an age of more modern payment options that do this automatically, it isn't the best use of time or resources.

Fraud is a payment trend, and that's bad

Like any other industry, B2B payments experience ebbs and flows of trends.

62%

Among those trends, [62% of businesses say that reducing payment fraud](#) is an urgent concern — more than any other issue.

And yes, while in the grand scheme of things (including consumer payments), paper check use has declined, fraud stemming from the continued use of physical payment methods has [risen dramatically](#), mostly by way of mail theft.

The [New York Times](#) said it succinctly and powerfully: “We can't stop writing checks. And thieves love that.”

Beyond preventing physical theft, virtual payment systems use tokenization technology. This replaces sensitive payment information (such as credit card numbers) with unique tokens, making it very difficult for bad actors to intercept.

Moreover, encryption and multi-factor authentication (MFA) technology offers a second layer of security.





Fact or friction? People want fluid payment experiences

A term that shows up a lot in the payments space is “friction,” and while the [GlobalPayments 2024 Commerce and Payment Trends Report](#) is particularly focused on B2C transactions, it’s difficult not to draw parallels to the B2B payments industry.

\$10 trillion

According to the report, the global transaction value of contactless payments is expected to reach \$10 trillion by 2027.

People want faster, easier — frictionless — ways to pay, and that desire extends into businesses' AP departments.

A survey by Payments Intelligence revealed that [64% of CFOs say they “definitely need” more automation](#) for their accounts receivable (AR) and AP processes.

An objective look at ACH payments

In terms of pros and cons, ACH payments live somewhere between a physical payment method and a virtual one:

Pros:



PROCESSING TIMES:

ACH is faster than other legacy methods, like paper checks.



CONVENIENCE:

ACH debit allows businesses to set up recurring payments while minimizing tedious administrative tasks.



COST-EFFECTIVE:

While ACH payments still come with fees, they're typically much lower than costs associated with processing paper checks and even credit card fees, of which the average is about [2.24%](#).

Cons:



FLOAT TIMES:

With ACH payments, there is almost no float, meaning buyers must have funds readily available in their account at all times to avoid overdraft charges.



NO INTERNATIONAL PAYMENTS:

Sending an international payment? Not via ACH. This payment method is limited to U.S.-based bank accounts.



TRANSACTION LIMITS:

While each bank is different, most place [limits on the amount of money that can be transferred](#) in a week, month, or year by way of ACH.

Simplify payments and amplify results

Experience the power of WEX. A virtual payments platform, engineered to save time and money — and even generate revenue — just makes sense when compared to outdated methods and their complexities.

Make payments simpler for customers (and your business!) with an end-to-end solution that integrates with your existing branded set-up. Here's how:



EARN REBATES:

Take advantage of a vast network of suppliers that are already accepting virtual cards. Earn rebates when transacting to generate extra revenue and improve your bottom line.



STREAMLINE PROCESSES:

Perform all the steps required of a payment process in one place, from AP to transaction processing, delivery, reporting, and more.



REDUCE MANUAL PROCESSES:

AP automation works to reduce the tedious manual processes that burden your back-of-house, helping you pay and get paid faster.





Virtual cards made for a virtual system

Getting more granular than processes themselves, virtual cards are an important piece of the modern payments puzzle.

Virtual cards offer particular benefits that their physical counterparts simply aren't capable of.

For example, features like **single-use virtual card numbers (VCNs)** can improve cash flow and give you access to a credit line at no additional cost, meaning you can pay suppliers when and how they prefer. Not only does that help your AP department meet deadlines, but it strengthens supplier relationships, too.

Not only that, but virtual cards are capable of even more:

- » Eliminate 1099 reporting by converting check payments to virtual cards.
- » Process a higher volume of invoices, quicker.
- » Control the amount that's processed on each payment.

Modern times call for modern payment methods

As the corporate payments industry continues to evolve, businesses must catch up — and stay caught up — to optimize their efforts.

While paper checks represent something comfortable and familiar, they're a cost center that creates headaches more than they help.

With WEX, you can:

- » Pay a batch of 100 invoices or handle single ad hoc expenses
- » Strengthen relationships with suppliers
- » Pay suppliers how they prefer to be paid
- » Generate new revenue via rebates
- » And much, much more

Discover more ways WEX can [optimize your business payments](#), create efficiencies, and cut costs.

Discover the perfect B2B payment solution for your business.

GET STARTED NOW





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