



Cloud P2P Automation. Easy. Powerful. Smart.

# Show Me the Money!

The Benefits of Digital Payments in Accounts Payable Processing



# Executive Summary

Technology is rapidly taking a prominent role in our everyday lives, making digitalization no longer a mere possibility but rather a must for business of all sizes in all industries. This is especially true when it comes to invoice processing and payments. Simply put if you aren't automating your Accounts Payable (AP) process you are behind your competition. And, even if you are, if you are still writing paper checks to pay your vendor invoices then you're missing a crucial piece of digitalization.

Paper checks are on their way out of business operations due to their high cost, long processing time, lack of visibility, and a combination of increased chance of fraud opportunities and security risks. All of these can be eliminated using digital payments.

Digitalizing the complete AP process – from purchase through payment – offers increased security, visibility, traceability, cost and time reductions, and even the opportunity to earn reoccurring revenue for your business.

That means that the time is now to find your ideal end-to-end AP automation solution, one that include the ability to digitize payments in an easy, fast, and secure manner. Whether it involves echecks, ACH, or virtual credit cards now is the time to finish the digital transformation of your AP process using a smart, powerful, and easy-to-use P2P Accounts Payable automation solution.

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# Accounts Payable Automation is a Must... But Without Digital Payments it's Only Half of the Solution



"If companies want to thrive despite the current economic threats, digital transformation must touch all aspects of their AP workflow and not just invoice approval. Automation and digital transformation need to be incorporated in every stage of the AP process from purchase order to invoice payment and reconciliation or an organization is missing a crucial piece of the puzzle."

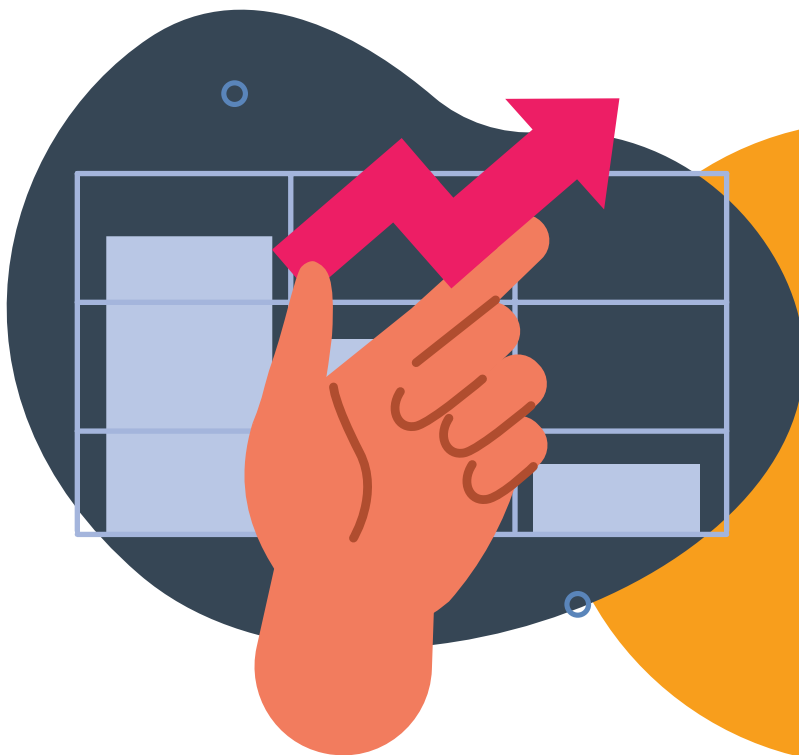
**Laurent Charpentier,**  
CEO of Yooz

## Digital Transformation is Happening

When it comes to digital transformation, it's no longer a question of if but when and how fast. In 2022, 83% of companies say that COVID-19 has accelerated the digital transformation of their Accounting and Finance departments, an increase of 7% from 2021.<sup>(1)</sup>

Digital transformation of the Accounts Payable (AP) process means it's no longer enough to just digitize parts of the process like purchase request (PR) or purchase orders (PO), document capture, as well as automating data entry and the approval workflow. **Instead, it now crucial to extend that digital transformation to the end of the AP process with digital payments.**

Companies have a growing range of options to pay their invoices, from mature solutions such as checks to new, electronic approaches. Each comes with its own specific set of pros and cons, ranging from costs and transaction speed to security and overall visibility into your Accounts Payable process.



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# The Downfall of Paper Checks in Accounts Payable

Paper checks are a familiar sight and have been a staple of B2B transactions for many decades, but they are plagued by significant drawbacks.

## Risk of Check Fraud

Potential fraud is their biggest and most prominent downside. In 2021, **two out of three treasury and finance professionals say that checks were the payment method most affected by fraud attempts.**<sup>(2)</sup> Check fraud can take many guises, from forged signatures to outright theft and counterfeiting.

## Transaction Delays

Paper checks also create unwanted transaction delays. Sending a check through First-Class Mail® may take anywhere from one to three business days. There is a reason for the old saying that “the check is in the mail!”

Total turnaround time for a typical manually processed invoice from the moment it is received until a paper check arrives at the other party **can take up to a month.**<sup>(3)</sup> The time to manually process an invoice and deposit the check once the vendor receives it should also be considered a hidden cost courtesy of relying on an outdated way of paying.

After all, it can be costly on all kinds of levels for an organization to lose a business deal simply because of delivery inefficiencies or, in the worst case, lost mail.



## Lack of Traceability

Paper checks suffer from a **lack of transparency and traceability that is no longer acceptable in an increasingly digital business world**. Access to paper check information may not always be available and may also require additional human labor to link information to accounting systems. And when the time comes to prepare taxes and perform audits, locating copies of past payment information via paper check becomes a huge headache.



## The True Costs of Paper Checks

Paper checks come with sizable hidden costs that affect the overall bottom line. **The average price tag to process a single invoice without full AP automation is \$12.40.**<sup>(4)</sup> Roughly a third of that sum can be attributed to handling paper checks.

In 2022, it cost businesses between \$2 and \$4 to process a paper check, a number that has remained unchanged since 2015. Breaking down the total reveals that half of all businesses pay even more for handling paper checks as printing checks costs another \$0.51-\$1, not to mention any required postage.<sup>(5)</sup>

In addition, printing and sending around checks is bad for the environment. It takes trees, water, and energy to make paper, print checks, and transport them across the country.



# \$2-4

The average cost to handle a single paper check.



# The Unimaginable Benefits of Digitizing the Complete AP Process From Purchase to (Digital) Payments



“When you compare the time savings, Yooz is clearly worth it. Even if you’re just saving the manual signatures on the payments or entering that info into the bank it’s saving a lot of time for us.”

**Ron Fisher,**  
Blue Water Advisors

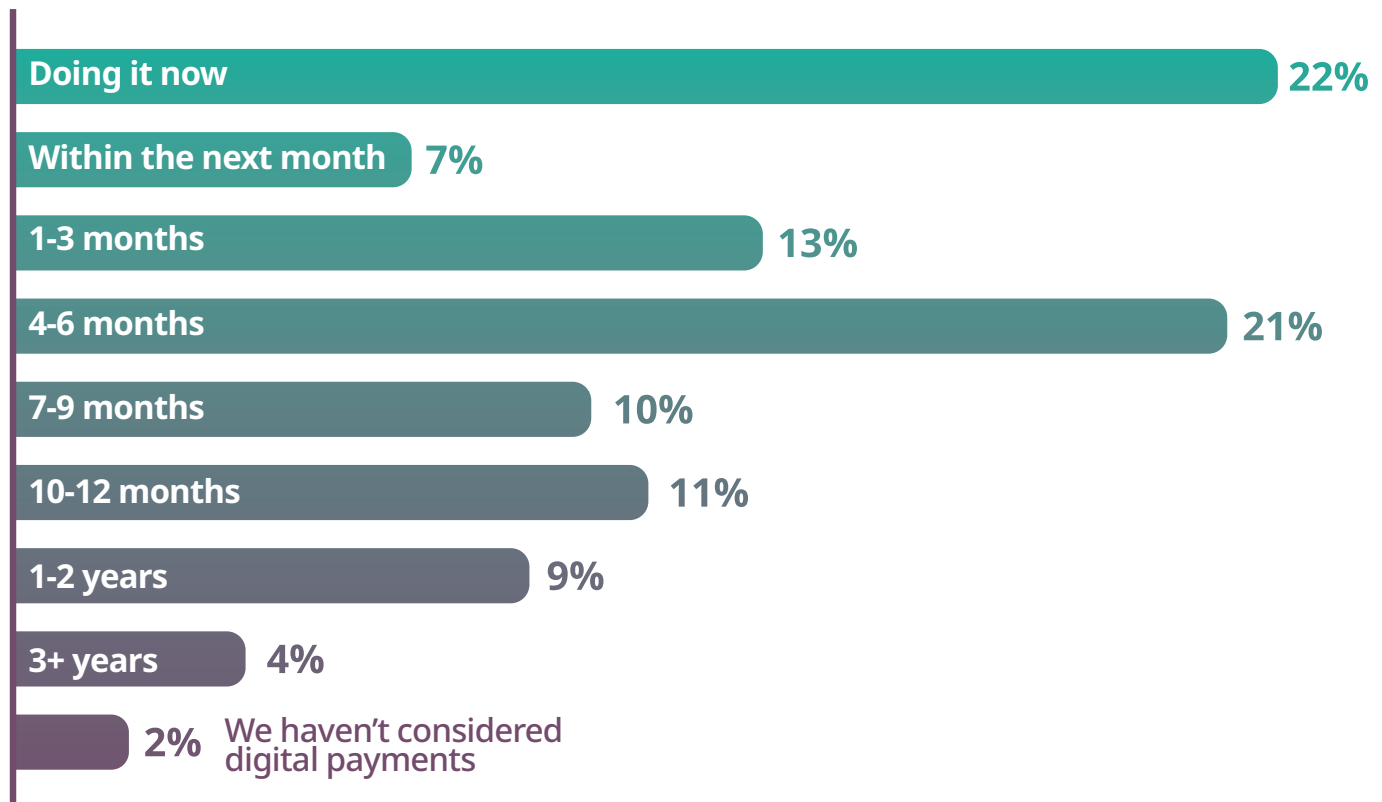
# The Move to Digital Payments

## Companies are Moving to Digitized Invoice Payments

While many businesses are aware of or already using AP automation to save time and money when processing invoices, too often the final piece is still missing: digital payments. **Missing out on this technology for speedy, secure, and scalable B2B transactions threatens to become a competitive disadvantage.**

Fortunately, organizations in the US, and around the world, are slowly but surely moving toward **digital payments for their B2B invoices**. In fact, as of early 2022, one in five companies had already adopted digital payments and another 62% say they plan to switch to digital payments in the coming year.<sup>(1)</sup>

### When are you looking to adopt digital payments?

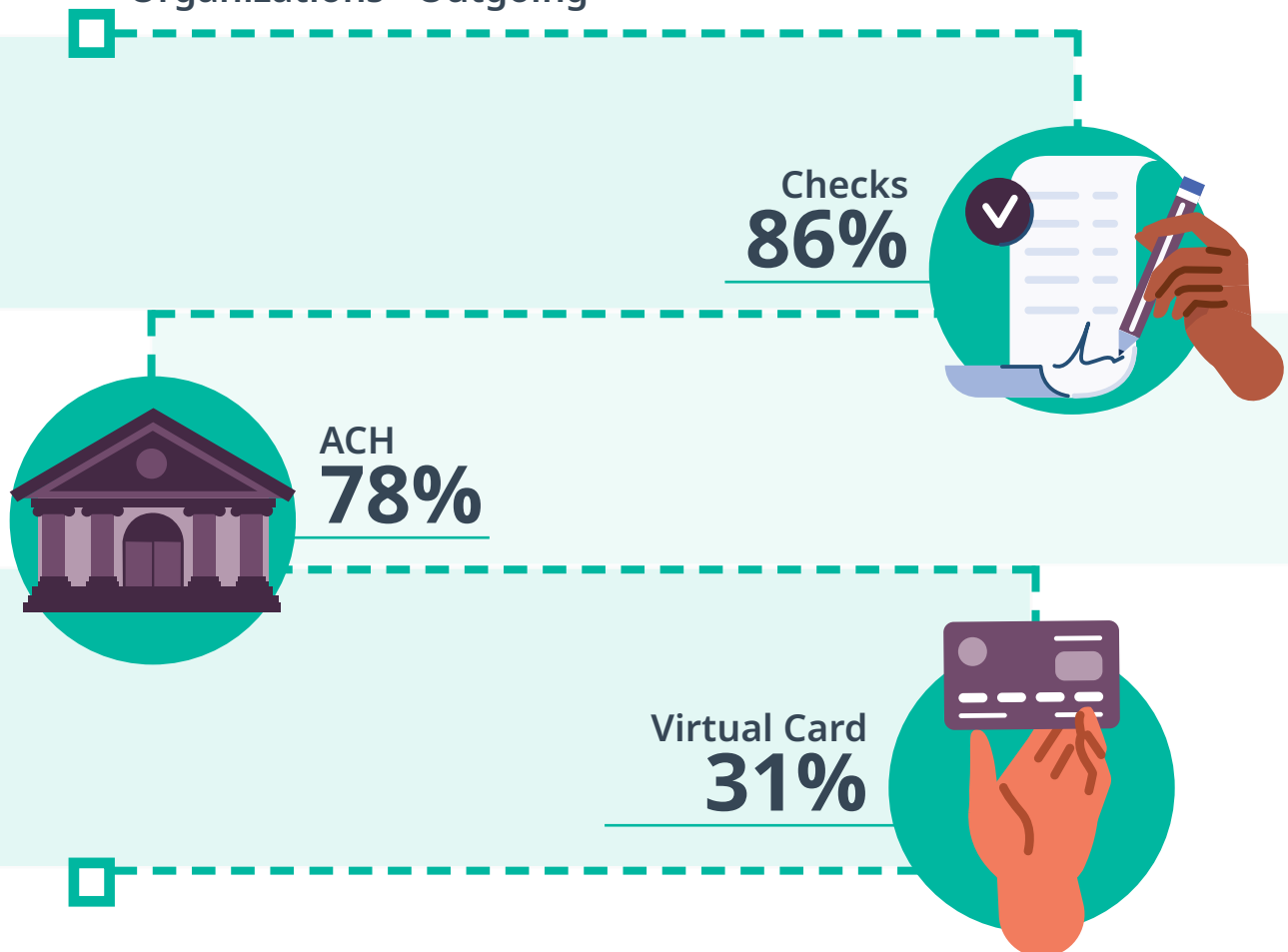


## Old Habits Die Hard: Paper Checks vs. Digital Payment Options

Companies have many options to settle invoices but checks still make up the vast majority of outgoing payments, being used by 86% of US businesses. ACH comes in second, being used by 78% of organizations, followed by wire transfers and credit card payments.

Despite the new focus on efficiency that's driven by competitive pressures and the pandemic's disruptions, many indicators suggest that paper checks are not going away anytime soon. Even though nearly 2/3 of organizations say they would replace paper checks with digital payments if there was a cost benefit, 37% say they will continue to use paper checks regardless of their higher costs.<sup>(5)</sup>

### Payment Methods Utilized at Organizations - Outgoing



## Meet the New (Digital) Payment Types

### What is an ACH payment?

Automated Clearing House (ACH) payments are a commonly used form of electronic payment that pull directly from a checking account. It requires no printing, signatures, or postage. All in all, **ACH is a clear improvement over paper checks, but this payment method still has its limitations.**

#### PROS:

- ACH payments are faster than paper check payments, allowing funds to typically be received within a week.<sup>(5)</sup>
- They reduce costs per transaction down to between \$0.26 and \$0.50.<sup>(5)</sup>
- ACH also offers improved traceability and visibility compared to paper checks, thanks to electronic records.

#### CONS:

- Businesses must give up a certain amount of control over their payments. It requires organizations to provide sensitive bank information.
- ACH payments only happen at fixed daily intervals instead of in real-time.
- Transactions are irrevocable and irreversible after settlement.

To note: 37% of companies reported fraud attempts via ACH payments in 2021.<sup>(2)</sup> Little wonder that ACH payments are **the payment method with the second highest fraud activity**, right behind paper checks.



# 1 week

The time it takes for funds sent via the ACH network to arrive.

## What are eChecks?

A growing number of organizations have started using eChecks to send funds electronically. With eChecks no check is mailed, rather a digital image of a check is sent to the recipient via email. Funds are then withdrawn from the originator's checking account and transferred through the ACH network to be deposited into the recipient's account.

eChecks are faster and more environmentally friendly than a paper check, but they still don't solve all the invoice payment pain points.

### STILL TOO SLOW:

- eChecks don't always update in real-time and funds received can take more than three business days to settle. Only the traditional check information is converted into ACH files, which slows down the process.

### NO VISIBILITY:

- eChecks can't verify the available funds in a payor's account, making the eCheck more likely to bounce if an overdraft occurs.

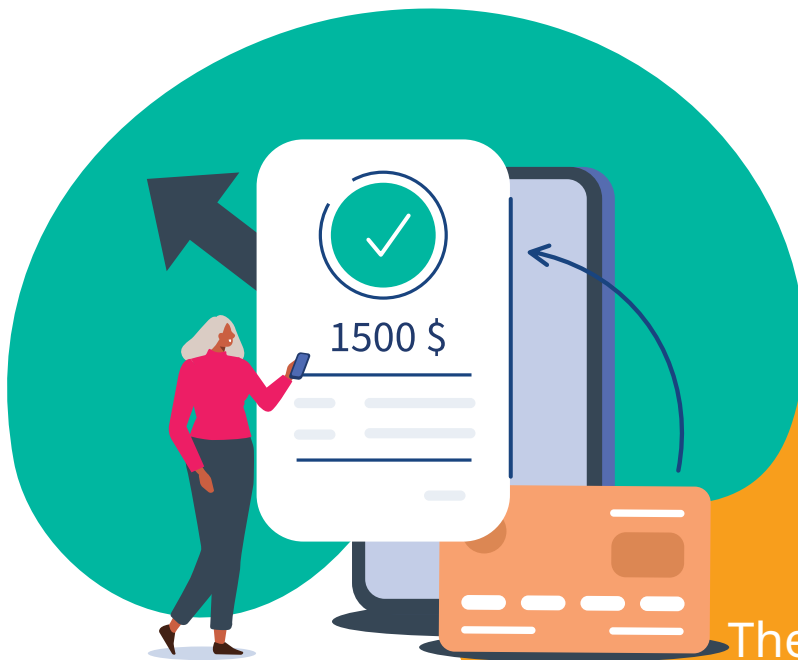


## What are Wire Transfers?

Wire transfers are fast, but also costly. They offer a digital payment method where the sender's account is debited and the receiver's account is credited in real-time. **Wire transfers are typically used for higher value transactions, time-sensitive payments, and international payments.**

For cross-border transactions, a wire transfer requires fewer steps to clear than an ACH, making it a more commonly used international payment method.

While wires not only come with higher costs, ranging from \$10-\$15 in the median, they are also riskier because they oftentimes cannot be reversed.<sup>(5)</sup>



# \$10-\$15

The median internal and external cost to handle a single wire transfer.

## Benefits to Digital Payments

### Benefits to Digital Payments: Faster Turnaround, Fewer Exceptions & Increased Efficiency

#### 1. Fewer Exceptions

Digital payments are not only a faster and less expensive way to settle invoices, but they also reduce errors. In 2022, almost one in four invoices processed was flagged as an **exception** due to bad or missing data.<sup>(4)</sup> Those errors and omissions force businesses to spend valuable time and money to correct them. Utilizing AI-powered automation from purchase to payment will reduce those exceptions by 73%.<sup>(3)</sup>

#### 2. Faster Turnaround

One in three US businesses say that long turnaround times caused by handling exceptions that lead them to pay late are a major AP pain point. That's why 26% of finance professionals are already relying on AP automation to pay suppliers on time.<sup>(1)</sup> **Payment automation by eCheck or ACH is five times faster than using a paper-based process.**<sup>(3)</sup>



Companies that have already made the switch demonstrate how fast and efficient payments can be processed:

39% of organizations spend less than one hour a week processing **ACH payments** while 60% of organizations spend anywhere from one to **six hours dealing with checks.**<sup>(5)</sup>

## Benefits to Digital Payments: Mastering Cash Flow

Information is power, the power to run a business more efficiently. A digitized payment process does more than lead to shorter cycle times. It also gives you real-time visibility into cash flow which in turn helps senior management make better decisions on when and how to deploy cash. The advantages of mastering the cash flow are threefold:



### 1. Increases working capital

When your business can pay faster, it gives the AP team more time to hang on to larger payment sums. This strategy enables an organization to earn additional returns on its working capital.

### 2. Optimizes supplier relationships

Faster payments enable companies to pay every invoice on time, every time. Being on time when settling invoices **improves the relationship with your vendors** and builds goodwill. It helps to make your supply chain more resilient.

### 3. Turns a cost center into value driver

**ePayments** help turn a traditional back-office cost center into a strategic value driver that can contribute to the bottom line thanks to recurring revenue from digital payment options. How to earn cash-back from digital payments will be covered in a later section.



## Benefits to Digital Payments: Reducing Fraud and Mitigating Risks

From compromised business emails to forged checks, payment fraud is a common risk. Almost one in four midsize businesses in the US **reported a payment fraud attack** over the past year <sup>(4)</sup>, and 71% of businesses in 2015 said they experienced actual or attempted check fraud. Check fraud has risen steadily, from \$8.5 billion in 2016 to \$15.1 billion in 2018.<sup>(6)</sup>

And this risk won't go away. Bad actors always look for blind spots in payment systems, for example exploiting vulnerabilities when a transaction is interrupted for manual approval or processing. Implementing an end-to-end, seamless digital solution lets companies remove those weak spots and stop fraudulent payments from slipping through.

In addition, when you leverage an automation solution to process your digital payments you automatically have fraud reducing features thanks to real-time **digital audit trails**, **duplicate detection**, detection of inconsistent data, and calculation and storage of a "checksum" signature for each document.



# 67%

of finance leaders name fraud concerns as a primary driver for adopting electronic payments.

# Now is the Right Time for Change: Finding the Complete P2P Automation Solution



“In the coming years organizations will need to be future-proof and agile to successfully navigate through the complexity of the economic landscape. Automation will be key to staying ahead of these inevitable factors by taking complexity away from back-office processes while providing security, visibility, and traceability not only into invoice payments but the entire cash flow of a business.”

**Laurent Charpentier,**  
CEO of Yooz

## Why its Time to Make the Move to Digital Payments

Only 22% of organizations globally have already adopted digital payments so there is room for continued improvement and change in regard to how organizations pay their invoices.<sup>(1)</sup>

The adoption curve for another promising payment method, [virtual credit cards](#), is still relatively low with only 23% of businesses use virtual credit cards today. A definition and benefits of virtual credit cards will be covered in later sections.



**23%**  
of companies have already  
adopted virtual cards as a  
secure payment method.

## Find the Ideal Solution for Digitizing Invoice Payments

When you decide to adopt digital payments in your invoice and payment workflow, you should focus on the following list of must-have features and capabilities in a complete AP automation solution:



### End-to-End Automation

End-to-end automation means having as little human intervention as possible throughout the process.



### Unmatched Flexibility

A flexible approval workflow that includes the option to trigger automatic full or partial payment after approval in addition to triggering recurring payments per individual invoice or per batch of invoices.



### Simple Vendor Onboarding

A single email address should suffice to send payments to vendors, making it a rapid, easy-to-use experience that delights users.



### Variety of Payment Options

Demand choices among the payment types used to provide more flexibility and boost acceptance among your vendors and suppliers.



### ERP or Financial System Updates

An ideal solution will have seamless integration with your ERP to update payment status in real-time.



### Ability to Earn Cash-Back

Generating revenue for every invoice paid with a virtual card will turn a typical cost center like the AP department into a profit center.



### Traceability and Working Capital Management

Gain visibility into payments and working capital to take advantage of payment discounts.



### Real-Time Data and Analytical Reporting

Powerful reporting capability allows you to make strategic decisions for your business based on real-time data.



### Top-Notch Security and Compliance

Look for an ironclad cloud-based platform that includes document fraud, and risk prevention and automatically meets the required standards for government and tax compliance.



### All-in-One Platform

The ideal AP platform gives you one single source of truth for the entire process from purchase to payment.



### Continued Development and Support

Find a future-proof platform that's constantly evolving because payment options will continue to evolve.



## Fast, Safe, and Cash Back: Get Ready for Virtual Credit Cards

**Virtual Credit Cards (VCC)** are a new, fast, easy-to-use, and secure way to pay invoices. Instead of having a physical credit card in hand, you use an electronic card number to transfer funds. VCCs are usually prefunded and for one-time use only. They are a convenient way to **maintain control and visibility over payments that can easily scale**. Vendors like virtual credit cards, too, because they are a quick and easy way to get paid.

This emerging digital payment option offers all the working capital benefits, including **rebates or cash back opportunities**, that are associated with traditional credit cards. This includes allowing organizations paying their invoices with VCCs to earn money back on each dollar paid. If utilized correctly that's generating recurring revenue for each invoice paid (for organizations with a large number of invoices and payments, this can be a significant benefit).

Since they are single-use, prefunded cards that can only be used by the specified payee in the specified amount, they offer **unrivaled fraud protection**. Considering that fraud and cybersecurity are at the top of the agenda for many companies, virtual cards deserve a more prominent place in vendor payment strategy.

Currently the only drawback to VCC payments is that they can only be used online or in some instances over the phone, so they won't work for all B2B transaction scenarios. User adoption is on the rise and so are B2B online purchases. The B2B e-commerce market is expected to grow 18.3% by 2028.<sup>(7)</sup>



# Conclusion

Digital payments let you unleash the full power of Accounts Payable automation in your P2P process: security, speed, scalability, savings, cash generation, optimized supplier relationship management, and an overall stronger competitive position in the age of digital transformation. That is, if you implement a complete and efficient process that covers all the steps from purchase to payment.

Only a platform that combines complete AP automation with digital payments provides this kind of all-in-one solution that is equally convenient, secure, and straightforward.

Making digital payments for your B2B invoices can be as simple as entering a single email address for a vendor or supplier.

AP automation solutions offer the ideal method to handle the entire AP process - purchase to payment - for many reasons, including offering a secure cloud-based platform, create a detailed audit trail, and offer document fraud with duplicate detection to prevent erroneous or duplicate payments. They also easily scale as a business grows and provide cash back as a new revenue source.

If you aren't in the process of digitizing your AP process (complete with digital payments!), now is the time.

# About Yooz

Yooz provides the smartest, most powerful and easiest-to-use cloud-based Purchase-to-Pay (P2P) automation solution. It delivers unmatched savings, speed and security with affordable zero-risk subscriptions to more than 4,000 customers and 200,000 users worldwide.

Yooz's unique solution leverages Artificial Intelligence and RPA technologies to deliver an amazing level of automation with extreme simplicity, traceability and end-to-end customizable features. It simply integrates AP Automation into information system or ERP with more than 250 native connectors, exceeding any other solution on the market.

Yooz is a fast-growing, award-winning, SaaS innovator that is the perfect fit for mid-size organizations across all sectors. It has been recognized as a Great Place to Work®, 10 Best Cloud Solution Provider by Industry Era, Best of SaaS Showplace (BoSS) by THINKstrategies, Top 10 Accounting Solution Provider by CFO Tech Outlook, and Top 50 Company to Watch by Spend Matters.

Yooz North America is headquartered in the Dallas, Texas metropolitan area with global offices in Europe.

[Visit us at www.GetYooz.com.](http://www.GetYooz.com)





# Sources

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- 6 "Security and Fraud FAQ" Brochure by Checkbook
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