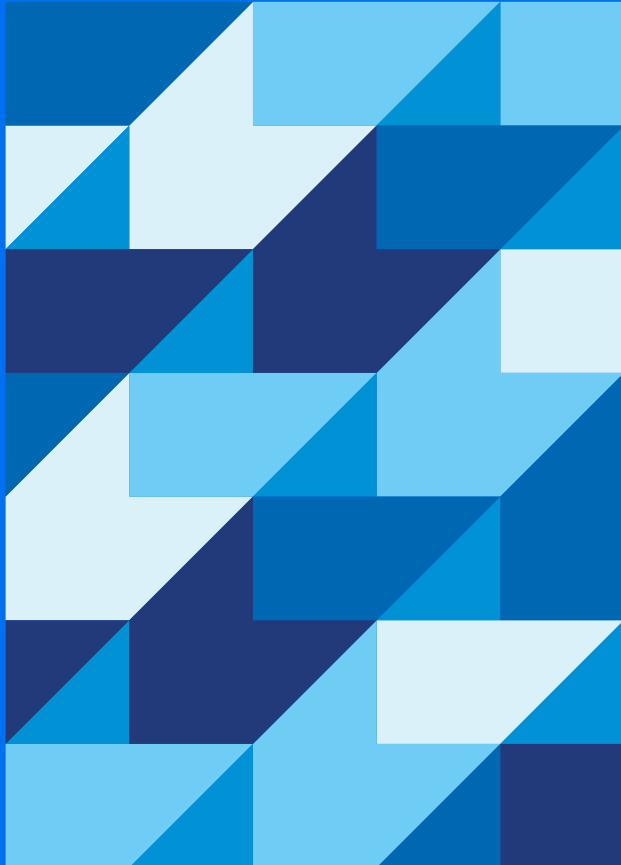Virtual Cards

The payment challenges that suppliers are facing

Created in collaboration with Mastercard

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Foreword

Late payments, burdensome processes, and reliable settlement are issues faced by many businesses. And in a challenging global context – with geopolitical tensions, inflation concerns, and unsettled interest rates – supply chains around the world are under growing pressure.

To better understand how this context is impacting businesses today, Taulia's Product team conducted a survey of suppliers of various sizes and around the world, both within and outside of the Taulia network, to gain an in-depth understanding of payment challenges and preferences. From reliability to straight-through processing and early payments, there are a number of qualities that suppliers consistently seek out when selecting a payment method.

Do the payment challenges and needs differ depending on the size of the company?

Our findings indicated that – perhaps counterintuitively – businesses with sizes ranging from 50 to 5,000 employees identified common issues.

However, we found fascinating variations by region, reflecting the global nature of our survey, which had more than 1,000 respondents from all over the world.

As the Chief Product Officer of Taulia, I aim to support businesses of all sizes with their payment challenges and understand how payment experiences can be improved for both suppliers and buyers. Historically innovations in payments have mainly benefitted buyers, but as we look forward, the focus is shifting to suppliers, and we wanted our research to reflect this.

Suppliers of all sizes are looking for payment methods that are reliable, have instant or near-instant transfer speeds, and straight-through processing into their bank accounts. It is increasingly clear that innovation in payments now needs to address supplier needs as well. Taulia Virtual Cards can present a solution to these issues and a reliable method of balancing the needs of both buyers and sellers.

Read on to find out more from our research – and our thanks go out to all who participated.

Danielle Weinblatt

Danielle Weinblatt
Chief Product Officer, Taulia

Introduction

Large enterprises, despite their size, are not immune to the payment challenges faced by small and medium-sized enterprises (SMEs). Issues such as payment delays and the risk of fraud are prevalent across the board:

- Payment delays are routine as buyers seek to maximize their own working capital and may have cash flow issues of their own. Slow approvals, fragmented internal processes, and lack of visibility are more factors that contribute to this practice.

- The risk of fraud is growing as cybersecurity threats become more sophisticated and pose a threat to businesses of all sizes – and the cost of managing this risk is constantly growing.

However, these challenges may manifest differently depending on a business's size and location. For instance, SMEs in emerging markets might face more severe cash flow issues due to longer payment cycles, while large enterprises may struggle with the complexities of managing payments across multiple jurisdictions.

For Procurement leaders in large enterprises, carefully managing costs while minimizing the risk to supply is critical; especially in today's volatile supply chain environment.

This report's purpose is to understand suppliers' perspectives on payments and uncover what payment attributes they found most beneficial.

We would like to thank Mastercard for their invaluable collaboration in developing this report.
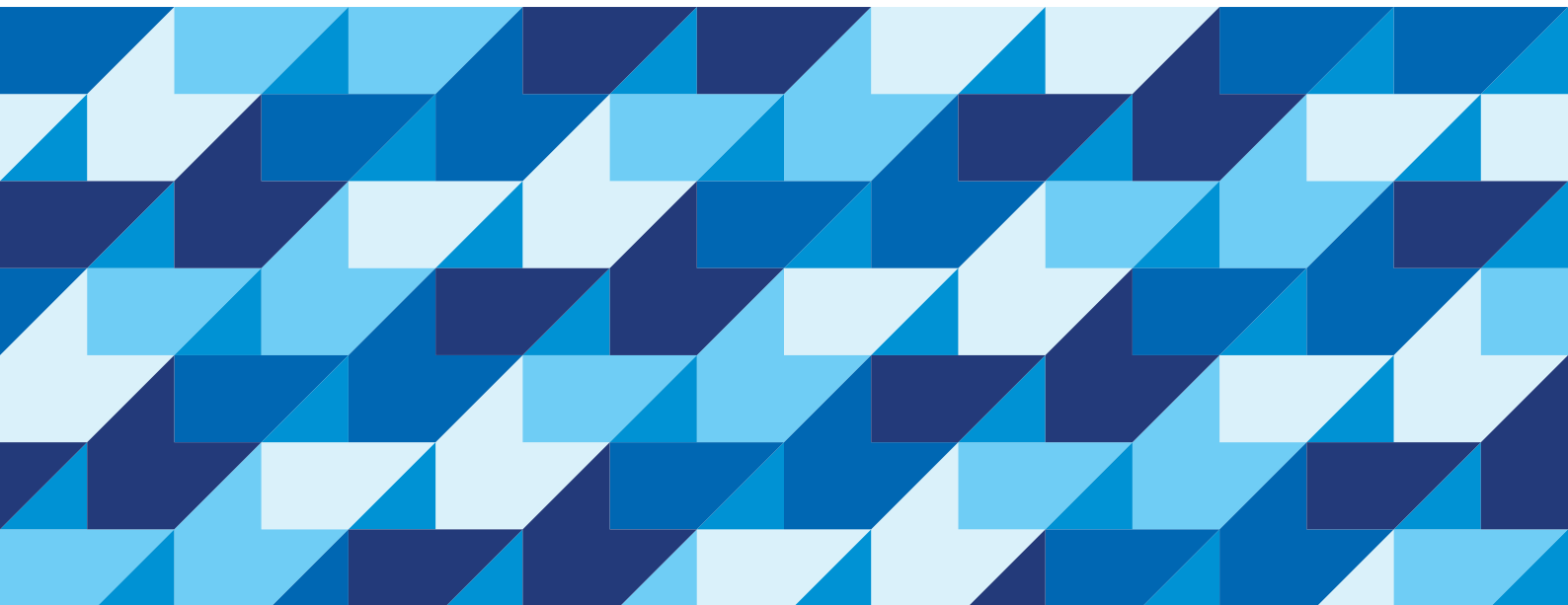
We did this by asking three key questions:

01	What are the payment preferences of suppliers?
02	What do suppliers want out of their payments?
03	How should this shape how businesses approach payments in the future?

Key findings

Our survey revealed several key findings.

1

The top challenges facing suppliers of all sizes today include:

- Late payments – the typical dynamic of working capital is still very prevalent where buyers want to pay later, but suppliers want to get paid sooner.
- Working with and receiving payments from new buyers: lengthy authorization and onboarding processes tend to reduce the value of adding new business.
- Legacy payment methods like checks—ingrained approaches to processing payments can make introducing new payments quite complicated due to the large number of stakeholders.
- Payment transmission speeds – buyer-side delays and manual processes slow turnaround times.

2

There is some variation in preferred payment methods between geographies:

- Automated clearing house (ACH) is popular in the US, while EMEA and APAC prefer wire transfers.
- The US is still an outlier in the use of checks for B2B payments.
- These variations can be accounted for by differing regulatory or legal obligations, variation in embedded historical practices, and varying levels of technical infrastructure sophistication.

3

Regardless of business size, many suppliers surveyed expressed the same challenges:

27.5% USA

13.5% Rest of world
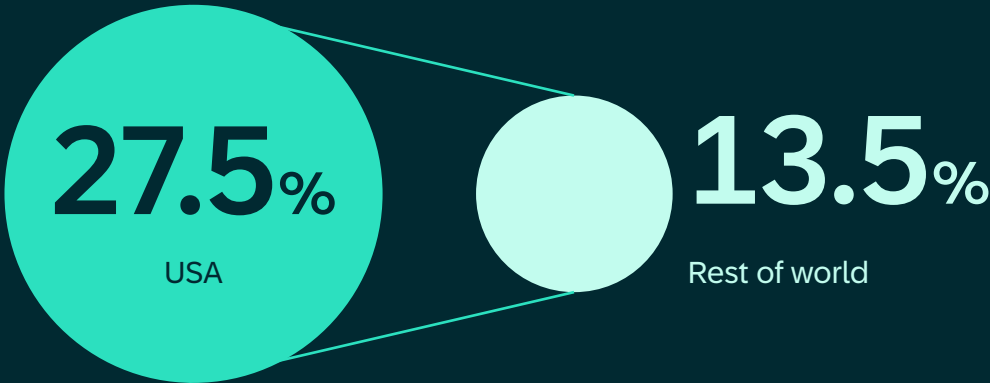
Respondents in the US say 27.5%, on average, of the payments they receive are paid in checks, compared to 13.5% in the rest of the world. Checks have historically been preferred in the US – while other regions may see them as outdated, they are still used in some industries that may be slow in adapting to new technology and prefer having a paper trail.

11% of payments received by suppliers on average are by virtual card; the majority are received by wire transfer

50.4% of respondents said registering on a new payments portal or platform was the biggest challenge in working with a new supplier

39% of payments from first-time buyers are late, on average, regardless of the size of business
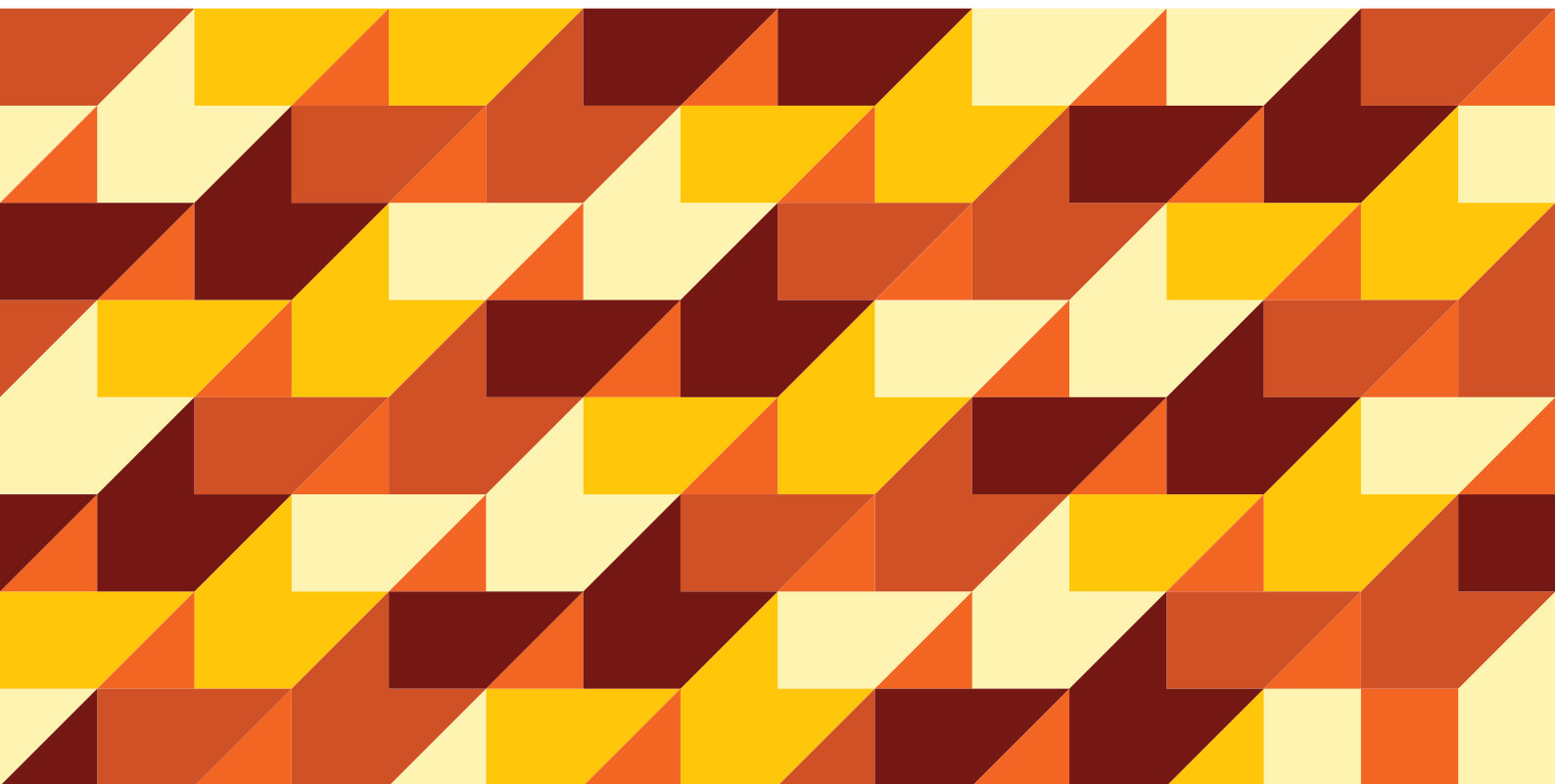
Research methodology

We undertook this research to build a complete picture of suppliers' perspectives on the challenges that define the current payments landscape.

As well as gathering data on their preferred methods for receiving payments, we wanted to learn about:

• How they see legacy solutions, like checks
• The evolution of cross-border payments in an increasingly complex world
• The pain points in being set up as a new supplier by a buyer
• Their views on payments before maturity.

The survey was conducted over the course of May 2024.

Who we surveyed

To qualify for the survey, respondents had to validate that they met the following criteria:

- Their firm provides products and services to other businesses (B2B)
- They work in their company's finance, accounting, or accounts receivables function
- Familiarity with the challenges and benefits of the various payment methods used by their organization.

Company sizes

Although we captured insights from companies of various sizes, we favored SMEs – just under 50% of our respondents work for organizations with 50 or fewer employees.
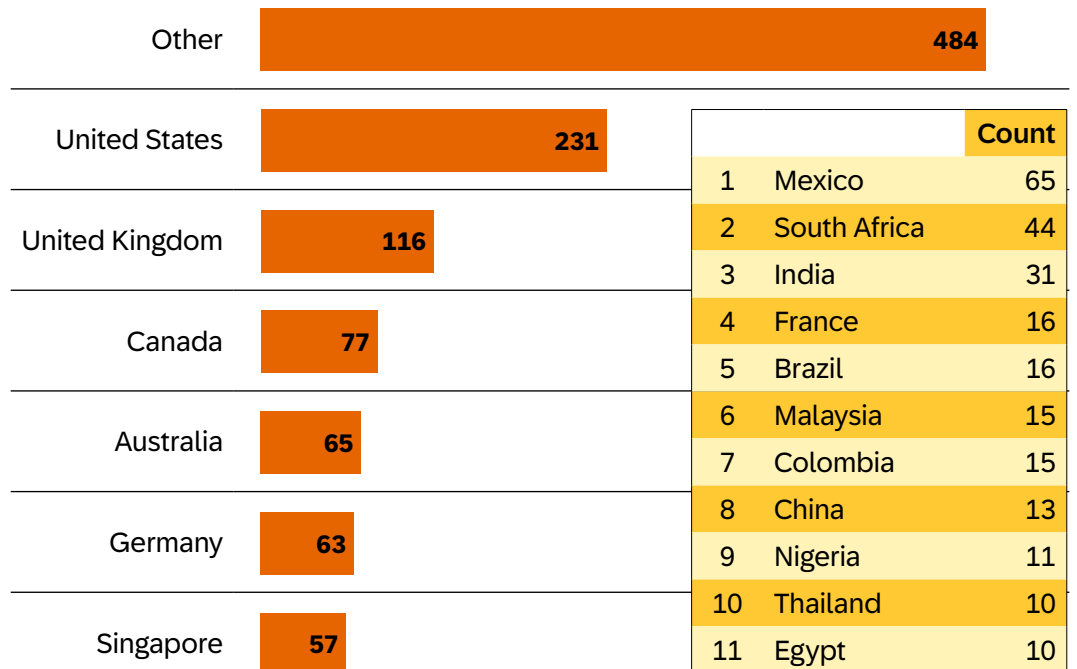
How many people are employed at each respondent's business?

Category	Percentage
5) +1,001	7.96%
4) 501-1,000	9.06%
3) 101-500	20.22%
2) 51-100	13.27%
1) 0-50	49.50%
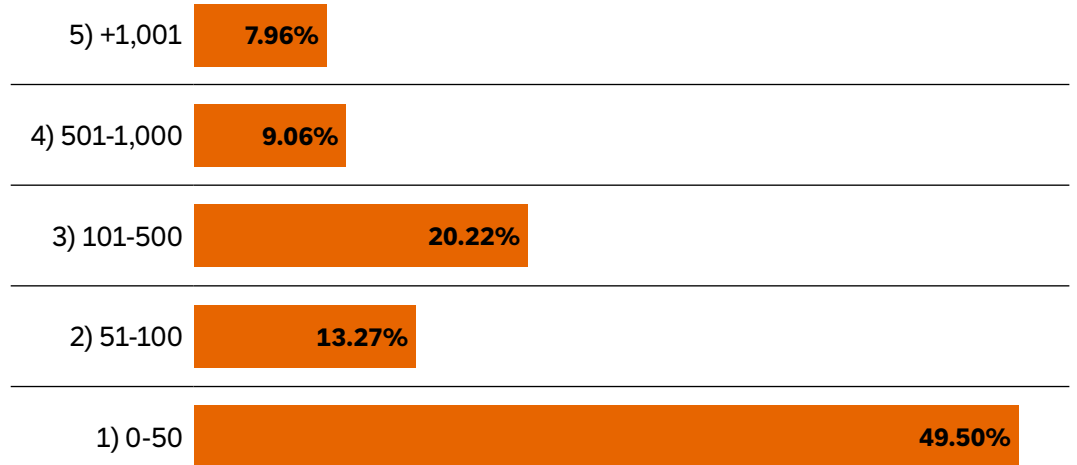
Regional breakdown

Of the **1,093** responses to our survey, 21% were from the US, and 11% from the UK. 7% of our respondents were from Canada, 6% from Australia, 6% from Germany, 5% from Singapore, with the remainder coming from other nations such as Mexico, South Africa, India, France, Brazil, Malaysia, and more. The breakdown of countries that supplied 10 or more respondents is as follows:

In which countries are the businesses of the respondents based? (What about the top countries in the 'Other' category?)

Country	Count
Other	484
United States	231
United Kingdom	116
Canada	77
Australia	65
Germany	63
Singapore	57

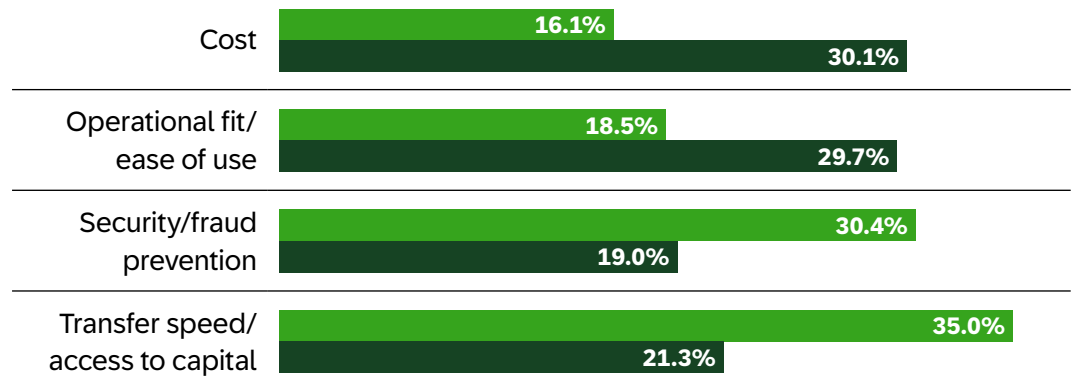| #	Country	Count
1	Mexico	65
2	South Africa	44
3	India	31
4	France	16
5	Brazil	16
6	Malaysia	15
7	Colombia	15
8	China	13
9	Nigeria	11
10	Thailand	10
11	Egypt	10

Factors in payment preferences

Factors in payment preferences

Other than special regional contexts, we wanted to find out what was behind supplier preferences in receiving payments.

What two factors most and least influence how your company prefers to recive payment?

- Most
- Least

	Most	Least
Cost	16.1%	30.1%
Operational fit/ ease of use	18.5%	29.7%
Security/fraud prevention	30.4%	19.0%
Transfer speed/ access to capital	35.0%	21.3%

Contrary to what many people would perhaps assume, we discovered that cost is not the main driver of payment preference for suppliers. Security, transfer speed, and ease of use were all favored ahead of the price of a transaction, with cost the least important factor in choosing a payment method.

Tellingly, other than cost, all these attributes are various elements of the user experience, suggesting that suppliers are more than willing to make cost sacrifices for a more convenient, reliable, fast, and secure service.
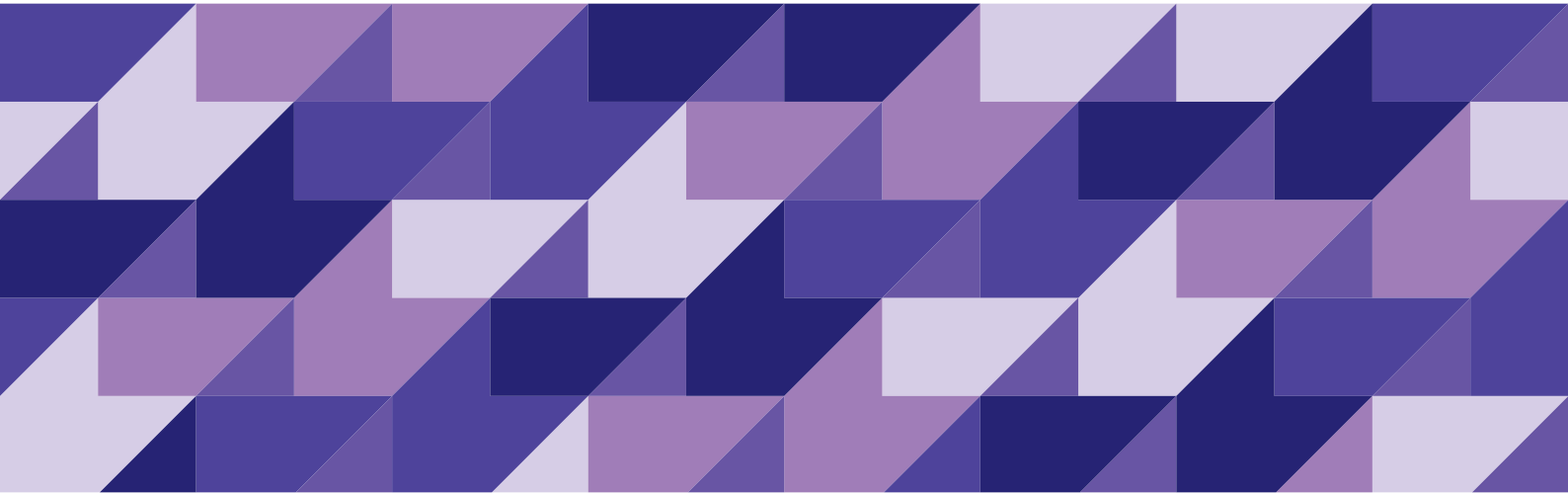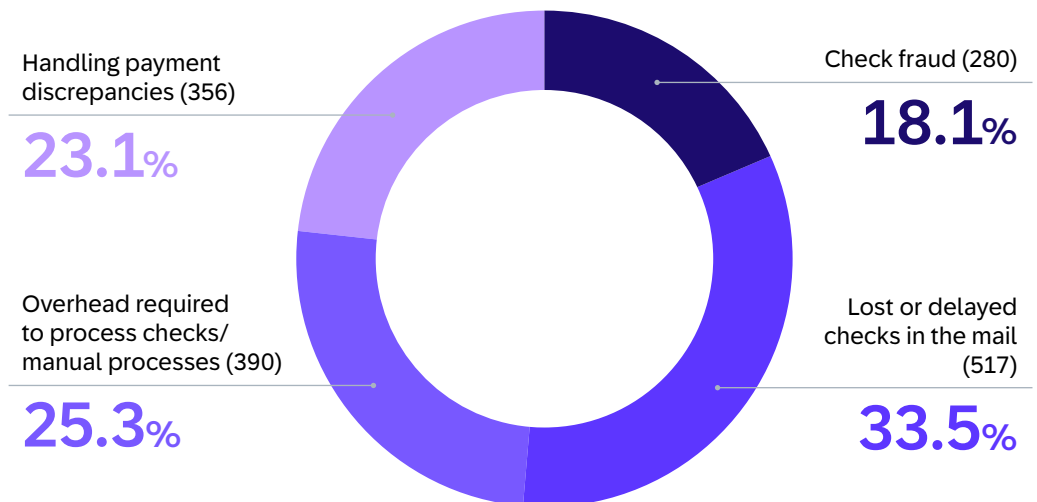
Common payment challenges
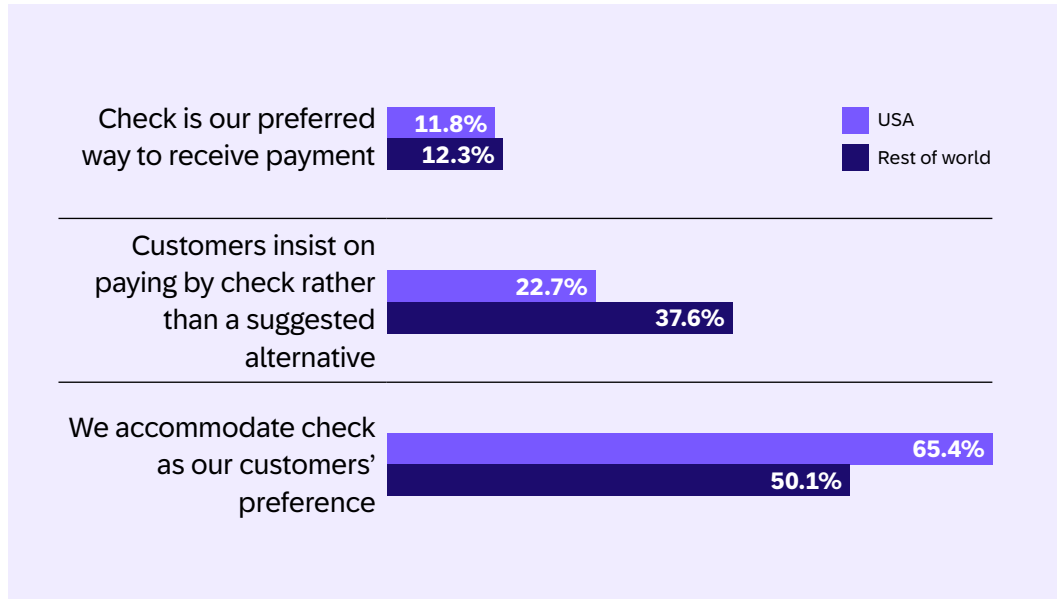
Challenges when using checks

Checks may be widely perceived as outdated, but they are nevertheless still widely accepted as a payment method, so we wanted to find out suppliers' pain points around them. As might be expected with a payment method that relies on physical delivery, lost or delayed checks are the primary challenge faced by businesses, with manual processing in second place.

What are the two most painful challenges for your organization when it comes to receiving customer payment by check?

Handling payment discrepancies (356)
23.1%

Check fraud (280)
18.1%

Overhead required to process checks/ manual processes (390)
25.3%

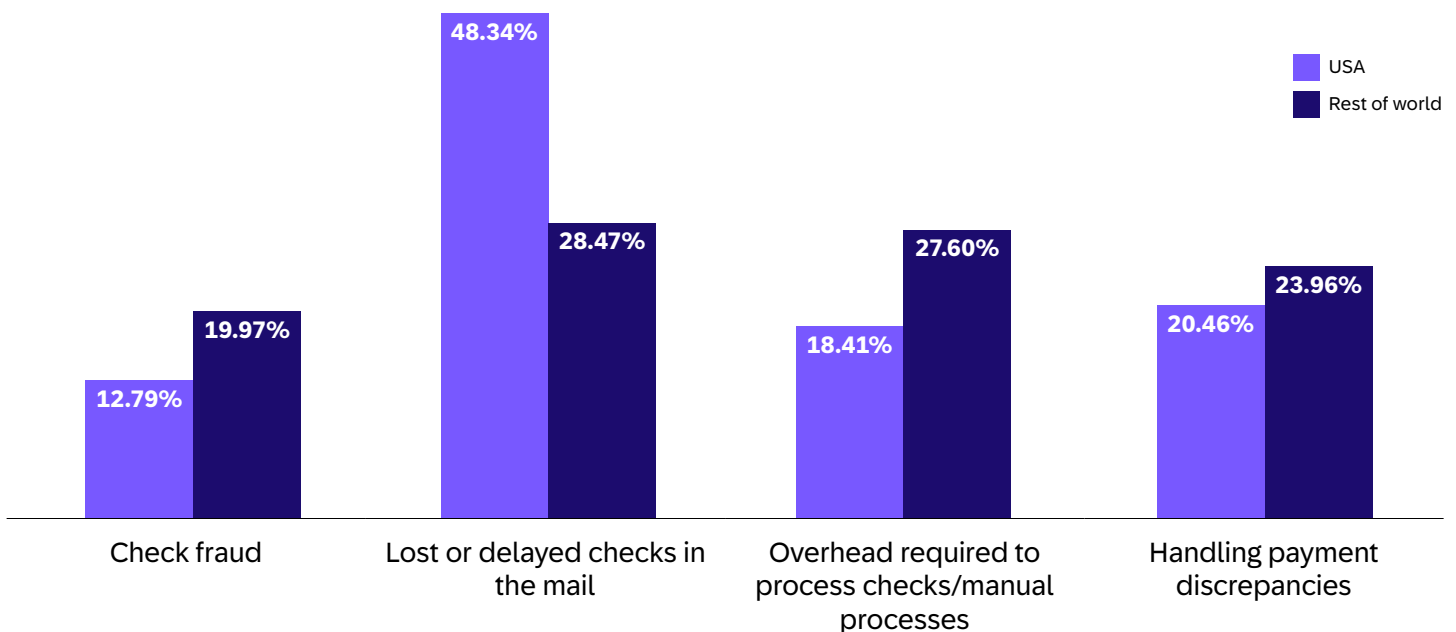Lost or delayed checks in the mail (517)
33.5%

Overall, few businesses say checks are their preferred method of receiving payments.

The use of checks continues to diminish both in the US and internationally, signaling that businesses find other options more compelling, says Sébastien Delasnerie, executive vice president, commercial cards, Mastercard.

Check is our preferred way to receive payment
- USA: 11.8%
- Rest of world: 12.3%

Customers insist on paying by check rather than a suggested alternative
- USA: 22.7%
- Rest of world: 37.6%

We accommodate check as our customers' preference
- USA: 65.4%
- Rest of world: 50.1%

Legend: USA, Rest of world

We are continuing to see a global trend of declining check usage, both in the US and internationally. This decline is largely due to the benefits of digital alternatives, which bring faster payments, simpler reconciliation and reduced fraud exposure for both buyers and suppliers, ultimately fostering better commercial relationships."

However, and perhaps counterintuitively, respondents in the US report they are far more willing to accommodate payments by check—but respondents in the rest of the world report more customers insist on paying by check.

Check fraud
- USA: 12.79%
- Rest of world: 19.97%

Lost or delayed checks in the mail
- USA: 48.34%
- Rest of world: 28.47%

Overhead required to process checks/manual processes
- USA: 18.41%
- Rest of world: 27.60%

Handling payment discrepancies
- USA: 20.46%
- Rest of world: 23.96%

Legend: USA, Rest of world

This greater willingness to accommodate checks could account for the US's status as an outlier in concerns over lost or delayed checks.

It is a cliché that checks are more popular in the US than in the rest of the world – does our data bear this out?

If we filter the results by country, a clear picture emerges. Supplier respondents from the U.S. say 27.5% of their incoming payments come in the form of a check, while 13.5% of all incoming payments to suppliers in other parts of the world are checks.
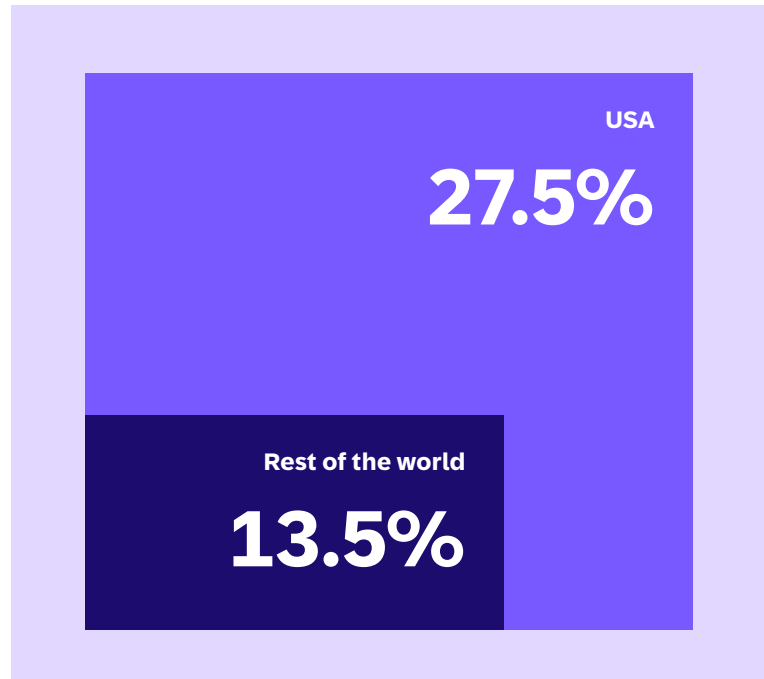
USA
27.5%

Rest of the world
13.5%

" We are continuing to see a global trend of declining check usage, both in the US and internationally. This decline is largely due to the benefits of digital alternatives, which bring faster payments, simpler reconciliation and reduced fraud exposure for both buyers and suppliers, ultimately fostering better commercial relationships. "

Sébastien Delasnerie, executive vice president, commercial cards, Mastercard
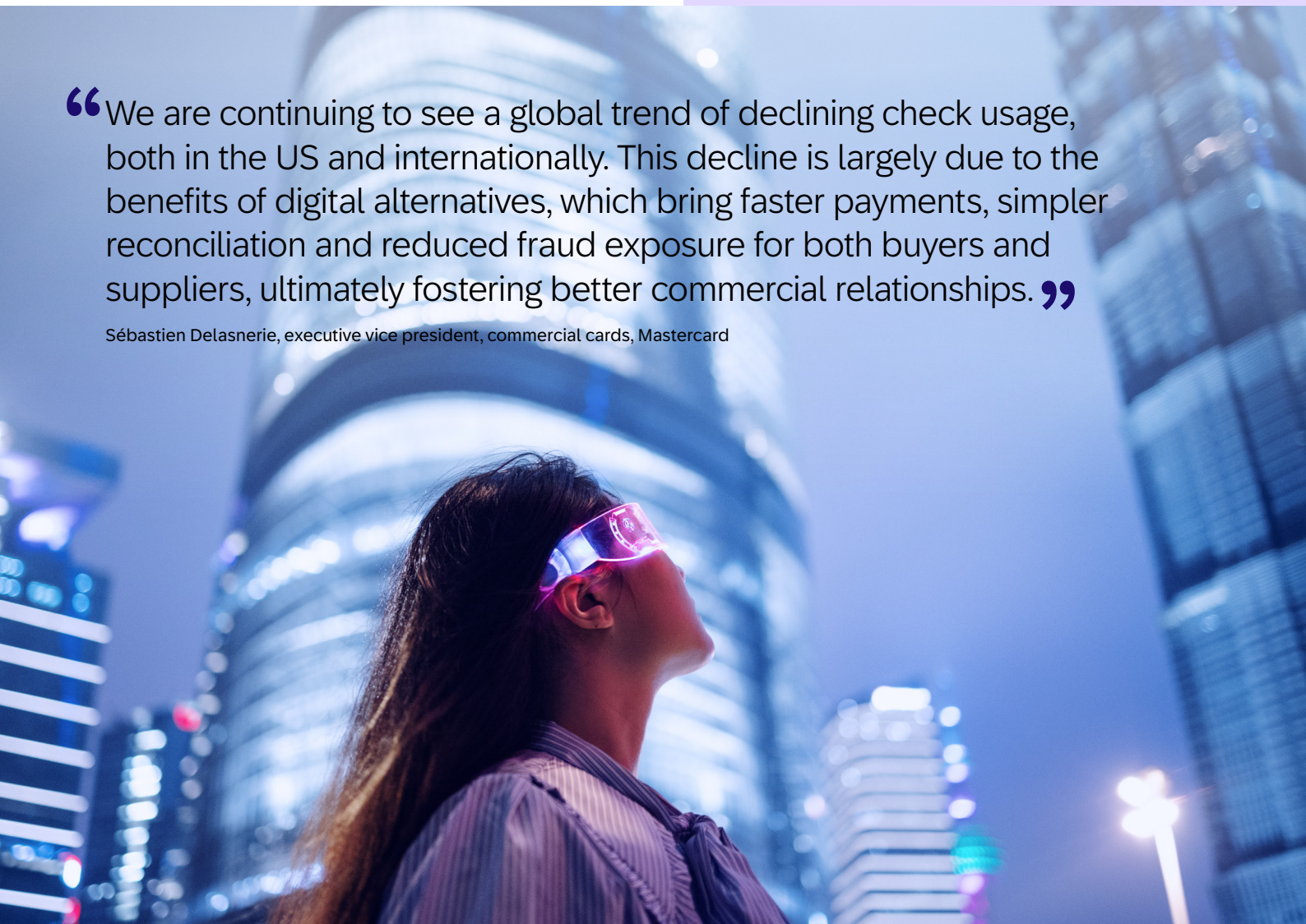
50.4%

of respondents cited registering on a new supplier portal as the most common problem

Challenges when onboarding a new customer

Onboarding challenges are very common, and it can take months. We wanted to go beyond the common belief and find out exactly what pain points our suppliers faced.

When we asked our respondents what the most painful aspects of starting a business relationship with a new customer were, registering on a new supplier portal was the most commonly cited problem.

At 50.4%, it was cited almost twice as often as the next response, conducting due diligence.

Reasons why registering on a new supplier portal was the most commonly cited problem could include obstacles to sharing data, system complexity, difficulties in cross-business communications, and challenges in integrating supplier portals with existing Enterprise Resource Planning (ERP) systems.

What two aspects of starting a business relationship with a new customer are the most painful?
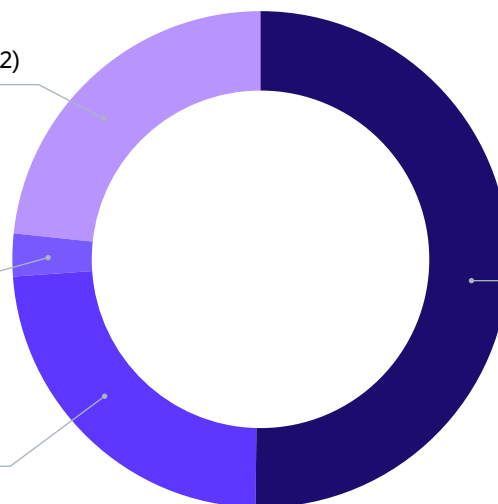
Getting paid on time (242)

23.2%

Sharing company bank account details (30)

2.9%

Buyer's due dilligence process (246)

23.5%

Registering on a supplier portal (527)

50.4%

91.8%

of suppliers do billable work without the assurance of being an accepted supplier. In fact, nearly half (49%) of suppliers reported they either always or usually do this

Timing of billable work

How often does your company commence billable work for a first-time buyer before receiving notice that your organization has become an accepted supplier

Usually
29.0%

Always
20.0%

Never
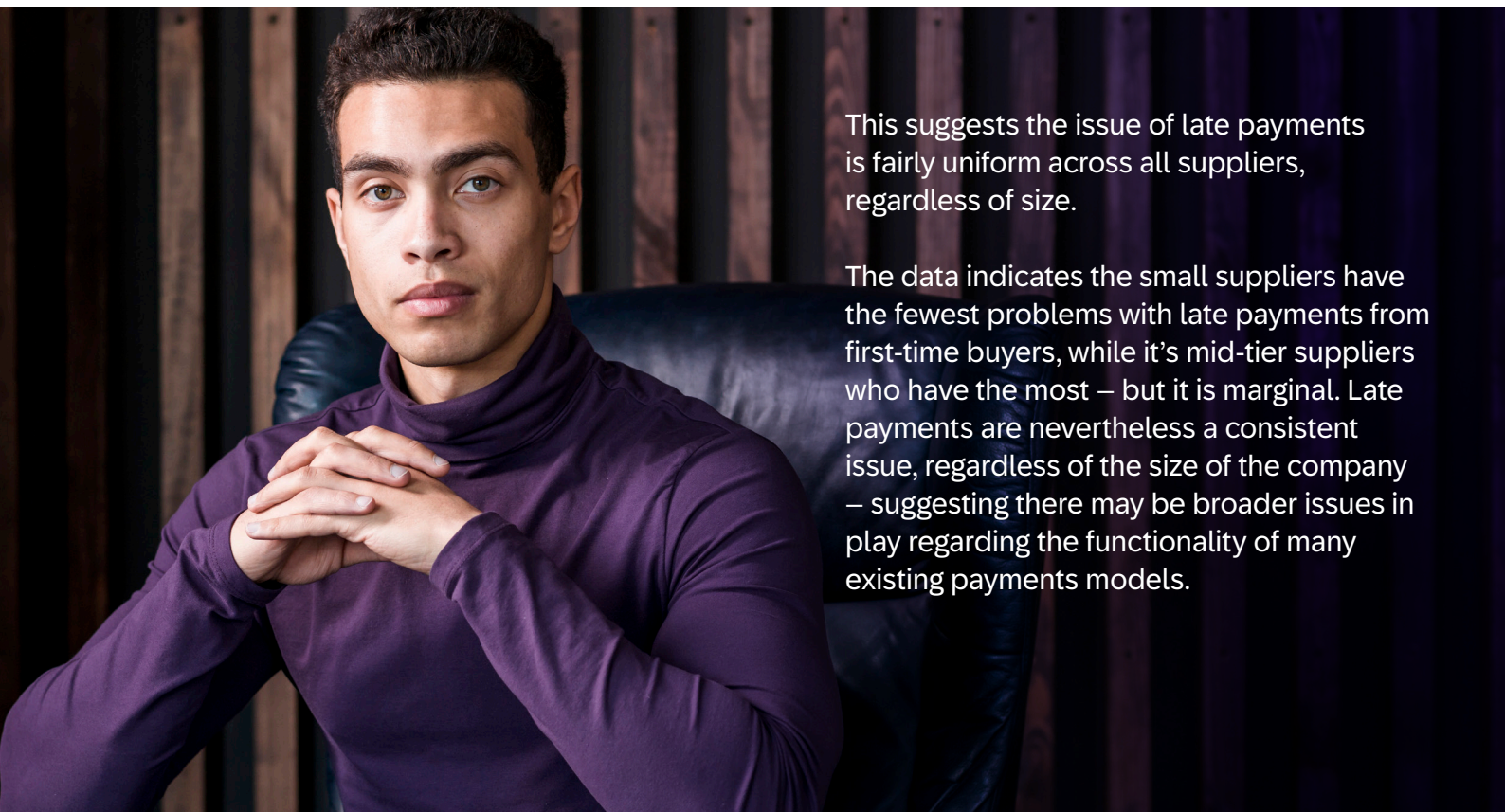**8.2%**

Sometimes
26.9%

Rarely
15.9%
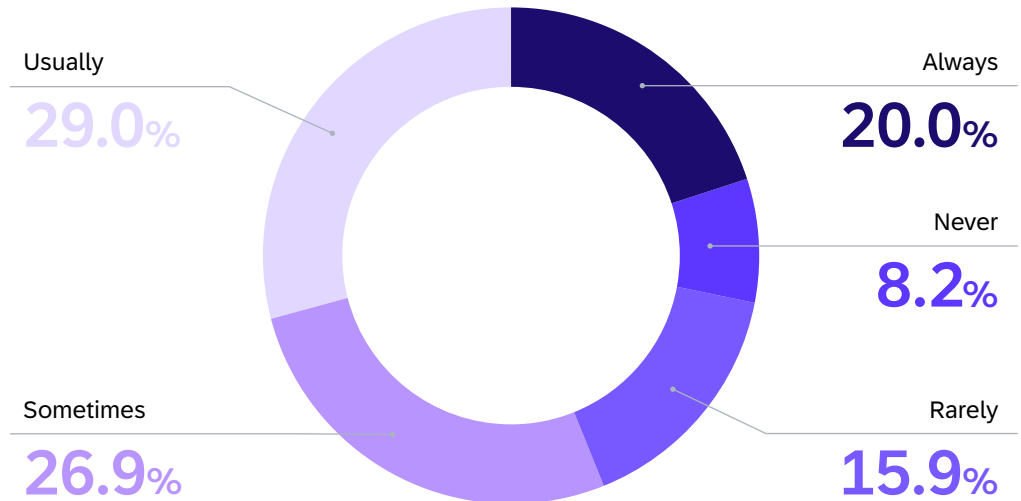
The reason for initiating work ahead of authorization is likely again to be the lengthy time it can take to become a new supplier – and if it is a short-term and non-repetitive buyer/supplier relationship, the cost and time may not even be justified.

"This really highlights the need for tools that simplify and automate the onboarding process. It also opens up opportunities for payment methods that don't require full onboarding but still provide the necessary security and visibility into who is getting paid, how much, and within what timeframe."

Sébastien Delasnerie, executive vice president, commercial cards, Mastercard

Late payments from first-time customers

To understand how working with new customers impacted the timing of payments, we asked our respondents what percentage of payments from first-time buyers are late – see below for their answers broken down by company size:

Company size	Percentage
1-50	33.5
51-100	40.9
101-500	41.0
501-1,000	37.8
1,000+,	37.6

This suggests the issue of late payments is fairly uniform across all suppliers, regardless of size.

The data indicates the small suppliers have the fewest problems with late payments from first-time buyers, while it's mid-tier suppliers who have the most – but it is marginal. Late payments are nevertheless a consistent issue, regardless of the size of the company – suggesting there may be broader issues in play regarding the functionality of many existing payments models.
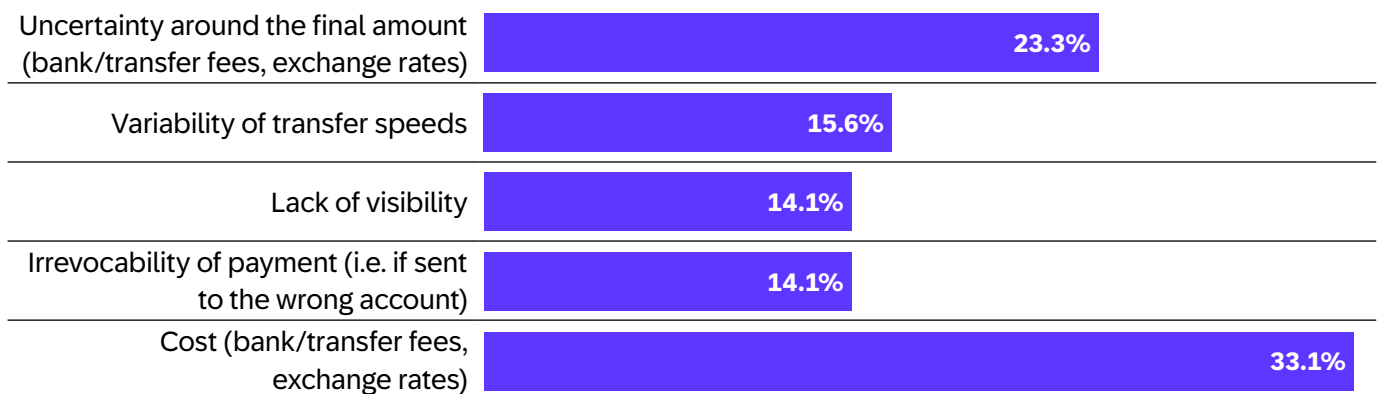
Challenges with cross-border payments

It is widely known that cross-border payments are a complex challenge for suppliers due to differing currencies, foreign exchange rates, and multiple banking regulations.

Identifying the specific pain points of suppliers, our respondents were very clear in the primary problem they experience with cross-border payments: opaque transaction costs.

This can be expressed in the value actually lost to bank or transfer fees or foreign exchange conversion costs, or the uncertainty they cause in the final value of the transaction. Even the less popular options of variation in settlement times and lack of visibility are still essentially issues related to the final transaction cost.

Delasnerie says digital payments can provide a more seamless and cost-effective way to transact across borders.

What are the two most painful challenges for your organization when it comes to cross-border payments?

| Challenge	Percentage
Uncertainty around the final amount (bank/transfer fees, exchange rates)	23.3%
Variability of transfer speeds	15.6%
Lack of visibility	14.1%
Irrevocability of payment (i.e. if sent to the wrong account)	14.1%
Cost (bank/transfer fees, exchange rates)	33.1%

" For instance, virtual cards enable buyers and suppliers to attach essential remittance data to payments, without which cross-border settlement reconciliation can be particularly challenging for vendors. "

Sébastien Delasnerie, executive vice president, commercial cards, Mastercard

Challenges with late payments

Late payments present an unambiguous obstacle to effective business operations: just over two-thirds of our respondents said they make operating their businesses either difficult or very difficult.

How difficult are late payments to operating the business effectively?

Easy
22.2%

Neither	Difficult	Very difficult
22.2%	**43.1**%	**23.3**%

Very easy
1.4%
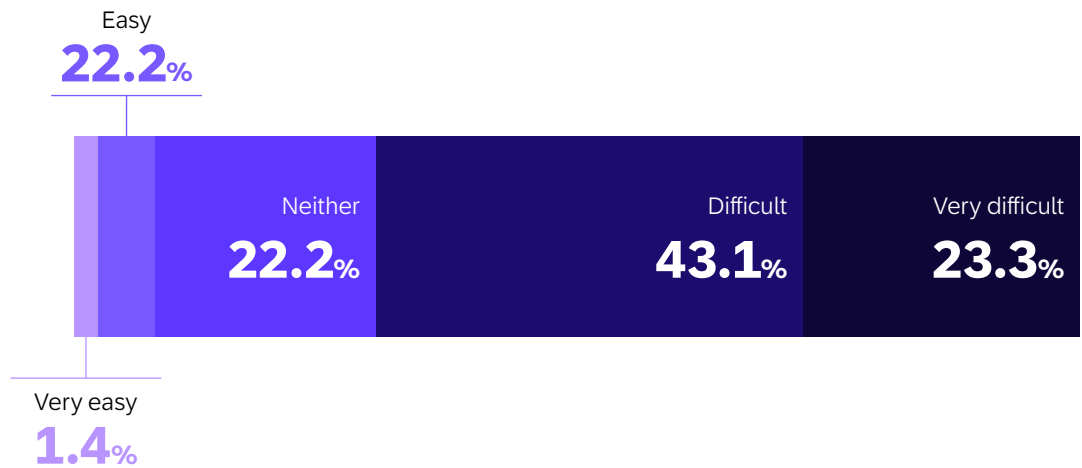
Suppliers said they would accelerate - on average - almost 60% of their payments if they could:

If you could accelerate payments such that you recieve them faster, what percent of your company's customer payments overall would you accelerate?

59.4%

100%
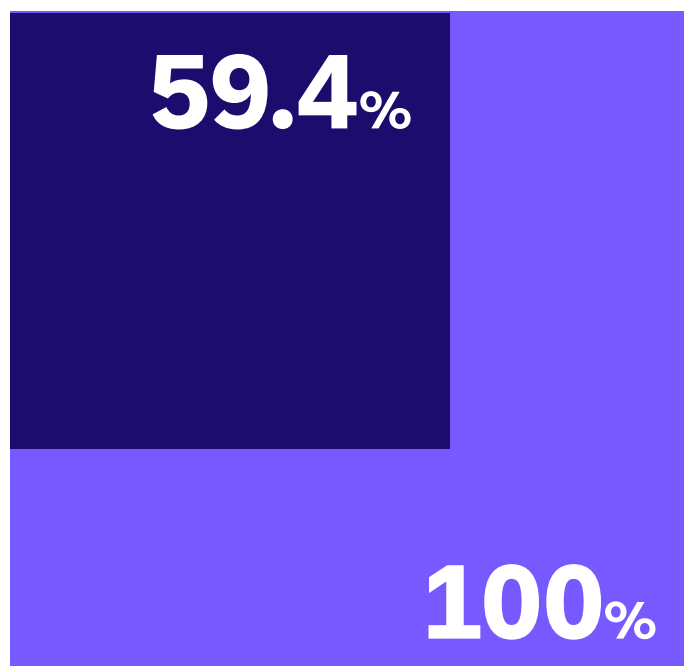
Deleasnerie isn't surprised by suppliers' heightened sensitivity to payment speed today, especially since cash forecasting is critical to efficiently managing cash flow, the balance sheet, and internal resources.

"This shows that access to liquidity and working capital remains crucial for companies of all sizes, especially smaller ones," he said. "Faster payments will bring greater certainty, enabling businesses to both optimize their working capital and reduce their reliance on other forms of credit to finance their operations."

Sébastien Delasnerie, executive vice president, commercial cards, Mastercard
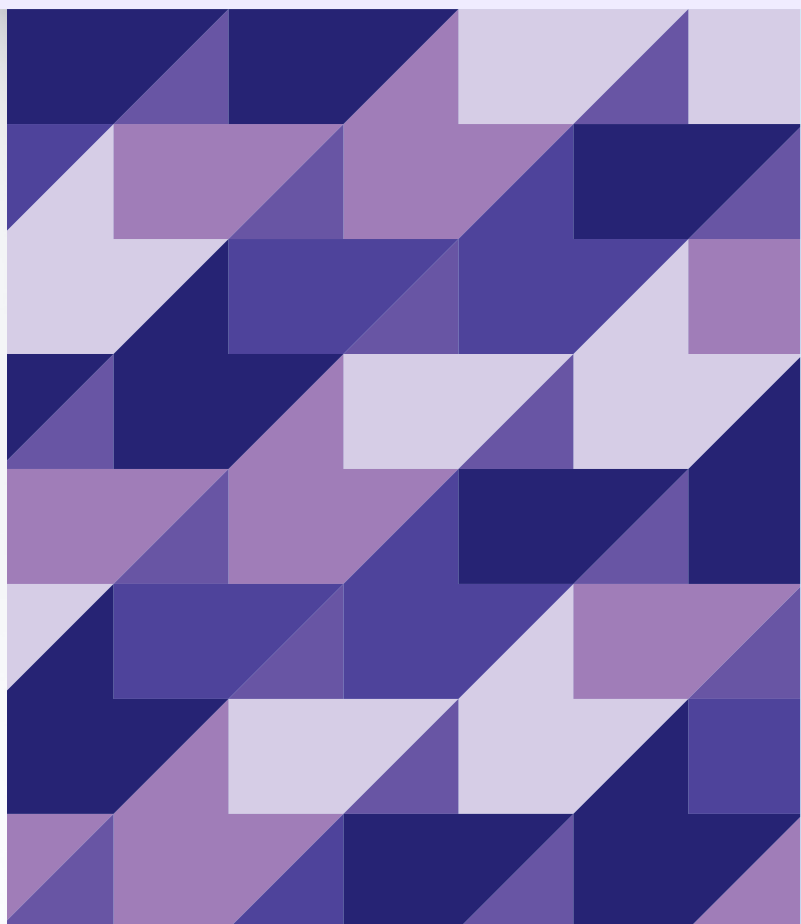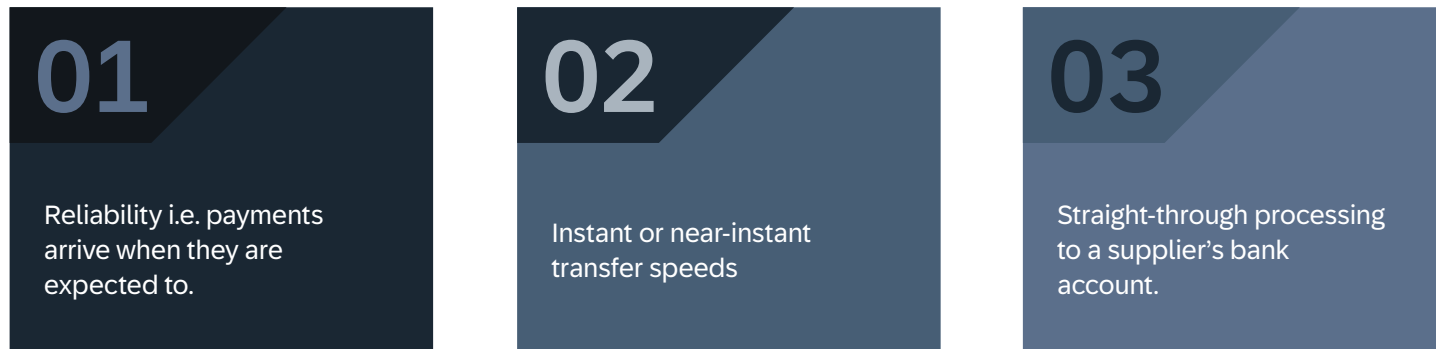
Virtual cards: the ultimate payment method

The most important payment attributes

Beyond identifying challenges, friction, and pain points, we wanted to gain actionable insights into what components and characteristics of payments could make suppliers' lives easier.

Broken down by company size, the respondents ranked the most desirable payment attributes as follows (with 1 indicating the most desirable, and 8 the least):

	1-50	51-100	101-500	501-1,000	1,000+
Ability to take payment early (before invoice maturity)	5	4	4	8	8
Automated reconciliation (in your account system / ERP)	8	7	5	6	6
Fraud-resistant or fraud-proof	6	6	6	2	5
Instant or near-instant transfer speed	2	3	1	4	2
Reliability	3	2	2	1	1
Straight-through processing (to your company's bank account)	1	1	3	5	3
Visibility (through the life of the transaction)	7	8	8	7	4
Zero or low cost	4	5	7	3	7

When we average these out, a clear and consistent top three emerges:

01

Reliability i.e. payments arrive when they are expected to.

02

Instant or near-instant transfer speeds

03

Straight-through processing to a supplier's bank account.

So what are we to make of respondents collectively putting these three attributes at the top of the list? Rebecca Meeker, senior vice president, B2B partnerships, Mastercard, believes the fact that all three could be considered interrelated is no fluke.

" Suppliers primarily want to know when they will receive payment and have a transparent way to track the process. They need visibility into the approval process, the ability to forecast when the payment will arrive, and ideally, receive a direct deposit into their account. The traditional approach involving paper checks continues to pose reconciliation and cash flow management challenges for many businesses. Reliability is crucial because it ensures suppliers know when they will be paid, have transparency throughout the process, and can easily link payments to specific orders, deliveries, and timelines. "

Rebecca Meeker, senior vice president, B2B partnerships, Mastercard

Taking these qualities into consideration, there is only one payment solution that has the potential to offer all these benefits and more: virtual cards.

Conclusion

Overall, our survey indicated a remarkably consistent set of issues with payments faced by businesses of all sizes: late payments; issues onboarding new suppliers; cost visibility in cross-border transactions; and antiquated legacy practices.

Similarly, our respondents were very consistent in reporting that they favored payment solutions that were reliable, instantaneous, and offered straight-through processing. Virtual cards has the promise to fulfil all these requirements and balance the scales of value derived from payments between suppliers and their customers.

"Both buyers and suppliers are looking for the same thing. Buyers want the flexibility to choose how and when they pay, and suppliers want that same level of ease and choice when it comes to accepting payments. Optimizing this for suppliers would be the ideal scenario — allowing them to see their list of outstanding receivables and make more informed decisions around which ones to accelerate. They're also likely looking for some form of forecasting or predictability, perhaps based on past payment history or performance with that buyer, to turn payments data into actionable insights."

Rebecca Meeker, senior vice president, B2B partnerships, Mastercard

About Virtual Cards from Taulia

There's no such thing as a perfect payment method, but many legacy practices still used today can be substantially improved with new technologies like virtual cards.

Virtual cards are a form of digital payment that can be used for business-to-business transactions, offering a secure and efficient alternative to traditional payment methods. They offer fast, reliable transmission times. They streamline payments by providing timely issuance, precise control over spending, and enhanced security by offering unique card numbers for each transaction. They mitigate risks associated with fraud and unauthorized charges by limiting usage to specific vendors or amounts.

Additionally, virtual cards simplify payment processing complexities, lower administrative costs, and enhance overall financial oversight.

Alternatively, Meeker says emerging models around receivables financing for suppliers can be enabled through virtual cards. "Suppliers could benefit by receiving payments sooner and then paying back the bank later, providing a quick injection of cash flow for immediate needs."

> **"** I think many people still see virtual cards as the digital form of a physical card with a temporary, randomly generated 16-digit number, without fully considering the broad range of opportunities they offer. But, if we shift to think of virtual cards as assets, buyers could start using them to manage their cash balance, tap into a credit line for working capital, or explore financing opportunities. **"**
>
> Rebecca Meeker, senior vice president, B2B partnerships, Mastercard

Below is a summary of some of the many benefits that virtual cards offer:

Benefits

Use cases
Virtual cards can be enabled for use in mobile wallets, making them suitable for convenient in-person tap and go transactions.

Security
Each virtual card is typically tied to a specific transaction or vendor, reducing the risk of fraud and unauthorized use.

Spending controls
Businesses can set spending limits, expiration dates, and usage restrictions, improving budget management.

Efficiency
Instant issuance and easy integration with digital platforms streamline payment processes, saving time.

Tracking
Detailed transaction data enhances financial reporting and simplifies reconciliation.

Virtual cards offer a compelling solution to the problems survey respondents reported in the areas of limited visibility, difficulty onboarding new customers, flexibility, and speed.

Taulia Virtual Cards offer a payments experience that works wherever you do. They integrate seamlessly with your ERP, allowing you to automate updates through the transaction life cycle with a comprehensive, configurable API-based integration that's 80% less expensive than traditional solutions. Ours is the only virtual card solution that comprehensively integrates with your SAP ERP and third party systems such as Oracle without any IT project support.

You can avoid fraud, establish control, and reduce complications common to errors in payment timing, amount, and frequency. At the same time, your suppliers can access rich remittance detail, current and historical, while cash analytics leverages real-time data and AI to assess future initiatives and adapt with actionable insights.
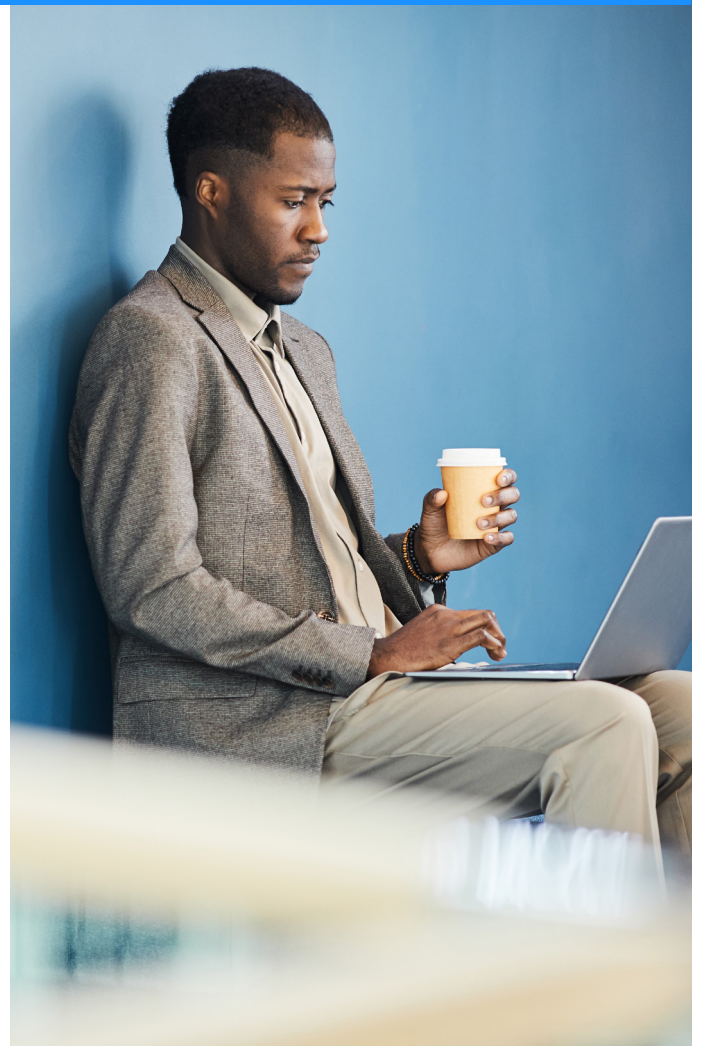
"Taulia Virtual Cards support customers to streamline supplier payments so they become quick, easy, and secure. Embedded into existing procure-to-pay workflows, it supports customers and their suppliers to significantly reduce onboarding time and effort. Both parties take advantage of using the existing supplier portal, SAP Business network, and existing issuer relationships."

Thomas Mehlkopf, General Manager and Head of Working Capital Management CoE at SAP

←

[Contact us here](#) to find out more about how Taulia can help you solve your payment challenges with virtual cards and other solutions.

←