

# Navigating the changing UK payables landscape

The way UK corporates manage their payables is undergoing a fundamental transformation, driven by decades of accumulated practice, accelerated by global disruption, and now defined by regulatory change and strategic ambition.

For over twenty-five years, United Kingdom corporates have used early payment frameworks to manage supply chains and supplier relationships. Historically, these initiatives were deployed as tactical programs – primarily bank-led or single-feature Fintech Supply Chain Finance (SCF) – focused narrowly on a select tier of larger suppliers.

However, the macroeconomic, operational, and regulatory pressures post-COVID and the Russo-Ukrainian war have demanded a fundamental shift. UK treasury and procurement teams are transitioning away from fragmented single point-solutions toward holistic, flexible payables portfolios that deliver strategic benefits.

The changing payments landscape and new legislation present a fantastic opportunity for organisations to build stronger relationships with their suppliers and ensure regulatory compliance while still identifying and delivering on the opportunities that reside in their payables.



# An executive diagnostic: Is your current payables strategy fit for purpose?

As corporate governance and supply chain complexities accelerate, forward-thinking finance and procurement leaders should evaluate their existing early payment capabilities against four critical operational pillars:

## 1. Regulatory Alignment & The Commercial Payments Bill

The bill is described as the biggest reform to UK payment terms legislation in 25 years and is expected to come into force at the end of 2027/early 2028. The Bill enforces strict financial penalties (including up to 1% of a business's annual UK turnover) and senior executive accountability, placing an organisation's payment terms performance and average payment day count under unprecedented scrutiny. Nor is the UK alone. The EU, Australia, and parts of North America are advancing comparable reforms, signaling a broader global tightening of payment practice standards.

- **Current State:** Traditional, third-party funded SCF programs have minimal impact on both the Commercial Payments Bill and reducing a corporation's reported average payment day count, as they are not recognised as early payment.
- **Future State:** A modern strategy utilises a flexible payables approach: Dynamic Discounting to deploy corporate excess liquidity to pay suppliers early, directly lowering the average payment day count. Integrating Virtual Cards (vCards) simultaneously optimises payment solutions and working capital cycles, while injecting immediate liquidity into the supplier ecosystem, and where a company wants to maintain longer payment terms. Investigating the use of Extended Terms Flow (XTF), which has no impact on supplier payments but can still deliver much of the working capital benefits.

## 2. Enterprise-wide supply chain resilience

With insolvencies rising sharply, both in the UK and beyond (23,938 insolvencies in the UK in 2025), local or regional procurement disruptions can quickly result in systemic operational failures.

- **Current State:** When supplier cash flow is under pressure, whether from rising costs, late payment cycles, or credit tightening, organisations without flexible payment infrastructure have no mechanism to intervene.
- **Future State:** True operational resilience requires a single, unified platform capable of extending liquidity options to the entire global supply chain—ensuring continuity from strategic partners down to tail-end vendors.

## 3. Agility through flexible funding & payment mechanics

Static financial structures lack the agility required to navigate changing macroeconomic cycles.

- **Current State:** Many bank-intermediated or standalone Fintech platforms tie an organization to a single funding source or rigid mechanism.
- **Future State:** Modern payables technology allows corporates to seamlessly switch between self-funding (Dynamic Discounting for margin preservation), third-party capital (SCF or XTF for balance sheet flexibility), and Virtual Cards (for rebates and process automation), covering long tail suppliers and ad hoc purchases, and bank-led networks depending on shifting corporate objectives.

#### 4. Process automation vs. basic connectivity

While many banks and fintechs may offer ERP connectivity, true operational efficiency comes from being deeply embedded within existing workflows - not simply transferring data.

- **Current State:** Operating across disparate banking portals or manual interfaces is inefficient, creating friction and administrative drag.

- **Future State:** Natively embedding early payment logic directly into the ERP automation engine eliminates workflow silos. Independent client data demonstrates that deep ERP integration drives transactional cost savings in excess of £10 per invoice compared to traditional SCF solutions.



## Evaluating the path forward: A short checklist

To determine if your organisation is equipped for the regulatory and economic realities of the new Commercial Payments Bill, consider the following diagnostic questions:

- ✓ How will your payments approach align with the Commercial Payments Bill and help ensure compliance and mitigate risks?

- ✓ Does your program recognize and financially reward suppliers who support your broader corporate ESG and Scope 3 commitments?

- ✓ Can your system offer different payment mechanics (DD, vCard, SCF, and XTF) and seamlessly toggle between your own liquidity and third-party provided funds based on real-time treasury objectives?

- ✓ Is your platform built to protect the financial health of your entire supply chain, or just the top 10% of your spend?



## Partner with us

We invite you to collaborate with our UK advisory team to conduct a comprehensive, data-driven audit of your current payables ecosystem and compliance and map out a risk-free path towards a payables landscape that benefits both you and your entire supply chain.

### Contact

Gerry Ryan, SAP Taulia UK

### Email

[g.ryan@sap.com](mailto:g.ryan@sap.com)

## How SAP Taulia supports your transition

Transitioning to a comprehensive payables strategy does not require abandoning established banking relationships or dismantling functional tools. Instead, it is about unifying them under a single, intelligent infrastructure with world-class and AI-augmented technology.

As a world leader in working capital and payables technology, SAP Taulia seamlessly bridges the gap between legacy processes and next-generation execution. By integrating Dynamic Discounting, Virtual Cards, Supply Chain Financing, and Extended Finance into a single automated ecosystem, we empower UK organizations to protect their margins, secure their supply chains, and maintain flawless regulatory compliance.



**Bring out your best.**