B4B PAYMENTS
A BANKING CIRCLE GROUP COMPANY

WHITE PAPER

The Fastest Way to Improve Accounts Payable

Prepaid payment solutions offer maximum flexibility for CFOs while minimizing integration pain points.

www.b4bpayments.com

INTRODUCTION:

The cost of Finance operations rose
7.5% LAST YEAR
except for companies that are considered “world-class digital organizations.”

79% of CFOs
say digital transformation efforts are a critical priority.

Source: CFO.com

Gartner estimates that
ONLY 30% OF FINANCE TEAMS
will successfully meet their transformation objectives by 2026.

Source: Gartner.com

The biggest challenges for efficiently deploying new finance technology are time and disruption to day-to-day activities. That’s where prepaid cards come in.

In our previous white paper, we talked about the role of prepaid cards in the digitization of expense management. Here, we explore why adopting prepaid cards for disbursements or payouts can immediately drive efficiency, lower costs, and improve the experience for your payees whether they’re your customers, your sales team, contractors or suppliers.

In this guide to simplifying payouts with prepaid, you’ll discover:

- Why and how other businesses are using prepaid for payouts
- How the technology aligns with buisiness expectations for speed and security
- What to look for in a provider to reap the rewards with minimal risk

Benefits of Prepaid Cards

- **Rapid fund disbursement**
- **No minimum balance**
- **No interest**
- **No credit risk**
- **No bank account linkage**
- **Safer than cash**
- **Dynamic spend control**

Section 1:

Why and How Businesses Are Using Prepaid for Payouts

Businesses and governments worldwide have been tapping the cost-efficiency, speed and security of prepaid for disbursements for decades. Despite $215 billion in loads on commercial prepaid cards in 2023, adoption still has plenty of room for growth.

Checks persist as fraud surges

In a 2024 survey, 75% of businesses reported that their organizations still use checks, and 70% of those had no immediate plans to discontinue check use.

Meanwhile, check fraud nearly doubled between 2021 and 2023, surging to $21 billion, and banks are filing more suspicious activity reports for checks than any other payment type.

27%
Of decision makers say they have a high rate of payment failures

Source: Modern Treasury

7.5%
Finance operations cost increase in 2023

Source: CFO.com

Traditional business payments are slow, prone to error, and even failure

Nearly all business decision-makers (90%) say their companies face problems with payment operations. They cite the biggest issues as:

Payment reconciliation taking too long
(32%)

Lack of real-time insight into cash balances across bank accounts
(31%)

A high rate of payment failures
(27%)

Data quality errors
(e.g., duplicate or overwritten ledger entries)
(26%)

A low rate of accurate payment reconciliation
(23%)

Source: Modern Treasury

Prepaid cards are faster and more secure

Using prepaid cards for disbursement not only speeds up payment delivery and reconciliation, it's more secure than checks. At the same time, when prepaid cards are managed through a digital platform, payment operations that used to take hours or days can be completed in seconds.

For recipients, rapid prepaid card loads mirror the experience of real-time payments, without organizations having to worry whether their bank or their recipient's bank is a member of a real-time payments network, such as FedNow or RTP from The Clearing House.

In other words, you and your recipients get the benefit of instant payments. Whenever and wherever you send money, it goes.

In addition to digitizing expense management *(see our previous white paper),* businesses use prepaid solutions to solve their payout problems for a variety of use cases including:

- **Refunds and rebates**
- **Insurance payouts**
- **Gig/contract workers**
- **Commissions, bonuses**
- **Referrals/affiliate marketing**
- **Clinical trial participant pay**
- **Disaster relief**

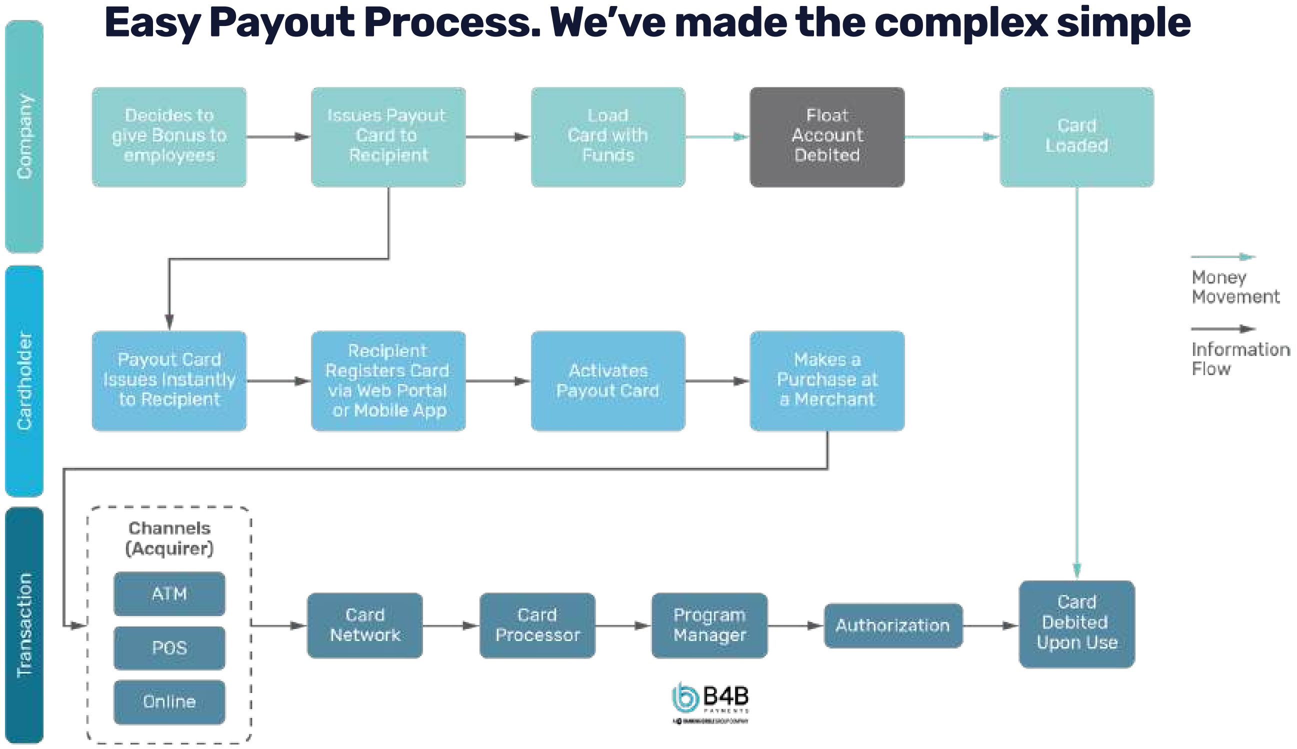
(See section on detailed use cases)

90%

Of business leaders say they have problems with payment operations

Source: Modern Treasury

Easy Payout Process. We've made the complex simple



Section 2:

How Prepaid Payouts Help You Improve Cash Flow and Retain Customers

In addition to efficiency and security gains, prepaid payouts can improve liquidity management for you and cash flow for your payees. You know exactly where your funds are and can reconcile payments immediately. That is also a big reason they are popular with recipients, especially when they are virtual, i.e., recipients don't have to wait for cards to be delivered in the mail.

When given a choice, 68% of consumers choose to receive instant disbursements, according to a recent PYMNTS report. At the same time, 41% of insurance customers are willing to pay a fee for instant funds.

That means businesses have an opportunity to create the experience customers want without having to wait for real-time networks like FedNow and The Clearing House's RTP to reach ubiquity. While both networks are growing quickly, by no means are they accessible to all businesses or, more importantly, to their payees.

At the same time, domestic instant payment networks can only support transactions within the United States. Both the Fed and The Clearing House have announced cross-border ambitions, but that capability could be years away. For the growing number of businesses who pay suppliers, gig workers or customers overseas, simple, fast and secure international transactions are a priority now.

68%

Of cardholders choose instant payouts when give the option

Source: PYMNTS

78%

Of consumers are very or highly satisfied with receiving an instant disbursement

Source: PYMNTS

Did you know?

61%

of SMEs use international suppliers more than they did a year ago, while

51%

do business outside their home markets.

Source: Mastercard

If your business relies on international payments, using expensive wire transfers should be a last resort rather than your go-to method.

"Wire transfers for overseas payments are costly, slow, and can be hard to track. At the same time, unexpected delays and lack of transparency around status and FX rates can create unnecessary uncertainty for CFOs and their payees. Virtual prepaid cards delivered instantly are a game-changer for businesses who need real-time global payments capabilities."

Kieran Draper,
CEO, B4B Payments, USA

Popular Payout Use Cases for Prepaid Payouts

Depending on the use case, you might mail physical cards showcasing your brand to recipients that can be loaded on-demand. This is more common if you are expecting to make repeat payments, say for gig workers or for clinical trial participants. Not only does it make repeat payments easy and fast, it creates stickiness in your relationships.

In other scenarios, businesses and recipients alike prefer the convenience of instant payouts via virtual prepaid cards that can be used immediately for online purchases or loaded to digital wallets for contactless payments in stores.

USE CASES

One of the primary benefits of using prepaid cards is that your payees don't need bank accounts to access their funds. Whichever type of prepaid payout you choose, here are some of the most popular use cases:

Refunds and rebates

Companies loaded $19 billion on commercial prepaid cards for consumer incentives in 2023, and year-over-year growth in 2024 is expected to be 12%. B4B Payments is a finalist in the 2024 PayTech Awards for collaborating with Blackhawk Network to manage a major refund program for a top tech brand. The rapid reward and disbursement programs ensured international customers received refunds within 10 days, boosting customer satisfaction.

Insurance payments

Quick claims processing and real-time payouts can help insurance providers differentiate through convenience and a seamless experience when customers need it most. In a PYMNTS survey, 41% of insurance customers said they'd be willing to pay a fee for instant funds access, compared to 26% of consumers overall.

Gig economy freelancers and contractors

Payment delays are one of the biggest stressors and expenses for gig workers. In the construction industry alone, slow and delayed payments cost businesses $273 billion in 2023.

Employee commissions or bonuses

Payments outside of your regular payroll cycle can be time-consuming to your finance team. What's more, a prepaid card featuring your branding serves as a constant reminder to employees that they are being rewarded every time they use it.

Referrals/affiliate marketing

Speedy payouts strengthen relationships with partners who are driving prospects to your business. Conversely, slow or delayed payments could stall marketing campaigns or threaten your partnerships.

Clinical trial participant pay

Not only is appropriate payment to research participants a critical aspect of diversifying clinical research participation, how you pay and how fast you pay is especially important for people who might not have the time, technology or banking access to cash checks. Prepaid offers participants fee-free access to their funds.

Disaster relief

Disasters demand quick action and speedy payments, especially when access to cash through ATMs or even retailers might be impossible. As weather disasters become more commonplace, checks are completely ill-suited to the task. More than half of federal disbursement recipients who received funds through a check or voucher reported waiting four weeks or longer for their payment, with 20% waiting more than eight weeks. Prepaid fills a critical gap to deliver funds immediately to those without bank accounts and to those who don't have access to their bank cards because of disasters.

Mass payouts

For businesses of all kinds that use batch payments, prepaid bulk payments offer a cheaper, automated alternative to traditional ACH or wire transfers and could be used for any of the use cases above.

Section 3:

5 Things You Need in a Prepaid Provider

Knowing that your business will benefit from prepaid payouts is the first step. The next is finding a prepaid solution provider that is right for your business. We've compiled a checklist of five critical elements to help you during your evaluation process.

1. Reputation and track record matter

You need a partner that not only understands your business and your specific payment-related pain points, but one that has demonstrated success as a partner and as a profitable business in its own right.

After establishing a strong foothold in the U.K. and Europe since launching in 2006, B4B Payments established its U.S. headquarters outside of Boston in 2020. The award-winning payments provider serves business clients from clinical trial operators paying participants to nonprofits disbursing disaster relief as well as channel partners who want to offer their business customers a better way to pay.

2. Compliance expertise is essential

In the highly regulated payments industry, it's critical for businesses to work with innovative fintech providers who put compliance first.

You need confidence that your partner understands the compliance obligations and controls required to issue and load prepaid cards for U.S. businesses and their payees– and that they follow them.

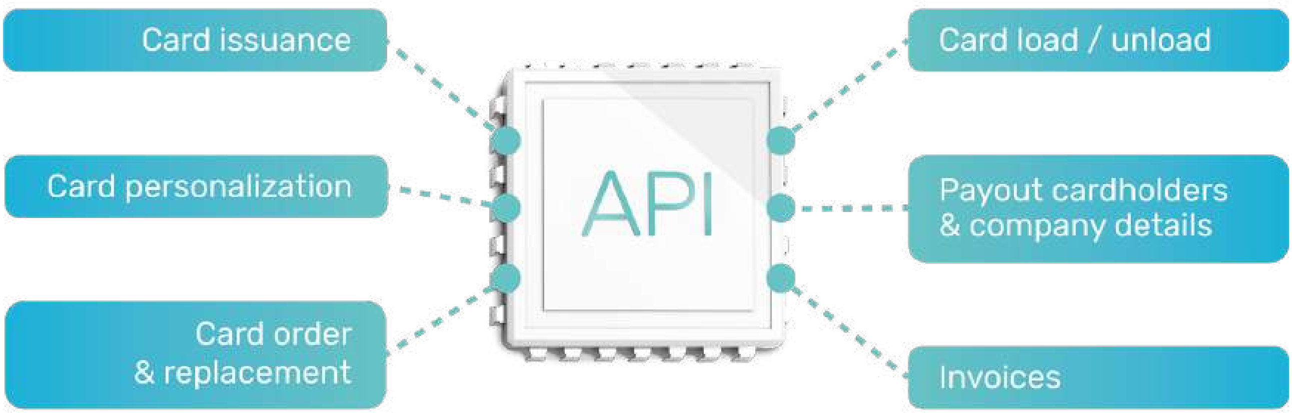
3. Seamless integration means you realize value more quickly

Your prepaid provider should minimize technological barriers so you can get up and running quickly without relying on internal resources that are needed elsewhere.

B4B's robust card and payments APIs integrate securely with webhook functionality and can easily integrate with your existing ERP systems. Or, just log into the B4B portal or download the app for immediate access with no technical integration required. Not only can you manage your payments easily, but reconciliation and reporting are also automated. With B4B, you can be up and running in days, without adding any staff to manage your program.

APIs

Seamless integration means you realize value more quickly.



4. Easy-to-use technology makes your payments operations more efficient

For any payment solution to deliver on the promise of convenience, it must be easy for your team to set up and use. You need a digital management platform that gives you and your team ultimate visibility and control over your payouts (and other payment types), so you're no longer wasting precious time and resources on manual, error-prone payments operations. With B4B Payments' portal you can issue, activate and manage cards, load funds, and access in-depth reporting features for expense management. The secure portal is accessible only via your company's fixed IP address. You also get instant confirmation when payments are received and have access to expert support.

5. International reach is about more than multiple currencies

Depending on your business and use case, global reach and multiple currencies could be a nice-to-have or a must-have feature. Partnering with B4B gives you the power to make and receive payments in 25+ currencies with competitive currency conversion rates and no hidden fees. What's more, B4B can support your global footprint now or as you grow internationally.

A licensed E-Money Institution in the U.K. and Lithuania, B4B Payments can issue prepaid cards in the U.K. and across all EU member states. For U.S. businesses establishing a presence in the U.K. and Europe, partnering with B4B gives you access to the same secure and seamless payment tools with a trusted brand abroad.

How it works

Payments Can Be So Much More than a Cost Center

If your finance team is still relying on checks and manual processes for a significant part of your payments operations, you are at a competitive disadvantage in your customer, supplier, and employee relationships.

In contrast, adopting prepaid cards for payouts in tandem with a full-featured digital management platform will save you considerable time and money. With an experienced international provider, you will also be able to take advantage of global partnership and sales opportunities.

The only thing left to do is find the solution provider that's right for you.

Learn more about how B4B can make prepaid payouts the easiest decision you will make all year.

Let's talk

Download Expense Management White Paper

Download

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