

JAGGAER

# The Top 10 Must-Know AP Payment Trends for 2024



# Introduction

In the dynamic world of finance, the accounts payable (AP) landscape is evolving rapidly, with emerging trends reshaping how businesses manage their financial processes. As we navigate through 2024, it's crucial for companies to stay ahead of these developments to enhance efficiency and competitiveness. JAGGAER is at the forefront of this revolution, offering innovative services and systems that directly address these emerging trends. Here are the top 10 payments trends impacting finance and AP leaders in 2024.



# 01 |

## Adoption and Integration of AI in AP Processes

The integration of Artificial Intelligence (AI) in Accounts Payable (AP) is a significant trend in the financial sector, profoundly influencing business operations as we head into 2024. AI's role in enhancing fraud detection and prevention strategies is particularly noteworthy. **By the end of 2024, it's anticipated that AI-driven fraud detection will become a standard practice across various industries.**

AI systems in AP are increasingly sophisticated in their ability to analyze vast amounts of historical transaction data. These systems identify patterns and anomalies that might elude human detection. For instance, AI can monitor transaction frequencies, amounts, and other variables to flag transactions that deviate from established patterns. This capability is crucial in identifying potential fraud risks, thereby safeguarding companies from substantial financial losses and protecting their reputations.

### **The adoption of AI in AP processes goes beyond fraud detection.**

AI can automate routine tasks, streamline invoice processing, and improve overall efficiency in financial operations. This evolution in AP processes is expected to result in significant cost savings and operational efficiencies for businesses. As we move into 2024 and beyond, the role of AI in transforming AP processes will likely continue to evolve, bringing more sophisticated and efficient financial management tools to the forefront.



**One survey shows that 92% of C-suite and 85% of senior-level management say they are interested in adopting AI for AP processes.<sup>1</sup>**

### **JAGGAER Pay, in partnership with Finexio, leverages groundbreaking machine learning technology to transform supplier conversion efforts.**

Sophisticated algorithms analyze vast amounts of data to identify suppliers that are most likely to adopt virtual cards, ACH, and other payment methods.

<sup>1</sup> <https://aithority.com/technology/stampli-identifies-the-barriers-holding-back-adoption-of-ai-in-finance-teams/>

# 02 |

## Embedded Payment Services in AP and Procurement Software

The trend of integrating embedded payment services into Accounts Payable and Procurement software is gaining momentum in 2024, addressing the complexities and inefficiencies associated with managing payments through multiple systems. This integration is a critical response to the time-consuming and resource-intensive processes that currently hamper AP efficiency and productivity.

This integration significantly reduces the need for manual interventions in payment processes, thereby minimizing errors and risks associated with traditional payment methods. By simplifying and streamlining payment operations, these solutions enable AP teams to devote more time to strategic activities like optimizing cash flow, negotiating better payment terms, and strengthening supplier relationships.

Publicis Sapient<sup>2</sup> projects that revenue from embedded finance, which includes embedded payment services, will climb to \$160 billion by 2025. This nearly quadruples the \$41 billion recorded earlier, reflecting the rapid adoption and potential of these solutions in enhancing financial operations and AP processes.



**Embedded payment solutions are transforming the landscape of AP by providing a unified platform that seamlessly integrates with existing technologies.**

**JAGGAER Pay is the end-to-end payment automation solution providing customers with a seamless procure to pay experience.** JAGGAER Pay's embedded payments service enables platforms to provide the last mile of the AP process, allowing AP and Procurement platforms to offer a complete Procure to Pay solution including payments.

<sup>2</sup> <https://www.publicissapient.com/industries/financial-services/embedded-banking>

# 03 |

## Centralized Payment Analytics for Improved Decision Making

AP is shifting decisively towards data-driven decision making, with a strong emphasis on the use of analytics to manage finances effectively and plan strategically for future growth.

Traditionally, AP teams have faced significant challenges in managing payment data due to the manual labor involved in collecting, cleaning, and synthesizing information from various systems. This process is often cumbersome and error-prone, leading to inefficiencies and potential inaccuracies in financial reporting and analysis.

Consolidating payment data into a single, coherent system enables more efficient processing of data, quicker identification of trends and anomalies, and better forecasting of cash flows and financial needs.

Centralized payment analytics facilitate more informed decision-making by providing a comprehensive view of financial transactions. This holistic perspective is crucial for optimizing payment schedules, negotiating better terms with suppliers, and making strategic decisions that positively impact the organization's financial health.

As AP departments embrace this trend, they are likely to see **improvements in process optimization, risk management, and overall financial strategy**, leading to greater operational efficiency and strategic advantage. PYMNTS.com also reports<sup>3</sup> that 86 percent of CFOs surveyed see AR/AP digitization as “very” or “extremely” crucial in improving customer satisfaction, retention and revenue generation.



**This shift recognizes the critical role of centralized payment analytics in enhancing the efficiency and accuracy of financial decision-making.**

**JAGGAER Pay removes this hassle by providing customers with payments data all in one place.** The payment portal provides insights and an unmatched level of visibility into your payment data, saving time, and significantly reducing the complexity of reporting.

<sup>3</sup> <https://www.pymnts.com/accounts-payable/2021/cfos-see-ap-ar-digitization-as-crucial-to-customer-satisfaction/>

# 04 |

## Remote and Hybrid Work Models Continue to Evolve AP Operations

**The trend of remote and hybrid work models continues to influence AP operations in 2024.** This shift, accelerated by the pandemic, has underscored the need for AP teams to adapt to more flexible and efficient working patterns. These new models offer the potential to significantly enhance both efficiency and effectiveness within AP departments.

The pandemic brought to light the limitations and inefficiencies inherent in traditional, paper-based AP processes. Many organizations found themselves unprepared for the sudden need to operate remotely, revealing a critical gap in their digital infrastructure. As a result, a considerable number of AP teams are now focused on transitioning to fully electronic systems and processes for payment processing.

Electronic systems enable better access to data, streamlined workflows, and improved collaboration among team members who may not be physically co-located. They also offer greater resilience and flexibility in the face of future disruptions or changes in working patterns.

Furthermore, the adoption of electronic AP processes aligns with broader digital transformation trends across various industries. This shift is not just a reaction to the pandemic but part of a larger movement towards digitization that promises more efficient, scalable, and sustainable business operations. A global survey of 250 CFOs<sup>4</sup> conducted by International Workplace Group (IWG) revealed that **82% of CFOs consider hybrid work a more affordable business model.**

In summary, the growing trend of remote and hybrid work models is driving AP teams towards digital transformation, necessitating the adoption of electronic systems and processes to remain competitive and effective in the evolving business landscape.



**This transition is crucial for accommodating the demands of remote and hybrid work environments.**

**The extensible JAGGAER Pay platform automates 100% of global B2B payments, enabling customers to be paper-free from day one** — no more check runs or paper-based payment processes that fall apart in a remote or hybrid work environment.

<sup>4</sup> <https://fortune.com/2022/09/22/cfo-hybrid-work-cost-cutting-opportunity/>

# 05 |

## The Need for Corporate Resiliency in a Time of an Economic Uncertainty

Amidst ongoing economic uncertainty, Finance and Accounts Payable leaders are increasingly focusing on transforming their teams into operationally efficient units that contribute substantially to business growth. **A significant majority (86%) of CFOs surveyed by EY<sup>5</sup> expressed a neutral stance regarding labor and investment decisions for 2024**, meaning that any growth goals they have for 2024 will need to be achieved with the team they have.

Automating repetitive tasks not only streamlines workflows but also reduces the likelihood of errors, leading to cost savings and increased productivity.

Another critical component to having a resilient organization is leveraging centralized data for more informed decision making. Centralizing financial data allows for better visibility and control over financial operations, enabling AP teams to make data-driven decisions. This approach helps in forecasting cash flows more accurately, managing working capital efficiently, and identifying cost-saving opportunities.

Additionally, there's a shift in perspective from viewing AP teams merely as cost centers to recognizing them as potential revenue generators. This paradigm shift involves strategies such as dynamic discounting, where AP teams negotiate discounts with suppliers for early payments, which can lead to direct financial gains for the company, and revenue generating payments such as virtual cards.

**Overall, these strategies represent a proactive approach to handling economic challenges, positioning AP teams as key contributors to the financial health and resilience of their organizations in an uncertain economic landscape.**



**According to an Institute of Financial Operations and Leadership (IFOL) survey<sup>6</sup>, 56% of respondents spend over ten hours a week processing invoices and supplier payments.**

**JAGGAER Pay streamlines AP operations**, enabling existing AP teams to better adapt to the evolving financial landscape and leverage new opportunities for growth and sustainability through revenue-generating payments without the need to add additional resources.

<sup>5</sup> [https://www.ey.com/en\\_us/ey-center-for-executive-leadership/how-top-cfos-see-2024-unfolding](https://www.ey.com/en_us/ey-center-for-executive-leadership/how-top-cfos-see-2024-unfolding)

<sup>6</sup> [https://www.iif.com/portals/0/Files/content/32370132\\_payments\\_security\\_and\\_trust\\_staff\\_paper\\_final.pdf](https://www.iif.com/portals/0/Files/content/32370132_payments_security_and_trust_staff_paper_final.pdf)

# 06 | Priority Focus on Payment Security and Fraud Prevention

Payment security and fraud prevention in accounts payable (AP) needs to be a critical focus area for organizations in 2024. According to the Institute of International Finance<sup>7</sup>, payment fraud is expected to continue increasing and is projected to cost **\$40.62 billion globally in 2027**. This heightened attention is driven by the increasing complexity of fraud tactics and the expanding scope of digital transactions, which collectively present significant challenges in safeguarding payment processes.

The sophistication of fraud techniques has evolved, with fraudsters using advanced methods to exploit vulnerabilities in payment systems. This evolution necessitates robust security measures and fraud detection mechanisms. For instance, the use of **behavioral biometrics and advanced data analytics is becoming essential** for identifying and preventing fraudulent activities.

Moreover, the digital transaction landscape is expanding rapidly, introducing new vulnerabilities. As organizations increasingly adopt electronic payments, the risk associated with digital platforms also grows. Traditional payment methods like paper checks, while declining in usage, still present substantial fraud risks. Many organizations find that their existing internal controls are inadequate to monitor and protect against these evolving threats.

**The trend towards single-use payment options is emerging as a solution to enhance data protection and limit fraud opportunities.**

These payment methods, with strict spending limits, offer a more secure alternative to traditional methods by reducing exposure to fraud.

In response to these challenges, businesses are now compelled to reinforce their payment security infrastructure, implement more effective fraud detection systems, and continuously adapt their strategies to stay ahead of sophisticated fraud techniques.

**With JAGGAER Pay, in partnership with Finexio, supplier account information is securely collected, validated, and stored.** You can rest assured your payments are safe in 2024 with JAGGAER Pay's security services included.

<sup>7</sup> [https://www.iif.com/portals/0/Files/content/32370132\\_payments\\_security\\_and\\_trust\\_staff\\_paper\\_final\\_.pdf](https://www.iif.com/portals/0/Files/content/32370132_payments_security_and_trust_staff_paper_final_.pdf)



# 07 |

## Reduce Manual Processes, Touch Points and Data Entry

The reduction of manual processes, touchpoints, and data entry should be a priority in 2024 to enhance efficiency and mitigate fraud risks. Manual intervention in the payments process has been identified as a significant vulnerability for fraud, particularly through phishing and business email compromise (BEC) attacks.

It is one of the most prevalent methods used by fraudsters, indicating how any human involvement in payment delivery information greatly increases the risk of exposure.

Automating AP processes reduces the need for manual data entry and human decision-making in critical areas, effectively decreasing the opportunity for fraudsters to intercept or manipulate payment information. For example, according to recent studies, implementing automation in AP can significantly streamline cash flow management and reduce errors, thereby enhancing the overall security of financial operations.

Moreover, the use of advanced software for AP processes helps in setting up secure, automated workflows that minimize human errors and oversight. This not only increases operational efficiency but also provides a more robust framework for detecting and preventing fraud attempts.

By integrating automation into AP systems, organizations can expect to see a reduction in fraud incidents, lower operational costs, and improved accuracy in their financial transactions. The shift towards automated systems is a strategic response to the evolving landscape of payment security and a step forward in fortifying an organization's financial integrity.



**The 2023 AFP Payments Fraud and Control Survey<sup>8</sup> reported 71% of businesses were victims of Business Email Compromise (BEC).**

**Backed by secure technology, JAGGAER Pay manages payment delivery and data management for you,** reducing the number of manual touch points and intervention required from your team, significantly reducing the risk of payment fraud.

<sup>8</sup> <https://www.afponline.org/publications-data-tools/reports/survey-research-economic-data/Details/payments-fraud>

# 08 |

## An Undeniable Shift Towards Electronic Payments

The above trends, including economic uncertainty, the increasing risk of payment fraud, and the desire for more efficient and streamlined AP processes, are driving AP teams to prioritize the shift of electronic payment methods in 2024.

The transition to electronic payments offers multiple benefits. It leads to increased efficiency in transaction processing and a higher level of security, crucial in an era marked by sophisticated payment fraud techniques. Electronic methods provide advanced security features that are less prone to fraud compared to traditional methods, making them a more secure option for businesses. Additionally, electronic payments significantly reduce processing costs compared to manual, paper-based systems.

**This cost reduction is a direct result of decreased use of physical materials, reduced manual labor, and lower error rates.**



**The B2B digital payment market size is projected to grow<sup>9</sup> from USD 4.2 billion in 2023 to USD 8.2 billion by 2028, at a CAGR of 14.3% during the forecast period.**

<sup>9</sup> <https://www.researchandmarkets.com/report/digital-b2b-payments>

Electronic payments are also processed much quicker than traditional methods, **improving cash flow management** and enabling businesses to respond swiftly to market changes. This speed is essential for maintaining financial flexibility in dynamic economic conditions. Lastly, the shift towards electronic payments aligns with environmental sustainability goals. It contributes to reducing paper use, thereby decreasing environmental impact and aligning with the growing consumer and stakeholder demand for ecofriendly business practices.

**JAGGAER Pay facilitates the seamless shift to electronic payments by offering a service platform that supports various forms of electronic payments, with dedicated Supplier Enablement to help businesses transition smoothly to more modern payment methods.**

# 09 |

## Increasing the Adoption of Electronic Payments

The strategic choice to shift from manual payment methods, like paper checks, to electronic payments, while advantageous, hinges on the successful education and conversion of suppliers to adopt electronic payment methods. The challenge lies not just in the transition itself but also in **effectively communicating the benefits of electronic payments to suppliers.**

The benefits of electronic payments are substantial, including enhanced security and quicker transaction processing. Electronic methods reduce the risk of fraud and errors compared to traditional paper checks. They also streamline payment cycles, making them faster and more transparent, which is beneficial for both businesses and suppliers .

**Despite these advantages, converting suppliers to electronic payments can be a complex and time-consuming process.** It involves not only educating them about the benefits but also addressing any concerns or resistance to change. The success of this transition largely depends on how well finance leaders can communicate these benefits and provide the necessary support during the switch.

<sup>10</sup> <https://group.atradius.com/publications/payment-practices-barometer/b2b-payment-practices-trends-united-states-2023.html>

**Electronic payments could mitigate such risks for suppliers by providing faster and more secure transaction methods.**

Overall, while the transition to electronic payments in AP is a strategic move towards modernization and efficiency, its effectiveness is closely tied to the ability of finance leaders to engage and enable their suppliers in this digital transformation.

**JAGGAER Pay, in partnership with Finexio, executes specific campaigns backed by AI** machine-learning models that are powered by data from the payment preferences of thousands of suppliers, resulting in virtual card adoption card programs.



**Currently, 55% of all B2B invoiced sales are overdue<sup>10</sup>, and bad debts affect an average of 9% of all credit-based B2B sales.**

# 10 |

## Preference for Faster Payment Processing

Faster payment delivery will benefit both buyers and suppliers in 2024. Adopting quicker payment methods like same-day ACH transfers or virtual cards, in contrast to traditional methods such as paper checks, is a strategic move for businesses. According to PYMNTS<sup>11</sup>, sixty-four percent of firms that use virtual cards report receiving payments faster than they did without them.

This shift not only speeds up the payment process but also positively impacts the days payable outstanding (DPO) for buyers. A higher DPO allows companies to better utilize their cash for short-term investments or meet other operational needs, thereby improving their financial agility.

It's a delicate balance that impacts a company's overall financial health. Faster payment methods contribute to this balance by enabling companies to manage their cash flows more effectively.



**Efficient management of DPO is crucial for businesses to balance their cash outflows with operational and investment requirements.**

**Moreover, quicker payments open up opportunities for businesses to negotiate better payment terms with their suppliers.** This could include negotiating discounts for early invoice payments, which in turn can lead to improved cash flow for both parties involved. The ability to make faster payments can be a strong bargaining chip in such negotiations, ultimately leading to more favorable financial arrangements for both buyers and suppliers.

Overall, the move towards faster payment methods in AP processes is not just a trend, but a strategic decision that can lead to improved financial operations and stronger business relationships.

### **Optimizing electronic payment adoption through**

**JAGGAER Pay** allows organizations to take full advantage of the benefits of faster payment processing, not previously an option with more manual and lengthy payment operation processes.

<sup>11</sup> <https://www.pymnts.com/news/b2b-payments/2021/39-pct-firms-use-virtual-cards-for-b2b-payments/>

## Conclusion

Keeping up with even a few of these massive trends in AP payments can be overwhelming for many AP teams, let alone making sure they are all covered. Instead of investing significant extra time and resources, which are not available for many teams, Finance leaders have discovered they can address all of these challenges by working with JAGGAER Pay and taking advantage of modern payments processes.

