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A new independent study carried out by research and analyst firm PayStream Advisors and commissioned by Tipalti, the leading global payables automation platform, found that the most common practices for managing cross-border payments are neither the most efficient nor the most affordable. Instead, they cost organizations heavily in payment fees, time, and manual labor, and can have negative impacts on supply chains and supplier relationships.

As globalization becomes an ever-increasing reality in today's world, organizations are expanding their supplier bases overseas, leading to an increase in cross-border payments. According to the study, 73% of US companies are now making some type of cross-border payments. However, international payment management entails taking on much more effort and risk than domestic payments in terms of compliance with international tax and regulatory requirements.

"To do cross-border payments right, accounts payable (AP) teams must add in several extra steps and controls," explains Anna Barnett, Lead Research Analyst at PayStream Advisors, and lead analyst on this report. "One example is validating payment data accuracy to avoid payment errors. Over 26,000 global rules exist across different regions and payment methods. AP departments must often use multiple bank portals and payment rails to disburse funds across different countries and currencies, and cross-border payments reconciliation typically requires more advanced measures than domestic-only reconciliation."

Some of the key findings from the report regarding complex cross-border payments

companies with higher amounts of cross-border spend. Global ACH also has the added benefit of having much lower fraud exposure than check and wire transfers.

- **No increase in check usage for payments:** Regardless of international payment volume, very few organizations are trying to increase the frequency with which they disburse funds via paper check. PayStream sees this as a positive trend, as checks are inconvenient, labor-intensive, and lack security features that more modern payment types provide.
- **Suppliers offering early-payment incentives:** Forty percent of companies report that 1-10 percent of their suppliers offer some sort of early payment discount, while 7 percent report that more than 75 percent of their suppliers offer a discount.
- **Rising error levels and longer approval cycles:** Because of more time-intensive, complex processes and currency conversion requirements, the more international payments a business processes, the more likely it will suffer from missing information on invoices, a high number of exceptions, and difficulty keeping track of suppliers' payment preferences. Companies with high cross-border payment volume also have longer approval cycles, which limits early payments opportunities.

"The fraud risks and complex international compliance mandates that come with the Foreign Account Tax Compliance Act (FATCA) and the Office of Foreign Assets Control (OFAC) for cross-border payments mean that companies can't stick with the same time-consuming, error-prone accounts payable operation they often settle for with their domestic payments and still expect to remain competitive," says Chen Amit, CEO and Co-Founder of Tipalti. "Managing complex global payments successfully means implementing the right systems and processes that scale as a company grows and ensure fast, accurate mass payments to suppliers around the world – with minimal effort required by the AP team."

To read the full report, please visit: https://tipalti.com/paystream-cross-border-2018