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Please note: Vocabulary in the payment automation world varies. While customers (i.e., clients, buyers) and their suppliers (i.e., vendors, beneficiaries, sellers) are both considered customers to payment automation companies like Nvoicepay, this article will use the terms "customer" and "supplier" to distinguish between them.

Imagine having to switch out old railroad tracks while a rusted steam engine thunders across. Adopting modern electronic payments runs about as smoothly for banks.

breeze, primarily because banks were built to last, and fintechs were built to adapt. They can easily shift gears to meet demand and immediate needs. Meanwhile, banks are frequently caught up in bureaucratic processes that make it virtually impossible to react quickly to problems.

Financial and fintech industries feel the contrast most often when tackling payment security—specifically when it comes to cards. Even though check payments incur 25% more fraud instances than card payments, according to the 2019 AFP Payment Fraud and Control Survey, many companies hesitate to make the switch to more electronic means.

Kim Lockett—the Director of Supplier Services at Nvoicepay, a FLEETCOR company—offers a glimpse into why companies are hesitating to shift gears: "Fraud is not a new issue to companies," she states. "But what we've learned is that fear of change overrides the fear of potential fraud loss, even among companies who have already incurred those losses."

With almost 30 years of experience in payments and financial services, Lockett possesses a holistic perspective on supplier expectations for seamlessly receiving payments, with payment fraud protection listed as one of the highest priorities. She's heard all the horror stories, from a small business whose checks were stolen out of their mailbox and cashed, to a company whose employee tried to use business deposit information to clear her personal checks.

That's not to say that errors and fraud don't occur for card payments as well. But they occur significantly less, and are much easier and faster to resolve than check, ACH, and wire payment issues.

What's the holdup?

In the last decade, fintech companies have improved the tracks on which many

problem: that even though work has been lifted directly from their customer's shoulders, someone at the bank still has to process checks and submit data for manual reconciliation. The process is hardly automated, and the advent of payment processing technology has all but made the entire process impractical.

Embracing the future

Of course, the best way to avoid check issues is to avoid checks. These days, electronic payment methods offer higher levels of security. But if electronic options like virtual card numbers are such a fantastic option, why are so many companies avoiding them?

Lockett states: "In general, I think companies are afraid of handling credit card numbers because they feel there is risk involved."

It's not the dangers of check payments, but misconceptions about electronic payments that cause companies to refrain from accepting them. Many AR teams rationalize that they'd rather respond to the inevitable check fraud cases they understand than walk unprepared into the relatively unknown territory of card fraud.

When checks are stolen and cashed, there's very little that can be done. At the end of the day, someone will be out that money. Other electronic payment types like ACH and wire are significantly safer, but can still experience fraud, especially internal instances, such as when a company's employee submits their personal bank account information to receive company payments. Whether these issues are reversible is dependent on each unique scenario.

Card payments, particularly the virtual card numbers provided by fintech companies, are typically protected by two-factor authentication. Whether this means that AR is supplied with a login to access secure details or a portion of a card number, the

In many cases, banks have rushed to cater to customer's needs, leaving suppliers in the dust when it comes to follow-through on electronic payments. Despite these efforts to change, most larger banks still follow their old tracks, and their customers and suppliers experience the same lack of customer service they always did.

With over 10 years of support development behind them, fintechs have expanded their offerings to suppliers, catering to their specific needs, whether they require something as simple as customizable file formats or a more significant request like payment aggregation. Fintechs that follow through with supplier support are truly delivering on their promise of offering an end-to-end solution. They are building tracks that support the advanced bullet trains that companies have become.

"Ten years ago, companies were reluctant to add virtual card payments to their list of accepted payment types," says Lockett. "Education, experience, and word-of-mouth have established virtual card payments as a mainstream and relevant way to conduct business."

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