

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

payment solutions. And those who already have are quite pleased with the decision. Around three-quarters report being "very" or "extremely satisfied" with digital wallets...

Mar. 02, 2021



Companies often use whatever means available to funnel payments to suppliers. For nearly **81% of accounts payable departments**, that involves paper checks — even though this approach is one of the least favored payment processing methods.

Given the choice, accounts payable professionals would make the move to digital payment solutions. And those who already have are quite pleased with the decision. Around three-quarters report being "very" or "extremely satisfied" with digital

wallets, and almost 70% feel the same about e-payables. When it comes to paper

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

When the Manual AP Process Becomes Problematic

Of course, moving to a digital system doesn't mean an entirely paper-free workflow. There might be occasions when team members must still visit the physical office to reconcile one thing or another.

Nevertheless, automated solutions can eliminate many of the inefficiencies inherent to paper checks. Check-clearing alone takes two business days once deposited and then another five business days for banks to receive the funds. Likewise, a payment won't clear for almost two weeks (assuming all goes smoothly).

As finance departments know, a number of additional variables can also come into play and delay the process. Account standing can lengthen the time it takes for a check to clear — as can the check amount and the bank relationship. Any lags in the agreed-upon payment terms might lead to friction within the supply chain and sour business relationships, especially when the other party has the functionality to accept digital payments.

Beyond this, the cost of paper checks should be reason enough to invest in paperless accounting solutions. Processing a paper check can cost anywhere from **\$4 to \$20** and is 10 times more expensive than digital payment solutions. For a company that's issuing a lot of checks, that can add up to significant cost savings. At the same time, it reduces the exposure to potential fraud. After all, it's difficult to alter checks issued via vetted AP automation software.

Why Companies Can't Quit Paper Payments

Although the process of issuing paper checks is rife with drawbacks, moving to automated AP solutions doesn't come without hesitation. This is uncharted territory for many AP professionals, and there are still uncertainties as to whether technology

will improve the process. Does it save time? Does it cut costs? And should something

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Cost savings is often the most noticeable benefit of moving to a paperless AP system. You no longer have to pay for checks, envelopes, and stamps, nor are you devoting precious hours tracking down signatures and managing the paper check process. Going paperless streamlines the entire workflow.

Moving toward AP automation also has a way of increasing visibility, thereby establishing greater payment controls for companies. Real-time insights into payments are just a few clicks away, providing a glimpse into the payor-payee transaction history and helping to identify and reduce the number of missing or bounced checks — a time-consuming task endemic to a manual AP process.

Along with visibility often comes security and minimizing the chance of fraud. Check and wire transfers remain the [methods of choice](#) for fraudulent payments, with 74% and 40% of companies noting fraud attempts on these payment types, respectively. Automating your AP process simply reduces the potential for tampering, all while minimizing the chances of lost checks.

Besides this, automation allows for faster payment processing, thus providing more working capital and cash flow for a company. This makes for a faster, more reliable reconciliation process. Depending on the choice of software, you can quite literally consolidate payments — no matter the currency — into a solitary format file.

More cost-effective transactions, increased visibility, minimal fraud risk, and faster cycle times can quickly add up to an [80% efficiency gain](#) for many businesses. As you continue to streamline processes and embrace automation, the added efficiencies can go a long way toward maintaining and improving business relationships. Without a doubt, it's time to shift focus away from paper checks and toward automated solutions.

=====

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved