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ACCOUNTING & AUDIT

2022 Fintech and Payments Predictions

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By Vijay Ramnathan.

It's hard to define 2021 exactly, but a few headlines help define the year for businesses and finance teams — Pandemic 2.0, Supply Chain Dysfunction, The Great Resignation, and Digital Transformation X.0 — and set the tone for what's to come in 2022.

Finance Teams Double Down on Remote Work and Remote Tools

We did some research in 2020 with mid-market and enterprise finance teams. Prior to the pandemic, 85% reported working fully in the office. During the pandemic, that number shrunk to 22%. This past summer, it bounced back to above 60%. Six-twelve months from now, about 50% expect to be working remotely or hybrid. The point is that the challenges finance teams experienced with manual processes while working remotely aren't going away.

Enabling a remote workforce, improving cash management, and ensuring business continuity are all critical and finance leaders are prioritizing the digitization and automation of back-office financial processes to get there. That will continue in 2022.

Suppliers Level the Playing Field in B2B Relationships

Almost 60% of the finance leaders we surveyed said that the strategic importance of their supplier relationships grew in 2021. The number was even higher in industries like healthcare where the steady flow of supplies is essential to delivering critical services. Accurate, timely payments are key to those relationships. This emphasis will give suppliers more say in how they get paid as organizations focus on keeping their businesses moving forward and preventing future supply chain vulnerability.

Buyers Focus on Removing the Final Obstacles to Supplier Adoption of Digital Payments

Most businesses are interested in converting more payments to electronic methods. Why not? It's faster, easier, and less expensive to manage for everyone. Yet despite the obvious benefits, broad-scale adoption has stalled to date. I see businesses investing a lot more time, energy and technology in three areas to overcome the final obstacles.

1. A team's capacity to contact and onboard vendors to accept digital payments. This can be addressed by AP solution vendors that offer services to continuously onboard suppliers to accept digital payments.
2. Giving suppliers a choice in how they get paid. It has to be a win-win for the buyer and the supplier.

3. Making it possible for suppliers to manage and update their payment information in one place for multiple customers. Supplier portals can address this need while also providing suppliers with a consolidated view of their accounts receivables along with valuable analytics on things like efficiency, DSO and Credits Outstanding.

The Great Resignation Accelerates Automation

It's been one of the biggest stories of 2021 – people at all levels abandoning jobs to do any number of different things – or in some cases, nothing at all. Regardless, businesses are left in the lurch. This will drive even more investment in automation technologies to fill the labor gap. Manual, paper-based processes in finance, accounting, human resources (ironically), and customer service will be prime targets as businesses look to fill in for hard-to-find talent, and expand on existing, digital transformation initiatives.

AP Becomes an Intelligence Hub for the Enterprise

Every organization today is trying to take advantage of data from existing business processes and workflows to improve the way they manage and operate. Accounts Payable (AP) is no exception.

As businesses continue to automate their AP function, they will gain access to a treasure of data which will enable them to accelerate their digital efforts, e.g., understanding which payment methods cause the most or least problems with suppliers; forecasting spending and cash flow more accurately; analyzing payments and receivables to free up cash flow; identifying payment frictions in different parts of the business; and predicting potential fraud based on common characteristics.

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