5 ways to take back control and get paid on your terms

A quick guide for financial professionals

Suppliers are getting squeezed by increased pressure to accept card payments. High fees make card less attractive, even though the channel offers many benefits.

Accounts receivable professionals can minimize the negatives and maximize the positives using advanced A/R practices. Let's review them together.

NEGOTIATE TERMS AT ONBOARDING

Financial institutions will first need to contact a supplier to try and gain acceptance of their card payments on behalf of a buyer.

This is the moment when a supplier can ask to have their payment preferences honored in exchange for accepting the A/P provider's card. But the supplier needs to have developed a payments strategy to take full advantage of this opportunity.

UNDERSTAND THE COSTS OF PAYMENT CHANNELS

When comparing the costs of various payment channels, both explicit and implicit costs must be considered.

Explicit cost includes fees that originate from outside the supplier like card interchange fees, or lockbox and keying fees charged by the supplier's bank.

Implicit costs include overhead costs associated with payments, cash application and collections.

SEGMENT THE PAYMENTS STRATEGY BY CUSTOMER

There are situations in which acceptance of a certain form of payment is a competitive advantage. Suppliers should be aware that acceptance of a buyer's preferred form of payment can be used as an incentive in developing a business relationship.

But just because they accept payments at favorable terms from one buyer doesn't mean they need to extend the same terms to all buyers. Suppliers should use payment acceptance strategically.

REFLECT ON WHETHER CHALLENGES ARE INTERNAL OR EXTERNAL

Suppliers shutting down the card payment channel with certain buyers is a growing phenomenon. Sometimes, it is because of unappealing payments, like interchange fees charged on high ticket / low volume card payments that could more profitably be accepted by check or ACH.

But sometimes the problems are on the supplier side, like an unsophisticated card settlement processes that can't process level 2 or 3 data leading to unnecessarily high interchange fees.

AUTOMATE A/R AND EMBRACE PAYMENTS NETWORKS

Embracing digitization across the order-to-cash process can help suppliers automate payments, lower costs and enhance security. In fact, all four of the previously stated best practices can be efficiently implemented with A/R automation and payments networks like **Business Payments Network** (BPN).

Read our new white paper Payments on your terms to learn how to accept more digital payments at lower costs while influencing buyer payment behavior and still meeting customer preferences.

And, as always, if you have questions, don't hesitate to reach out to a payment solutions expert at sales@billtrust.com.

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