



# Modern B2C Payments: 3 Ways to Deliver What Consumers Want

Consumers, businesses, and vendors all now demand convenience, flexibility, and choice when it comes to making and receiving payments. Unfortunately, many organizations rely on manual, paper-based business-to-consumer (B2C) and business-to-business (B2B) payment processes that are inefficient, don't take into account payees' preferences, and expose their organizations to financial and security risks.

Online payment offerings from banks and consumer applications like Venmo, PayPal, and Zelle are making it easier than ever for people to securely give and receive payments from family, friends, and businesses — in some cases, facilitating these transactions instantaneously. All these applications have set a new standard for the payment experience. Consumers have become accustomed to electronic payments, and organizations must meet these expectations to win and keep their business, and foster long-term loyalty.

In this digitally connected era, it's clear that now is the time for organizations to rethink the payment experience. **To truly meet consumer demand today, B2C organizations must ensure the payment experience is:**

1. User-friendly
2. Fast and flexible
3. Secure

Companies must meet consumers' payment preferences, and seamlessly integrate any third-party payment solutions they use into their existing brand communications to speak to customers in one unified voice.

This guide outlines how you can keep these three key considerations in mind as you begin to transform your payment experience.

## Most Payment Experiences Aren't Designed to Meet New Needs and Demands



**Healthcare:** Patient refunds



**Higher Education:** Student tuition refunds; contractor and student organization payments



**Property Management:** Tenant refunds; contractor and distribution payments



**Manufacturing and Logistics:** Customer rebates; contractor and hauler payments



**Energy and Utilities:** Customer rebates and refunds



## In the Venmo Era, User-Friendliness Drives Satisfaction

Ease of use is critical for consumers. Venmo, which has 40 million active users,<sup>2</sup> has become a leader in the peer-to-peer (P2P) payments space because it understands that convenience is king.

Unfortunately, Venmo is an outlier in this area. Overall, current disbursement processes are anything but user-friendly. Consumers who would love for businesses to adopt more automated disbursement processes currently have to jump through a multitude of hoops just to get refunds or reimbursements. According to research conducted by the Aite Group, despite the availability of faster and more convenient digital payment methods, most businesses still rely on paper checks for disbursing payments, with 49% of consumers receiving payments via check.<sup>3</sup>

But even when businesses and organizations do try to innovate, the process isn't streamlined. Some require consumers to download a separate app if they use their mobile devices. The account verification process can also be confusing and time-consuming. Confirmation emails appear as though they're coming from a third party, creating a disjointed experience for consumers who are already cautious about sharing their sensitive data.

Another issue is that most businesses don't take into consideration customer payment type preferences like push to debit card or ACH direct deposit, instead, offering only payment by paper check. This is despite the fact that 81% of consumers say they want more choice when it comes to payment methods.<sup>4</sup> A majority of them also say they would prefer card-based instant payment methods, such as push to debit card payments. Currently, only 53% of B2C disbursements actually offer any payment flexibility.<sup>5</sup> It is a critical consumer experience gap that more companies need to fill.

Giving consumers a better payment experience is no longer negotiable, because consumers now have more choice in the marketplace. In fact, 49% of consumers say they would be extremely or very likely to switch merchants if another competitor offered real-time payments.<sup>6</sup> If your business wants to maintain consumers' loyalty, it's critical to make it as simple as possible for them to do business with you.



In a survey of 1,214 U.S. adults, 71% said they prefer to receive funds from businesses using a paperless option, with direct deposit being the most popular.<sup>1</sup>

## 2

## Speed and Flexibility Make Customers Feel in Control

Given the range of options now available to consumers, it's important for them to feel in control.

They expect to receive fund disbursements quickly and securely – and through their preferred payment methods. Speed is critical for payees who now, more than ever, are relying on disposable income. Sixty-five percent of consumers say it's important for them to receive payments instantaneously from businesses and government agencies. Among consumers who preferred card-based instant payment methods, 50% preferred push to debit card payments. Among those who did not, 49% preferred payment via direct deposit to their banks, allowing them to access payments quickly.<sup>8</sup>

Instant payments are beneficial for all payees, but they're especially so for those who are owed a small amount. Take, for example, a \$10 manufacturer's rebate. Expecting a payee to take time out of his or her day to go to the bank to cash a small check only adds inconvenience, even frustration, to the payment experience. If a payee does not cash the check, it also increases the overhead costs associated with the escheatment process on the payer's end. This leads to higher processing and operational costs that could be more than the actual payment amount. By offering electronic payment methods, the overhead associated with this process drops.

Offering flexibility is another way to give consumers control. Checks are a tried-and-true payment method for organizations across industries, but they can lead to several pain points for everyone involved. Running checks is a laborious process. It takes a long time for consumers to receive payment, which impacts customer satisfaction – and potentially retention. Checks also can get lost, which leads to additional delays and increases the likelihood of fraud.

On the business side, paper checks are an additional headache for AP departments and cost your organization more money in postage and processing. Companies can save as much as \$4 per check by digitizing labor-intensive payment processes.<sup>9</sup> So along with offering a better customer experience, there's also a strong business benefit that comes with digitizing B2C payments.

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**31% of consumers are less willing to do business with a company that makes payments via check.<sup>7</sup>**

## 3

## Security Forges Brand Trust and Loyalty

Security is now an integral part of the customer experience. After an increase in cost, weak data security is the second biggest reason consumers say they would end a relationship with a financial institution.<sup>10</sup>

As consumers have become more digitally connected and empowered, they have grown increasingly aware of the security risks associated with sharing their personal and financial information through digital channels. They scrutinize emails, communications, and workflows from companies more closely and are more discerning about their online interactions with different brands.

In this increasingly privacy-focused environment, companies need to make every part of the payment experience seamless, secure, and transparent — especially their workflows. Even if your company collaborates with a technology provider to streamline your disbursement process, you need to ensure your workflows aren't just user-friendly, but are also in line with your visual brand guidelines, written tone of voice, and more. Whether it's automated email notifications or self-service tools, creating a cohesive branded experience for payees will engender their trust and give them confidence that the workflow they're using is authorized and is actually coming from your brand, rather than a third-party technology provider, or worse, a cybercriminal.

**64% of consumers have chosen not to work with a business due to poor cybersecurity measures.<sup>11</sup>**



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## Create the Payment Experience Consumers Expect

If your organization is trying to streamline the payment experience for consumers, new solutions are available to provide the seamless, fast, flexible, and secure experience they now expect.

Rather than managing multiple point solutions, you can bring all your payment processes together using one unified and secure payment solution. The Paymode-X B2C Disbursements solution creates a safer, more seamless payment experience for consumers and enables organizations to move away from inefficient, manual processes and paper checks. It automates consumer payments using each payee's preferred payment method, such as a push to debit card or direct deposit into a bank account. This allows organizations to process diverse payment types ranging from customer rebates and patient refunds to student tuition reimbursements and contractor payments more easily.

To automate both their B2C and B2B payment processes, organizations can use the broader Paymode-X AP Automation solution, which includes full invoice-to-pay automation capabilities as well as access to a network of 450,000+ member businesses that exchange billions in electronic B2B payments every week. With built-in technology that detects and prevents fraudulent payment activity, and verification steps for business and consumer payees, Paymode-X helps minimize the risk of fraud exposure for businesses and anyone they pay.

Doing business should be easy for companies and consumers alike, so it's time for your organization to deliver a user-friendly, flexible, and secure payment experience and make manual processes and cutting checks the exception rather than the rule. **By using best-in-class technology for your payment experience, you can meet consumers' heightened expectations, automate your disbursement processes, and make getting paid much simpler for payees.**

Learn how **Paymode-X B2C Disbursements** can help you create a consumer-driven payment experience.

**CONTACT US**

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