



Payments trends 2023

The consumerization of B2B payments

Back in January, our Visa Consulting & Analytics (VCA) global advisors used VisaNet data, expert interviews, and in-house research to identify [ten trends that are set to shape the payments landscape over 2023](#).

Each month, we're delving into each of the ten trends. This month, VCA expands on the consumerization of B2B payments – by looking at how it is impacting payments, how financial institutions (FIs) can best prepare, and the types of responses FIs should be considering.

What's going on?

The B2B payments space has lacked the rapid innovation that's changed the consumer payments landscape in recent years. Having experienced payment innovation in their personal lives, B2B buyers expect to see B2B payment services that are cost efficient, digital-first, and fast.

Additionally, factors such as Gen Z entering the workforce, bringing with them their penchant for digital-first payments, and the office of the Chief Financial Officer getting younger in recent years, have highlighted that a gap exists between expectations and reality when it comes to B2B payments.

Why does it matter?

As the B2B payment landscape continues to transform, there is an opportunity for FIs to modernize this space by innovating their offerings to address their customers'

evolving needs and expectations. 80 percent of B2B transactions are expected to be digital by 2025, and businesses are taking action.¹

In a recent study, 94 percent of companies surveyed were planning to invest in digital technologies in payments and finance.² Similarly, 90 percent of SMBs were considering moving from their primary financial institution to more agile fintechs/paytechs.³ These players tend to offer comprehensive products that seamlessly bundle core payment services with business management solutions, such as accounts payable automation, expense management, and digital onboarding - delivering a unified experience from invoicing to payments to reconciliation.

This helps businesses meet their evolving payments needs while increasing operational efficiency and automation, ultimately saving them time and money. Additionally, digitization of processes brings richer data and stronger insights, helping businesses to identify areas of opportunity and further optimize their operations. By creating cohesive ecosystems that are deeply entrenched in the day-to-day business operations, these fintechs can become integral to their customers and generate loyalty; this is especially true in the SaaS environment where customers tend to be very sticky. This stickiness manifests in higher revenues for the fintechs and FIs who serve those segments.

To combat the rise of new players, traditional FIs need to offer rail-agnostic and scalable solutions that meet the evolving needs, heightened expectations and increasing digitization of their customers. They also need to offer services that look and feel like the seamless digital experiences that B2B buyers have become accustomed to in their personal lives.

1. Visa, A world in transition, December 2022, <https://usa.visa.com/visa-everywhere/blog/bdp/2022/12/13/a-world-in-1670966361523.html>

2. PYMNTS, Digitization Strategies: How CFOs Are Prioritizing Digital Payments To Maximize Efficiency, November 2022, <https://www.pymnts.com/study/digitization-strategies-risk-management-business-payments-fraud-prevention/>

3. Capgemini Research Institute, Winning With SMBs, 2022, <https://www.capgemini.com/insights/research-library/world-payments-report/>

How some forward-thinking players are responding



One-stop-shop fintechs

Fintechs including card players like Divvy, Float, and Ramp are offering a one-stop-shop in which cards are one piece of their overall solution. They're challenging established FIs by providing seamless, convenient platforms offering:

- ✓ Physical and virtual cards
- ✓ Business dashboards
- ✓ Accounts payable
- ✓ Expense tracking
- ✓ API integrations with popular apps such as Jira, QuickBooks, and Okta
- ✓ Digital onboarding and underwriting capabilities
- ✓ Lending
- ✓ Cash flow forecasting

Traditional FIs can combat these new entrants by striking partnerships with other fintechs who offer similar services. These partnerships allow the partner fintechs to expand and scale quickly while helping FIs offer these capabilities to their customers.



Incumbent digital commerce platforms expand into B2B

Digital commerce platforms like Shopify built their reputation by simplifying once complex procedures. They made it possible for businesses with little technical expertise to quickly and easily set-up e-commerce businesses – using an approach to user experience (UX) that is similar to a best-in-class consumer brand.

To extend this approach, Shopify has recently expanded upon their core offering in two ways:

1. Their new B2B platform, B2B on Shopify offers everything from front-end UX design to checkout and integration with ERP systems. It gives wholesalers the ability to stand up and manage B2B or direct-to-consumer channels with minimal complexity.⁴
2. In July '23, Shopify announced they're now offering a business credit card, Shopify Credit. The card is only available for merchants that have US-based sales on Shopify and the underwriting process considers factors such as the businesses sales performance as opposed to a traditional credit check.⁵



Modernized B2B payments

To address the one-stop-shop offerings from fintechs, and offer a more holistic or bundled service – similar to what you'd expect to see in the consumer space – some traditional FIs have turned to network solutions. Examples include:

- **Wider reach and acceptance** – banks offer products and solutions that afford their customers the ability to pay virtually anywhere and access complimentary features and services (e.g., reporting, servicing, etc.)
- **Commercial cross-border payment solutions** – offering rich transaction data and utilizing tokenization for sensitive business information, while accommodating the regulatory and compliance-related intricacies of dealing in multiple currencies
- **Accounts payables automation tools** – enabling consumption of APIs and embedding of virtual cards into a variety of use cases

Additional value-add services such as fraud monitoring and loyalty can be layered on top of these solutions to provide even more benefit to the end users.

While traditional FIs are at an advantage as they already have existing relationships and the trust of their clients, they must offer quick and seamless onboarding, a frictionless experience, and access to both table stakes capabilities offered by fintech competitors (e.g., virtual cards, expense tracking, API integrations) and cutting-edge payment capabilities such as a full set of Faster Payments use cases. By ensuring these three demands are met, traditional FIs are well positioned to defend existing market share and acquire new clients.

4. Shopify Plus, B2B Ecommerce, <https://www.shopify.com/ca/plus/solutions/b2b-ecommerce>

5. Shopify ends into credit as it pushed further into the fintech space, Techcrunch, July 26, 2023, <https://techcrunch.com/2023/07/26/shopify-expands-into-credit-as-it-pushes-further-into-the-fintech-space/>



About Visa Consulting & Analytics (VCA)

We are a global team of hundreds of payments consultants, digital marketing specialists, data scientists, and economists across six continents.

- Our consultants are experts in strategy, product, portfolio management, risk, digital, and more with decades of experience in the payments industry.
- Our data scientists are experts in statistics, advanced analytics, and machine learning, with exclusive access to insights from VisaNet, one of the largest payment networks in the world.
- Our economists understand economic conditions impacting consumer spending and provide unique and timely insights into global spending trends.

The combination of our deep payments consulting expertise, our economic intelligence, and our breadth of data allows us to identify actionable insights and recommendations that drive better business decisions.

If you'd like more information on the consumerization of B2B, on how Visa solutions can address the trends above, and to learn about growth opportunities for your business, please contact your Visa account executive or email VCA@visa.com.



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