



Three Ways To Help Your SMBs Automate Their AP Processes

business customers automation

Summary: Many SMBs are still using manual AP processes, which are inefficient and more costly. As a trusted advisor to your customers, you can help them automate their AP systems. Three ways to do this are: helping them streamline cash flow, reminding them of the cost savings, and providing them with a white-label solution.

In 1970, Wendy's opened its second restaurant, including the first modern-day, drive-through window. This new idea revolutionized the fast-food business. By the 1980s, it was reported that 50% of fast-food business was done via drive-through. This idea caught on with other businesses as well that wanted to help streamline services for their customers (although financial institutions had drive-up windows already in 1930).

Yet, streamlining can take longer for some to adopt than others. Despite the rising wave of digital improvement in business technology, accounts payable (AP) departments, especially at small and medium-sized businesses (SMBs), have been well behind the AP/AR streamlining adoption curve.

As with many other e-initiatives, the recent pandemic and lockdown jump-started efforts to automate invoicing and payments among business customers. Many finance employees are still working remotely and manual processing can be far more time-consuming and difficult to track, especially across remotely distributed working environments.

According to a survey from Hyland Software, [accounts payable professionals spend three out of every 10 hours of their workweek on manual tasks](#) — from printing paper checks to stuffing envelopes to researching vendor payment information and answering payee questions. Most industry experts agree this is a waste of AP managers' precious time. However, they find it difficult to make the leap to digital options.

So, how can community financial institutions (CFIs) help their customers make the transition from manual to automated AP processes?

- 1. Help them streamline cash flow.** It is estimated that North American businesses pay an average of \$25B in late fees on an annual basis. This can easily happen with manual AP processes. Supporting them in automating their AP system helps to keep them in good standing with their vendors and allows them to continue to build strong business relationships. It also makes it easier to authorize and track payments. Having healthy cash flow and working capital also ensures that they are solid, profitable, and more loyal bank customers.
- 2. Remind them of the potential cost savings.** SMBs are always looking for ways to cut costs and the old-school style of accounts payable is simply more costly and always will be, according to experts. Recent studies show that processing a [manual payment takes seven steps, more than eight days, and can cost more than \\$10 an invoice](#). On the flip side, an automated payment requires only three simple steps, over fewer than three days, and costs a mere \$2.19 per invoice on average, according to Banktel. While it may take a little time, effort, and investment on the front end, the overall cost savings makes it worth it.

3. Provide a white label solution. Overall, the AP/AR software and services industry provides a \$130B revenue opportunity. As you work with your business customers, you could help them streamline their AP processes and increase your revenue with a white-labeled solution. Your customers count on you for guidance, so this gives you an opportunity to both guide them and gain income. Research the options to see what fits best for your institution and your customers.

Your overall advice and support could not only help streamline your customers' AP processes for a greater volume of business, but also allow them to invest their cost savings and grow. Just another way to solidify your customer relationships and grow your own business.

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ECONOMY & RATES

Rates As Of: 08/16/2021 05:15AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.06	0.00	-0.03
6M	0.05	0.00	-0.04
1Y	0.08	0.00	-0.03
2Y	0.21	0.03	0.09
5Y	0.77	0.08	0.41
10Y	1.27	0.04	0.35
30Y	1.93	0.04	0.29
FF Market	FF Disc		IORB
0.10	0.25		0.15
SOFR	Prime		OBFR
0.05	3.25		0.08

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