

PAYMENTS PULSE

Global Payments Trends
Survey Results

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METHODOLOGY AND SAMPLE CHARACTERISTICS

WEX Inc. commissioned Zogby Analytics to conduct an online survey of CFOs and senior financial executives in the U.S., Europe and Asia/Oceania. Using internal and trusted interactive partner resources, over 1,000 senior financial executives were randomly invited to participate in this interactive survey about their views of payments systems present and future. Each invitation was password coded and secure so that a respondent could access the survey only once.

From April 13 to April 24, 2018, 501 senior financial executives from the U.S., 206 from Singapore, Hong Kong and Australia (combined), and 207 from France, Germany, Italy, Spain and the U.K. (combined) completed the survey.

- Two-thirds of executives in the U.S. and Asia and almost half of those from Europe come from companies with annual revenues greater than \$75 million.
- About a third of executives in all geographic areas work for companies with more than 1,000 employees.
- Surveyed executives most commonly work in the finance/banking industry, followed by manufacturing.

Based on a confidence interval of 95%, the margin of error (MOE) for each region is as follows.

REGION	SAMPLE SIZE	FIELD DATES	MOE
U.S.	501	April 13-22, 2018	± 4.4 percentage points
Europe	207	April 14-21, 2018	± 6.8 percentage points
Asia/Oceania	206	April 14-24, 2018	± 6.8 percentage points

This means that, all other things being equal, if the identical survey were repeated, its confidence intervals would contain the true value of parameters 95 times out of 100. Subsets of the data have a larger margin of error than the whole data set. As a rule, Zogby does not rely on the validity of very small subsets of data, especially sets smaller than 50 to 75 respondents. For those subsets it can make estimations based on the data, but in these cases the data is more qualitative than quantitative.

ABOUT ZOGBY ANALYTICS

Zogby Analytics is respected nationally and internationally for its opinion research capabilities. Since 1984, Zogby has empowered clients with powerful information and knowledge critical for making informed strategic decisions. The firm conducts multiphased opinion research engagements for banking and financial services institutions, insurance companies, hospitals and medical centers, retailers and developers, religious institutions, cultural organizations, colleges and universities, IT companies, and federal agencies. Zogby's dedication and commitment to excellence and accuracy are reflected in its state-of-the-art opinion research capabilities and objective analysis and consultation.

SURVEY HIGHLIGHTS AND TAKEAWAYS

THE CFOs HAVE SPOKEN: WHAT'S TOP OF MIND IN PAYMENTS

Yes, companies are still writing checks for business payments. They're the most common form of payments in both the U.S. and Asia.

- In the U.S., the most common forms of payments are checks (76%), mobile payments (75%), virtual cards and accounts (73%) and traditional ACH (73%).
- In Asia, checks (80%) and mobile payments (71%) also dominate.
- Payment methods are more equally represented among European businesses, with virtual cards and accounts (57%) and BACS/CHAPS (57%) tied for first place.
- American and Asian businesses both use checks to make a significant proportion of their payments to suppliers and vendors; checks still represent 59% of payments from American businesses and 46% from Asian businesses.

Half of businesses have an electronic payables initiative already in place; another third have one in the works.

- Around half (50% U.S., 56% Europe and 43% Asia/Oceania) of surveyed businesses have already implemented an electronic payables initiative, and an additional third (37% U.S., 38% Europe and 42% Asia/Oceania) have one underway.
- The majority (89% U.S., 91% Europe and 85% Asia/Oceania) of those who say they have a payables initiative underway are working to launch it in the next six to 12 months.
- Almost all (95% U.S., 98% Europe and 94% Asia/Oceania) surveyed businesses that have implemented a payments initiative or plan to do so consider vendors outside of current banks or financial institutions a viable option.
- Over 85% of surveyed executives in all geographic areas consider "smart payments" to be important to their organizations.

KEY TAKEAWAY:

Checks remain a leading method of payment for businesses in the U.S. and Asia, but a significant shift is underway toward electronic payables/ payments across all markets.

Challenges and priorities with electronic payables vary widely from market to market.

- In the Asian market, respondents were most likely to say their electronic payables strategy has been hindered because the B2B payments systems and ERP systems used do not reconcile.
- American and Asian executives see cloud payments, mobile payments and mobile capabilities to manage and approve payments as the most important technologies for their businesses, while European financial executives see blockchain as very important.
- The ability to transact in international currencies is at least somewhat important to over 90% of surveyed businesses in all geographic areas. It is, however, most important to businesses in the U.S., where 72% see it as “very important” compared with 67% of European executives and 47% of Asian executives.

Cloud-based payments platforms win the popularity contest.

- Strong majorities (the lowest in Asia at 76%) of surveyed executives trust cloud-based systems more than locally hosted ERP/AP systems to keep account payables secure.
- A vast majority of surveyed businesses (with Asia the lowest at 86%) are currently using cloud-based payments platforms.
- Most of surveyed businesses in the U.S. (59%) and Europe (63%) currently use outsourced platforms or technologies to perform accounts payable tasks, and a third of surveyed Asian businesses do so, with another 45% planning to begin such outsourcing in the next six to 12 months.

WHAT MATTERS MOST TO CFOS AND SUPPLIERS

Keeping suppliers happy is as important as implementing new technologies.

- Overwhelming majorities (95% U.S., 95% Europe, 94% Asia/Oceania) of surveyed executives at least somewhat agree (with Asian executives being less likely to strongly agree) that it’s as important to maintain positive relationships with suppliers as it is to introduce new technologies.
- Over 85% of surveyed executives across the board say their suppliers’ adoption/engagement with electronic payments has been at least somewhat successful; American executives were most exuberant, with over half (51%) rating their supplier adoption as very successful.

KEY TAKEAWAY:

To maintain a strong relationship between buyer and supplier, it’s essential to establish a mutually beneficial payments platform and process.

The early bird gets the discount?

- Overwhelming majorities (82%-92%) of surveyed businesses take advantage of early payment discounts with their suppliers.
- Among those who don't take early payment discounts, U.S. respondents were most likely to say they don't because they have no resource to manage it with their suppliers (52%), while respondents in Europe and Asia/Oceania were more likely to say they don't take advantage of these discounts because their suppliers don't offer them (92% U.S., 92% Europe, 82% Asia/Oceania).

For suppliers across markets, security and speed of settlement and cost of acceptance are the most important aspects of an accounts payable solution.

- American and Asian executives believe that ease of connectivity with the payments platform (60% and 69%, respectively) and recognized benefits of accepting electronic payments (59% and 62%, respectively) are the key factors contributing to the success of their payments program.
- European executives have found the most success with platforms that have the flexibility to accept multiple forms of payment (61%), in addition to the recognized benefits of accepting electronic payments (52%).

"Safety first" when it comes to payments.

- American and European financial executives are more likely to be very concerned (53% and 49%, respectively, strongly agree that they are very concerned) about information security as it relates to payments than are their Asian counterparts (26%).
- Between 58% and 68% of respondents from all regions rated security of transactions as the most important attribute of a payments solution.

How to pick a payments provider/platform:

- When it comes to selection of a payments provider, knowledge of industry (44%) and provider's reputation (44%) matter most in the U.S.; knowledge of industry (50%) and service (44%) lead the way in Europe; and cost/fee structure (49%) and security of systems and transactions (45%) are most important in Asia.
- Overall user experience (65%) and stability (61%) were the main factors influencing choice of payments platform among American executives, while speed of reconciliation capabilities (62% in Asia, 58% in Europe) and stability (64% in Asia, 54% in Europe) were the main factors among European and Asian executives.

THE FUTURE OF PAYMENTS LOOKS LIKE...

Appetite is strong for further innovation and disruption in payments.

- Most surveyed executives agree that payments providers should offer more innovative technology (81% at least somewhat agree) and that consumer behaviors strongly influence their business's use of payments technology innovations (80%).

The finance/banking industry is overwhelmingly seen as a leader in the payments and the new technology space.

- In the eyes of survey respondents, finance/banking is an overwhelming favorite (54%) to be the first industry to successfully implement blockchain and is seen as the most innovative industry with respect to payments.

Executives are very optimistic about the effect of blockchain on their businesses.

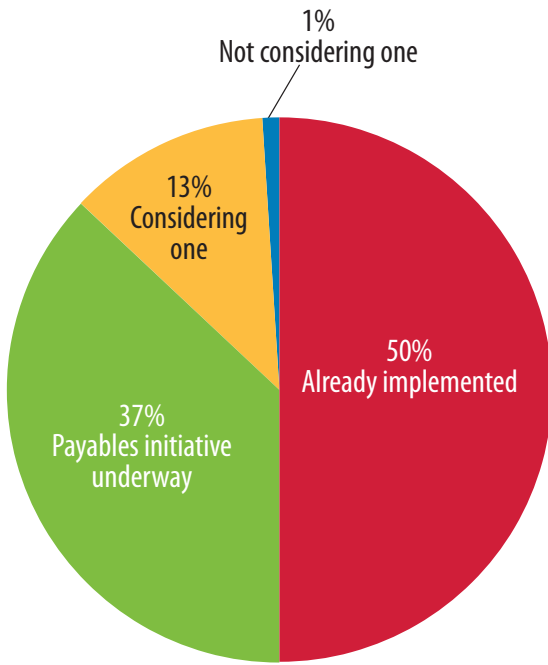
- Large majorities of surveyed executives (over 80% everywhere) feel at least somewhat confident in their understanding of the function and capabilities of blockchain and distributed ledger technologies. American executives are especially confident in this regard, with over half being extremely confident, compared with 20% in Asia. However, American executives expressed lower confidence in their understanding of blockchain as compared with last year, when 97% of executives surveyed for Payments Pulse said they were at least somewhat confident in their understanding of blockchain.
- Americans and Europeans are more likely than Asians to believe blockchain or distributed ledger technologies will have a significant impact on their business in the next six to 12 months, with Americans most likely to be already implementing new technologies to enable the transition.
- Around half of surveyed companies have invested \$1 million or more in blockchain or ledger technologies.

KEY TAKEAWAY:

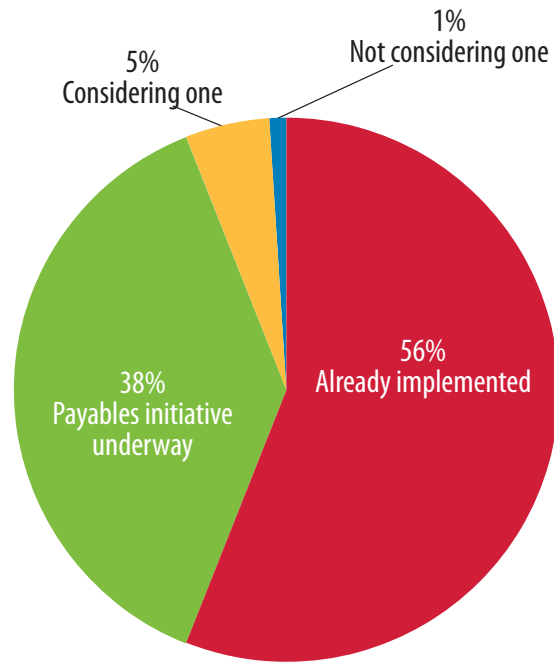
CFOs expect new technologies will bring their companies faster and more secure payments and settlements.

GRAPHS AND TABLES

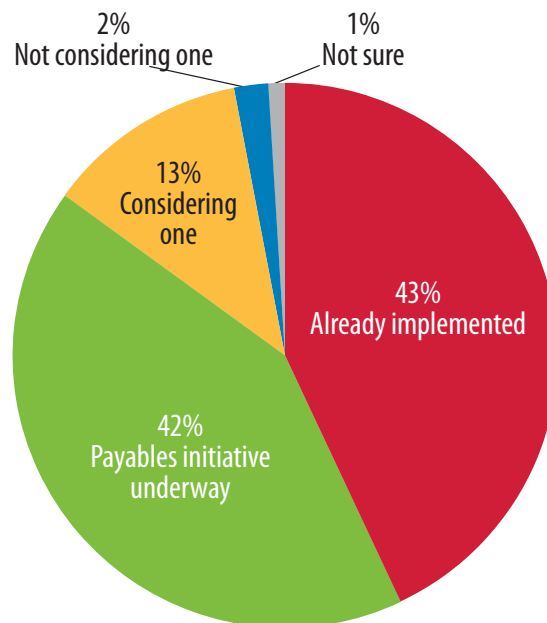
Does your business have an electronic payables initiative underway or are you considering one?



U.S. (n=501)

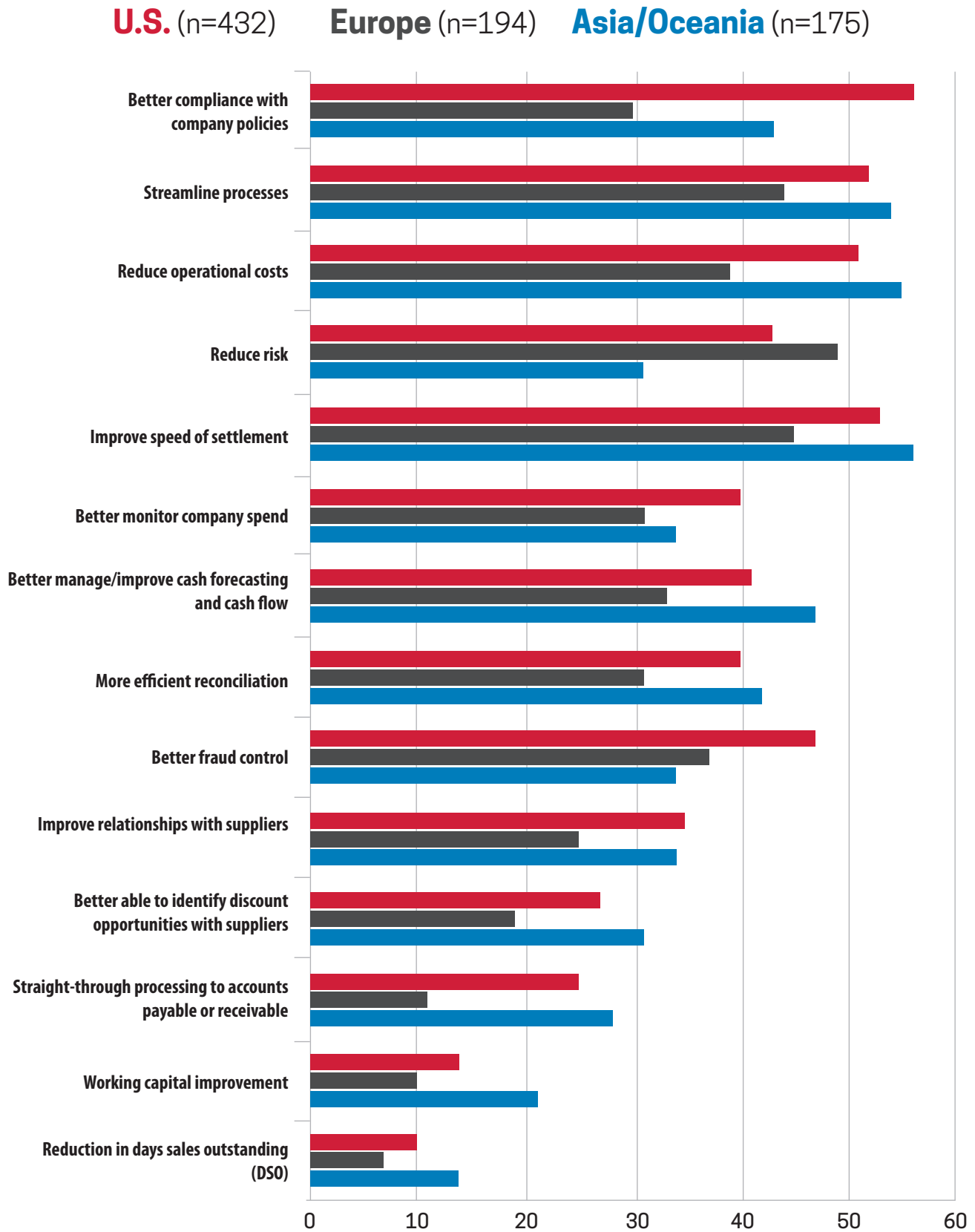


Europe (n=207)

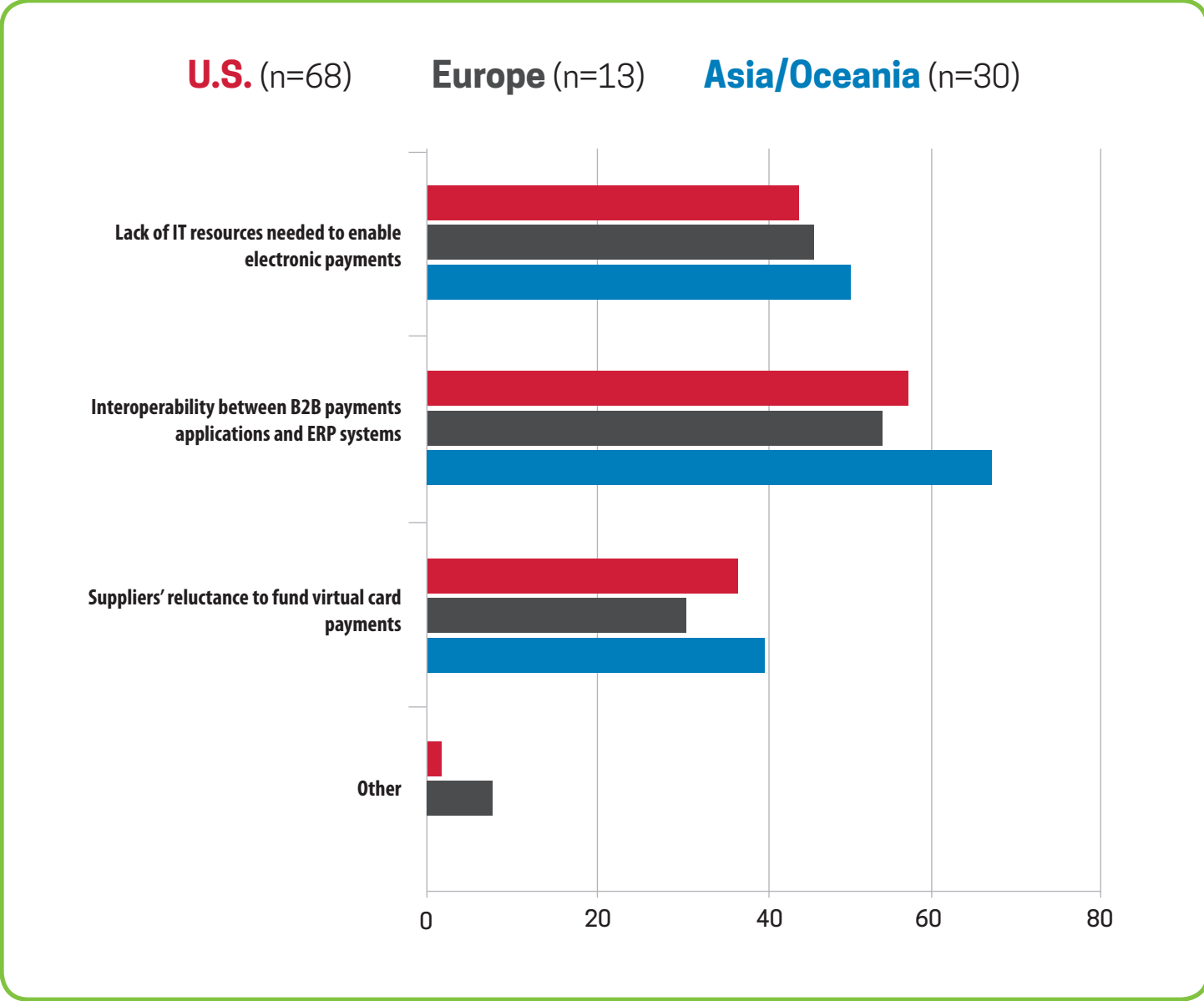


Asia/Oceania (n=206)

What motivated this decision? (Select all that apply)

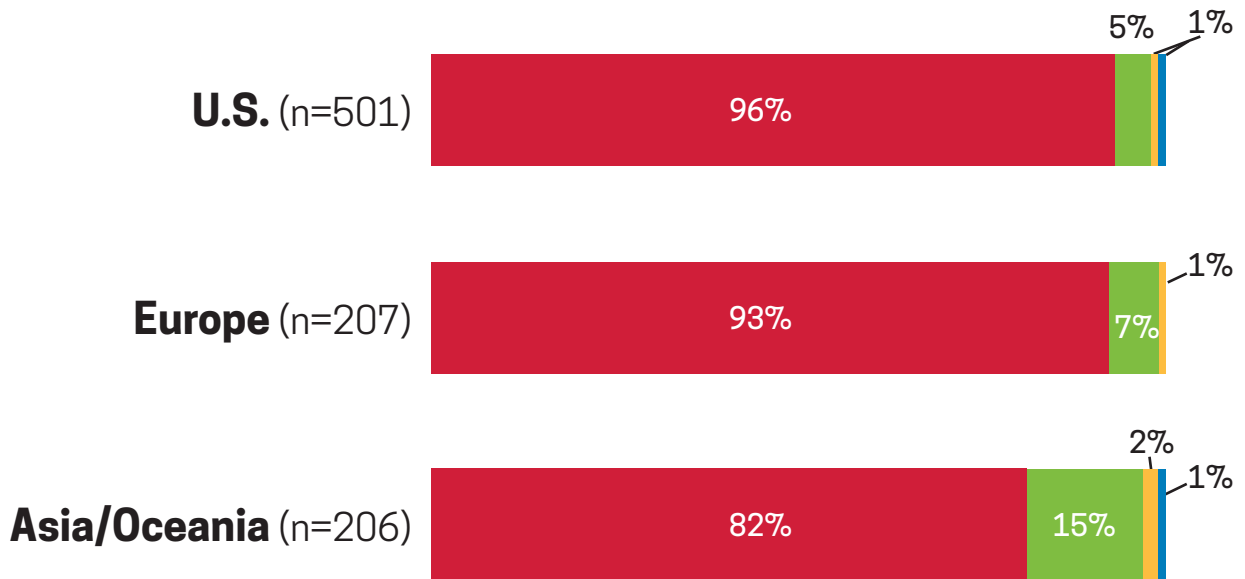


What are some of the factors hindering an electronic payables strategy? (Select all that apply)

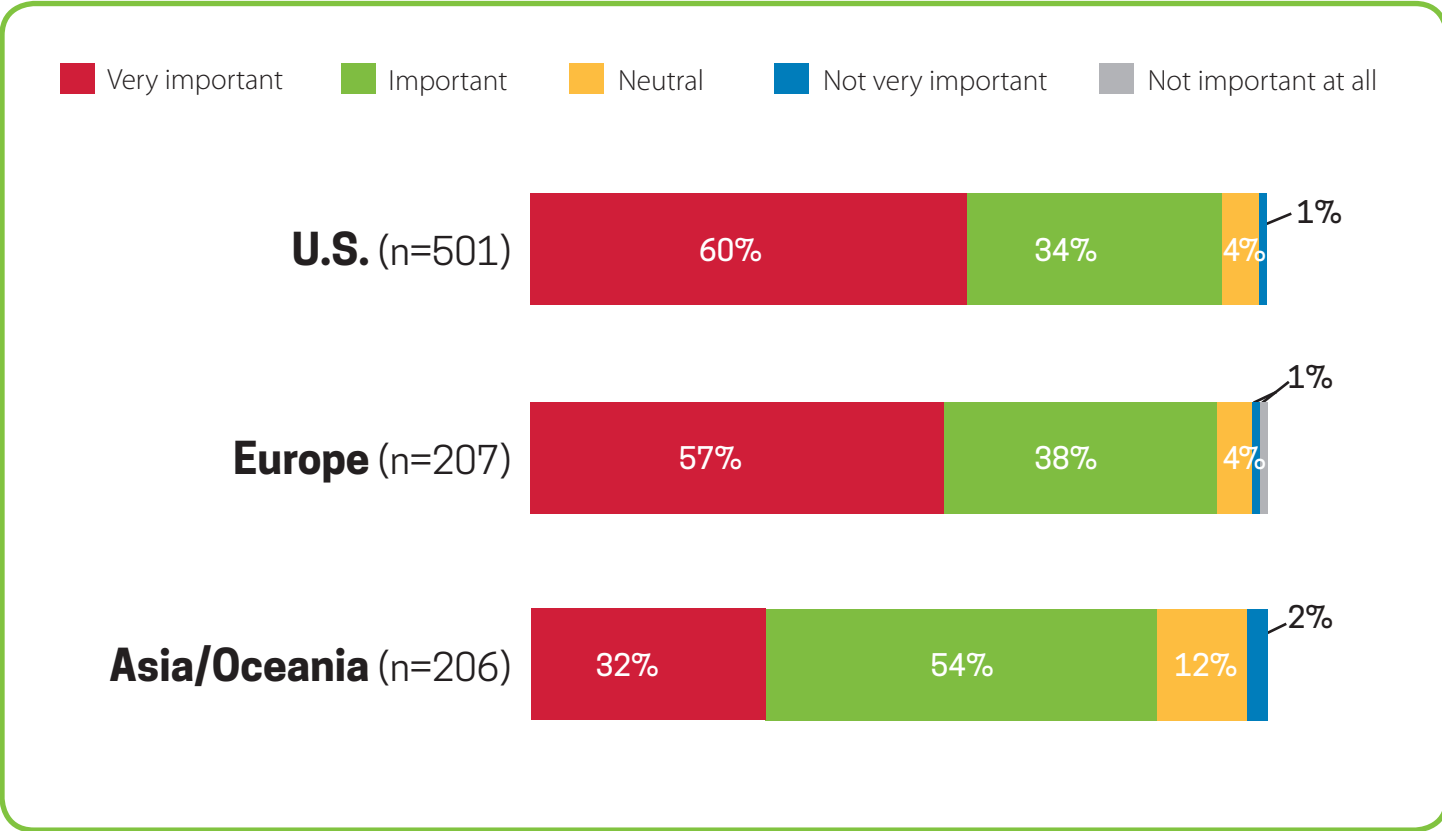


Do you consider your financial supply chain an area of your business that is currently optimized for maximum efficiency and cash flow?

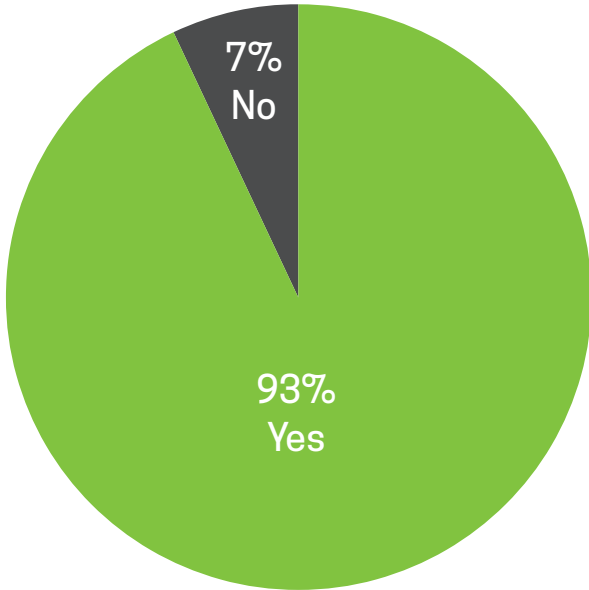
- Yes, it is a priority for me/our business
- It's not a priority to me/our business
- I don't see value in focusing on it
- I'm unclear how to optimize or measure this



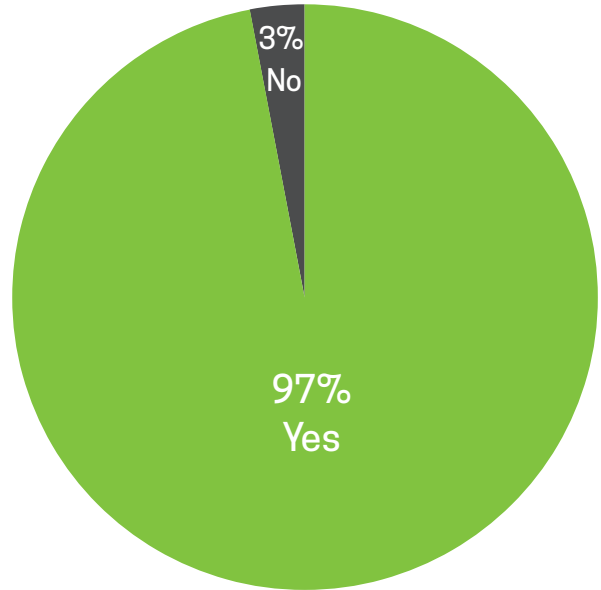
How important are “smart payments” (e.g., accounts payable with analytical data, payments with detailed analysis on type, timing, reconciliation data, etc.) to your organization?



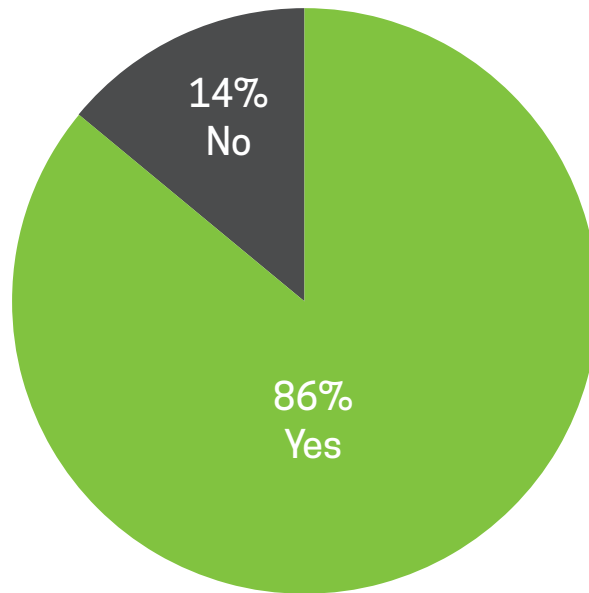
**Are you using a cloud-based payment platform
(software-as-a-service) to execute payments?**



U.S. (n=416)

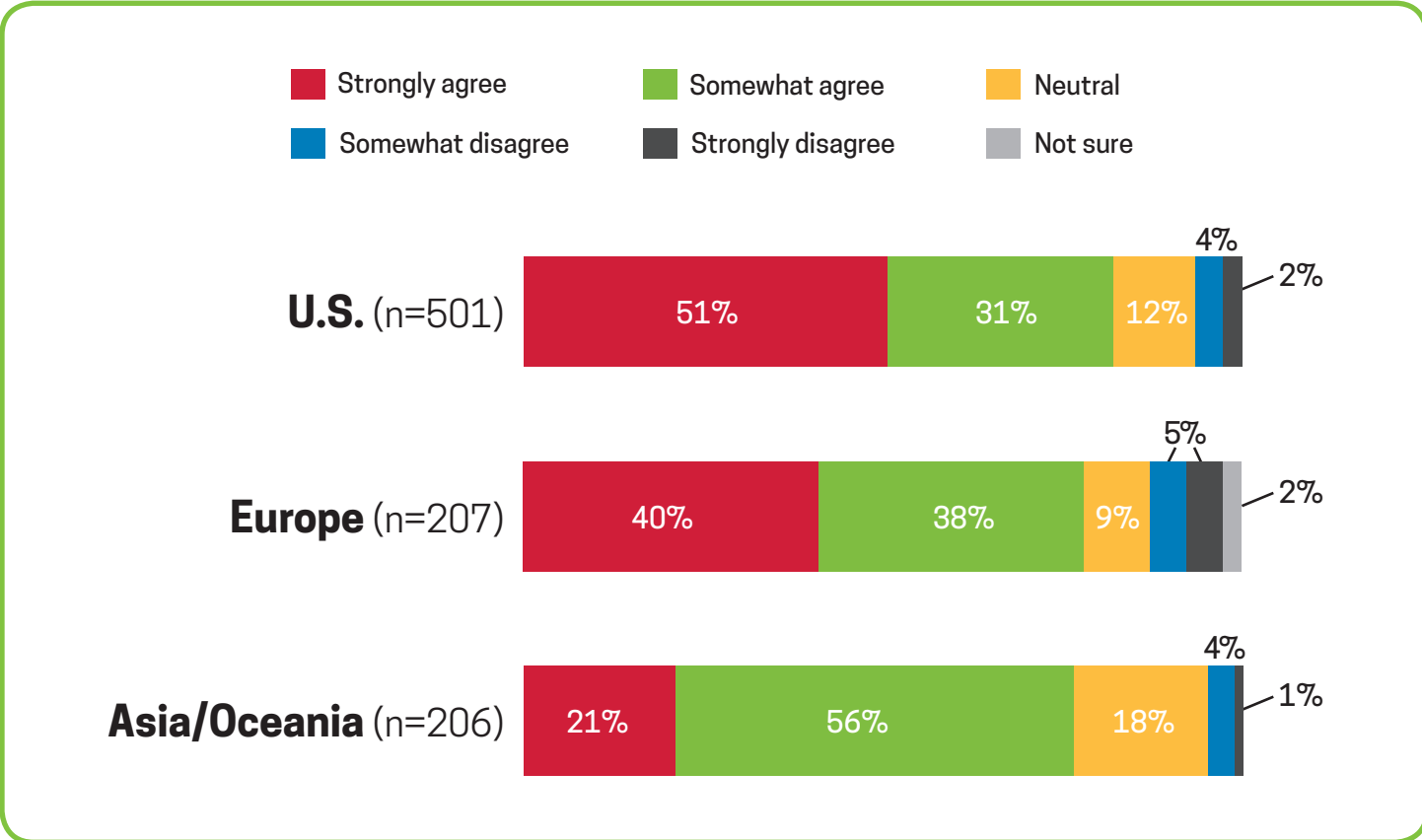


Europe (n=179)



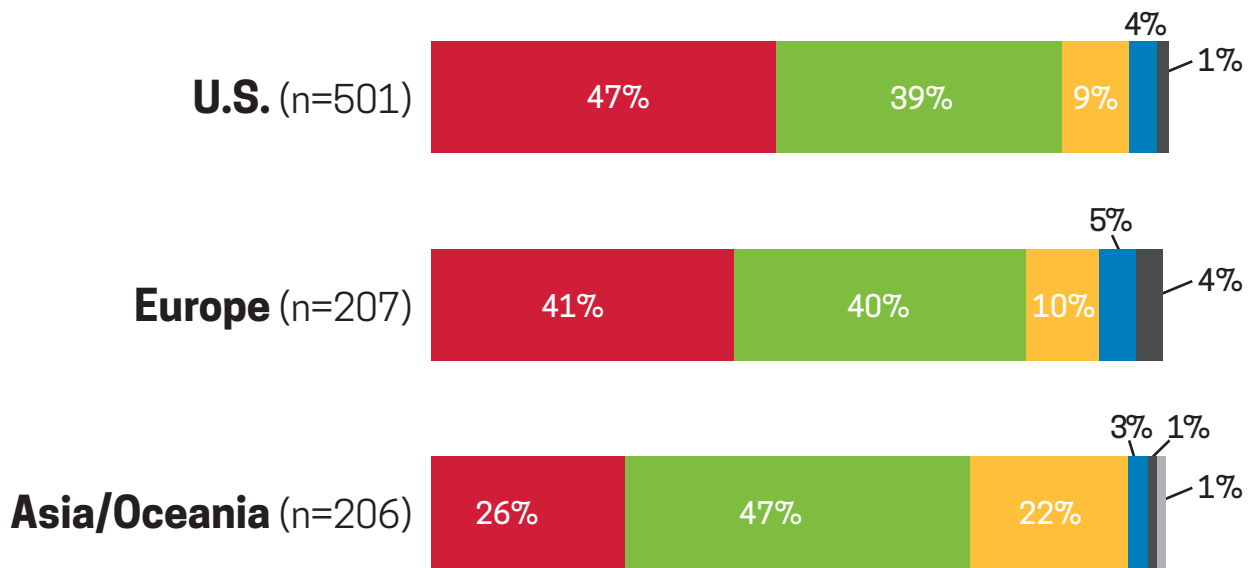
Asia/Oceania (n=159)

**Do you agree or disagree with the following statement?
Payment providers should do more to offer you innovative technology.**



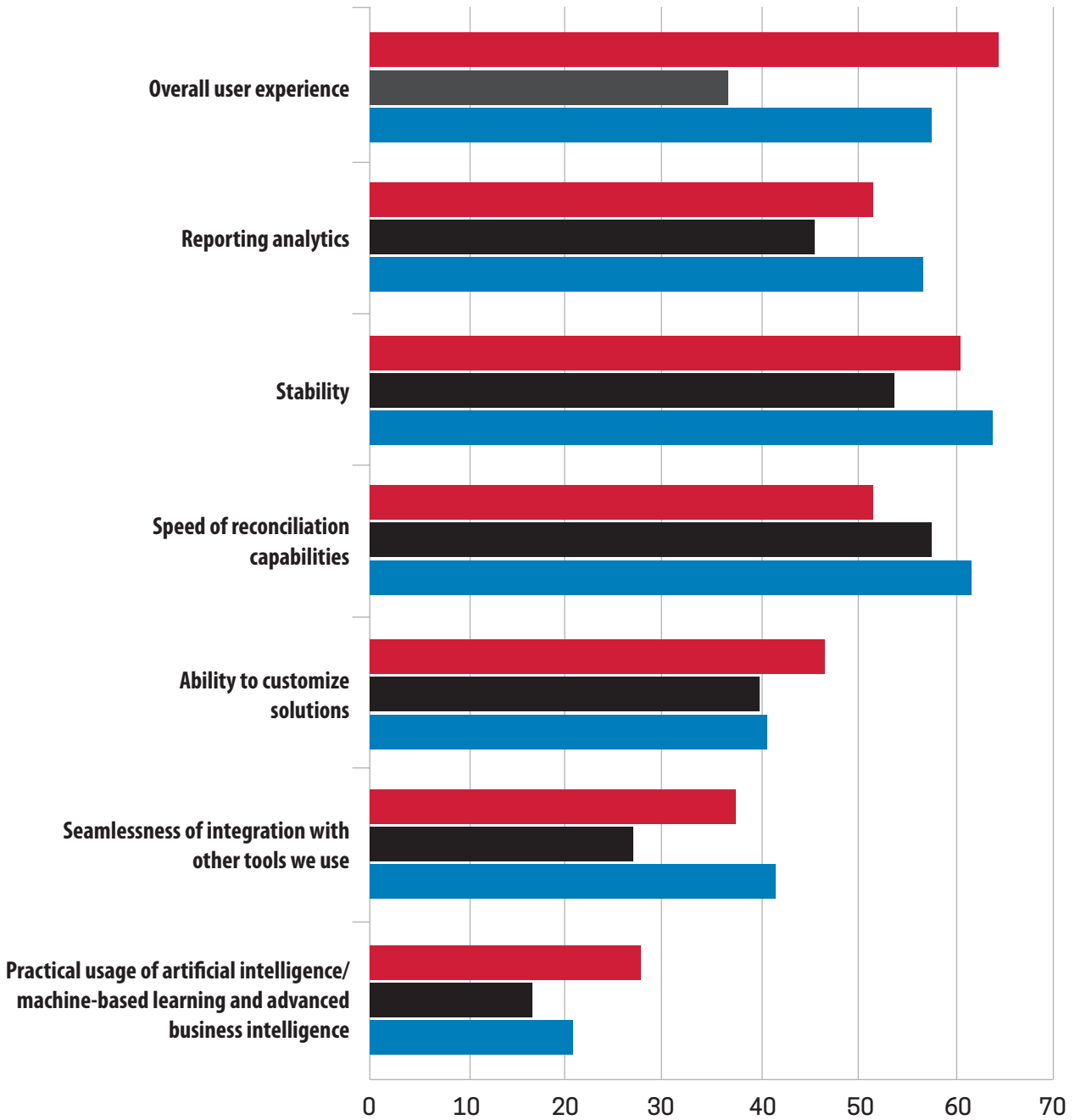
Do you agree or disagree with the following statement? Consumer behaviors strongly influence your business use of payment technology innovations.

■ Strongly agree ■ Somewhat agree ■ Neutral
■ Somewhat disagree ■ Strongly disagree ■ Not sure

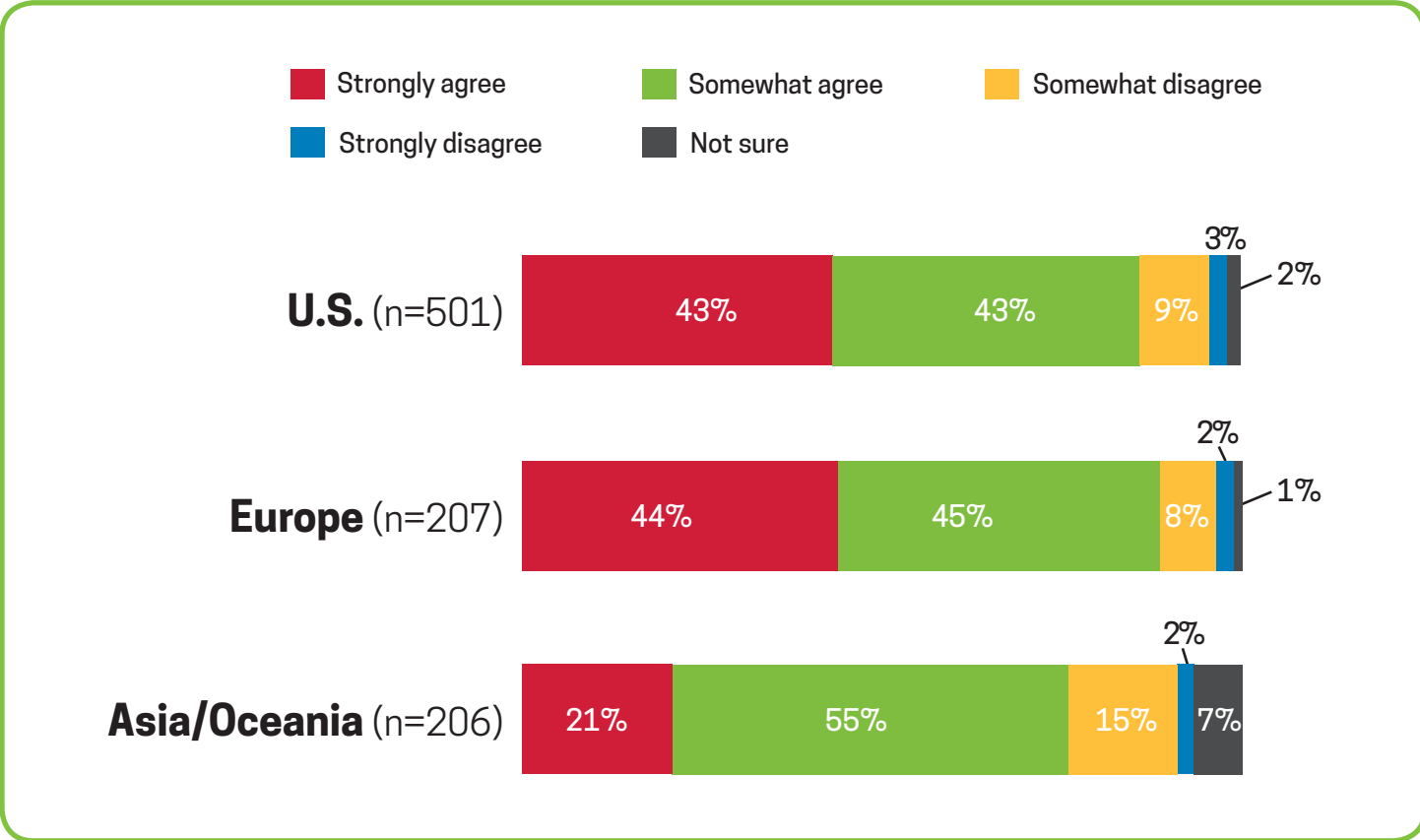


**Which of the following most influenced your payments platform selection?
(Select all that apply)**

U.S. (n=416) **Europe** (n=179) **Asia/Oceania** (n=159)

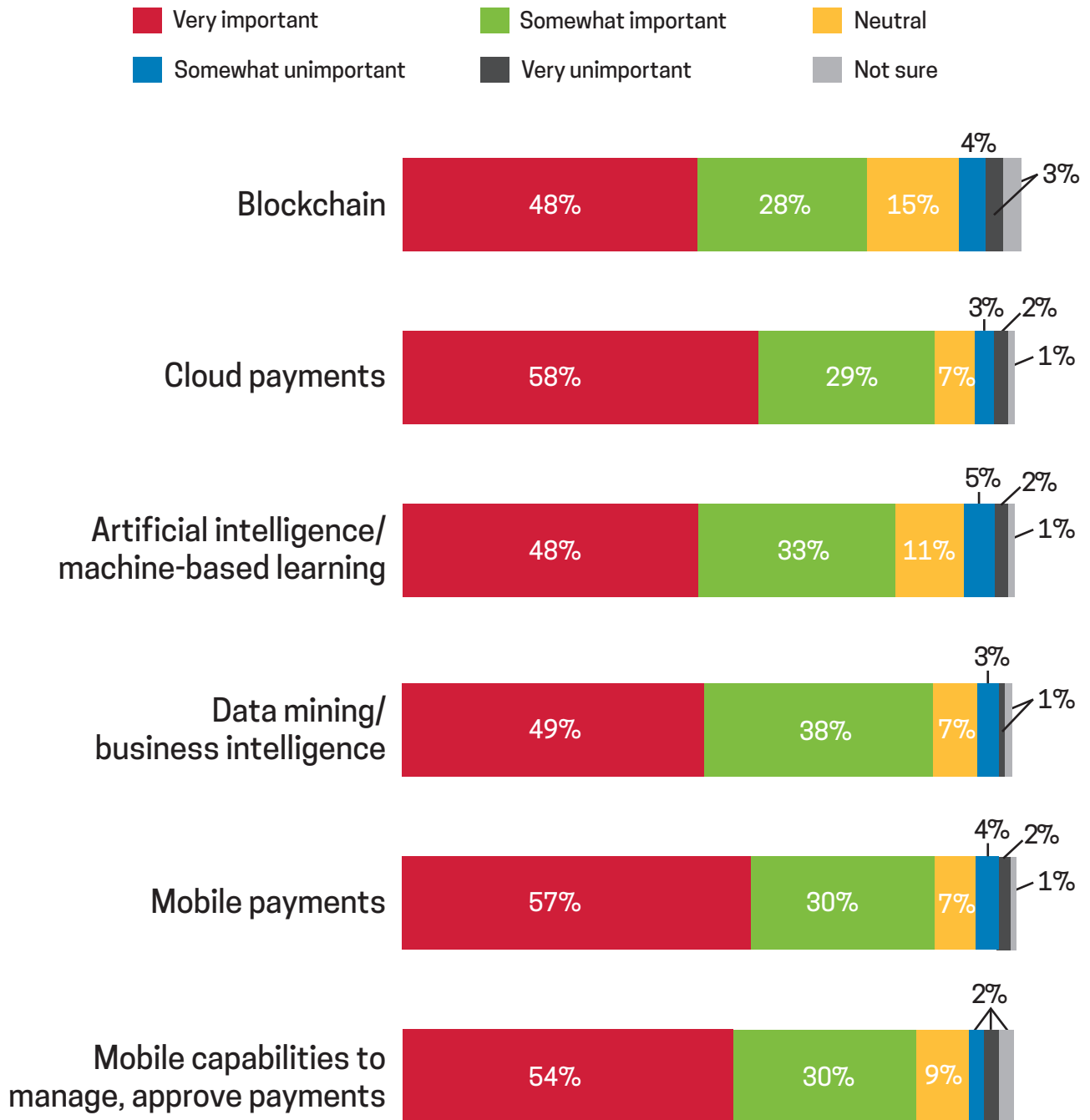


**Do you agree or disagree with the following statement?
I trust a cloud-based system to keep AP secure more than a locally hosted
enterprise resource planning (ERP/AP system).**



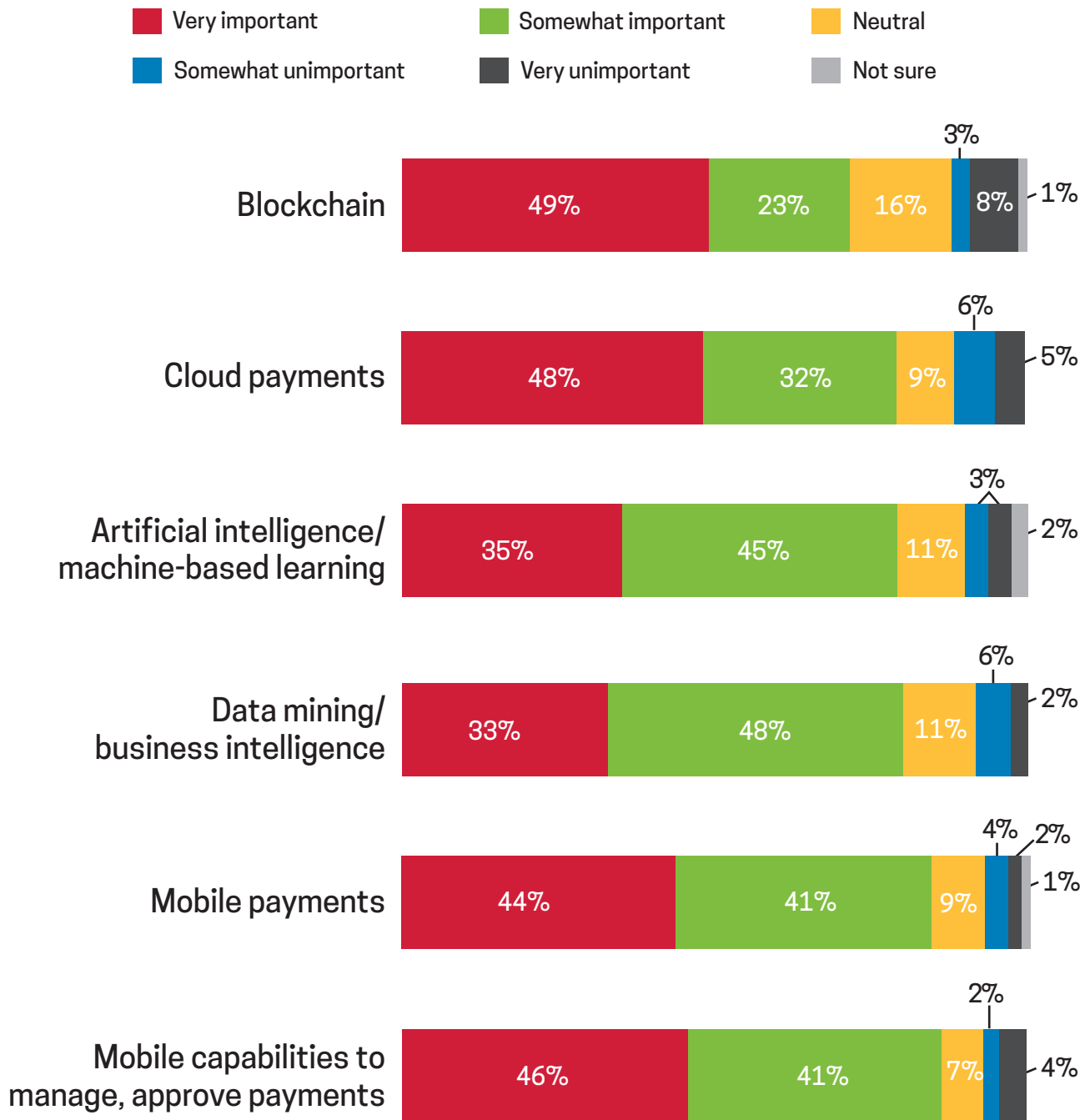
How important do you think the following technology will be to your business in the next two years?

(U.S. respondents; n = 501)



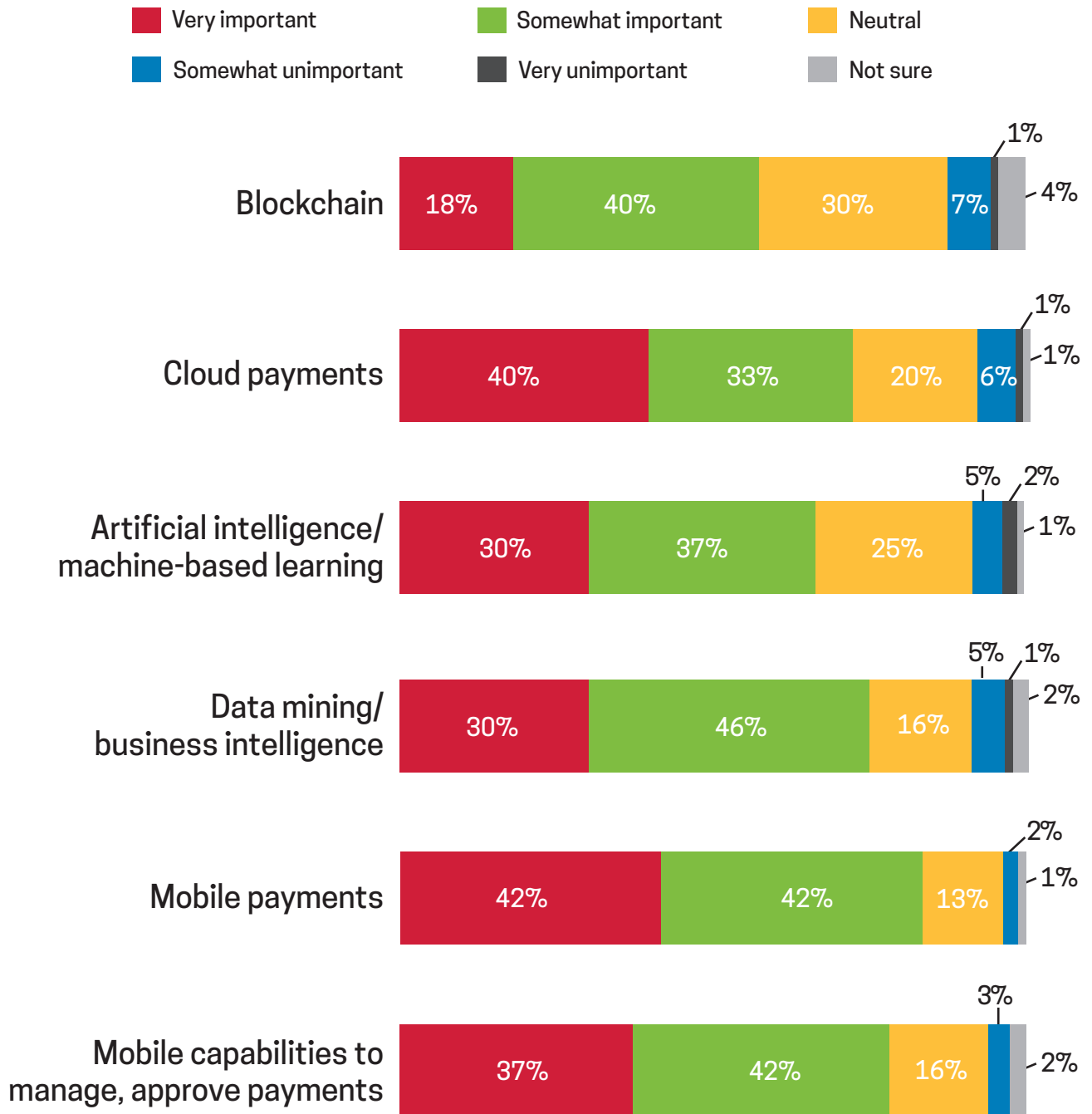
How important do you think the following technology will be to your business in the next two years?

(Europe respondents; n = 207)

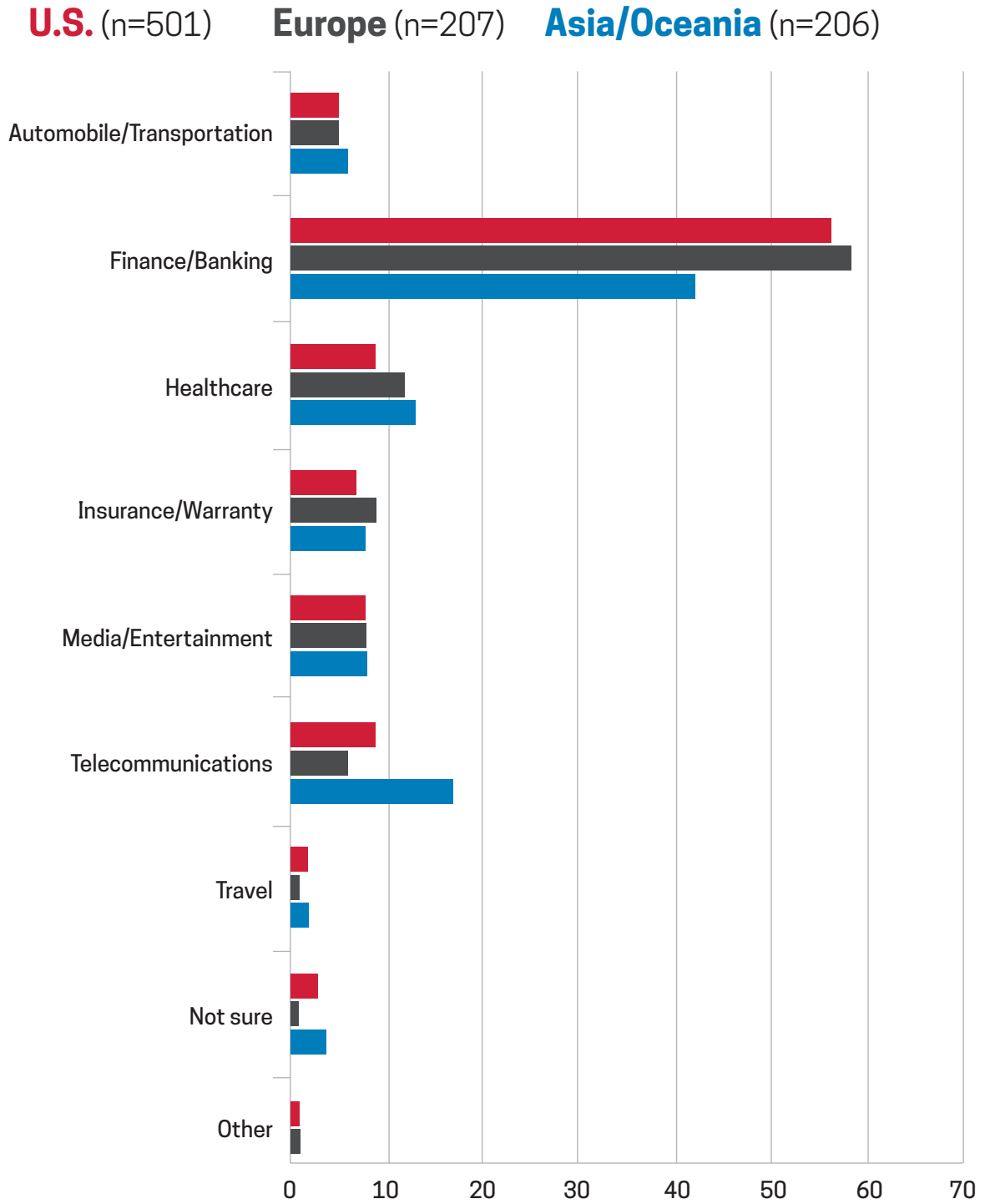


How important do you think the following technology will be to your business in the next two years?

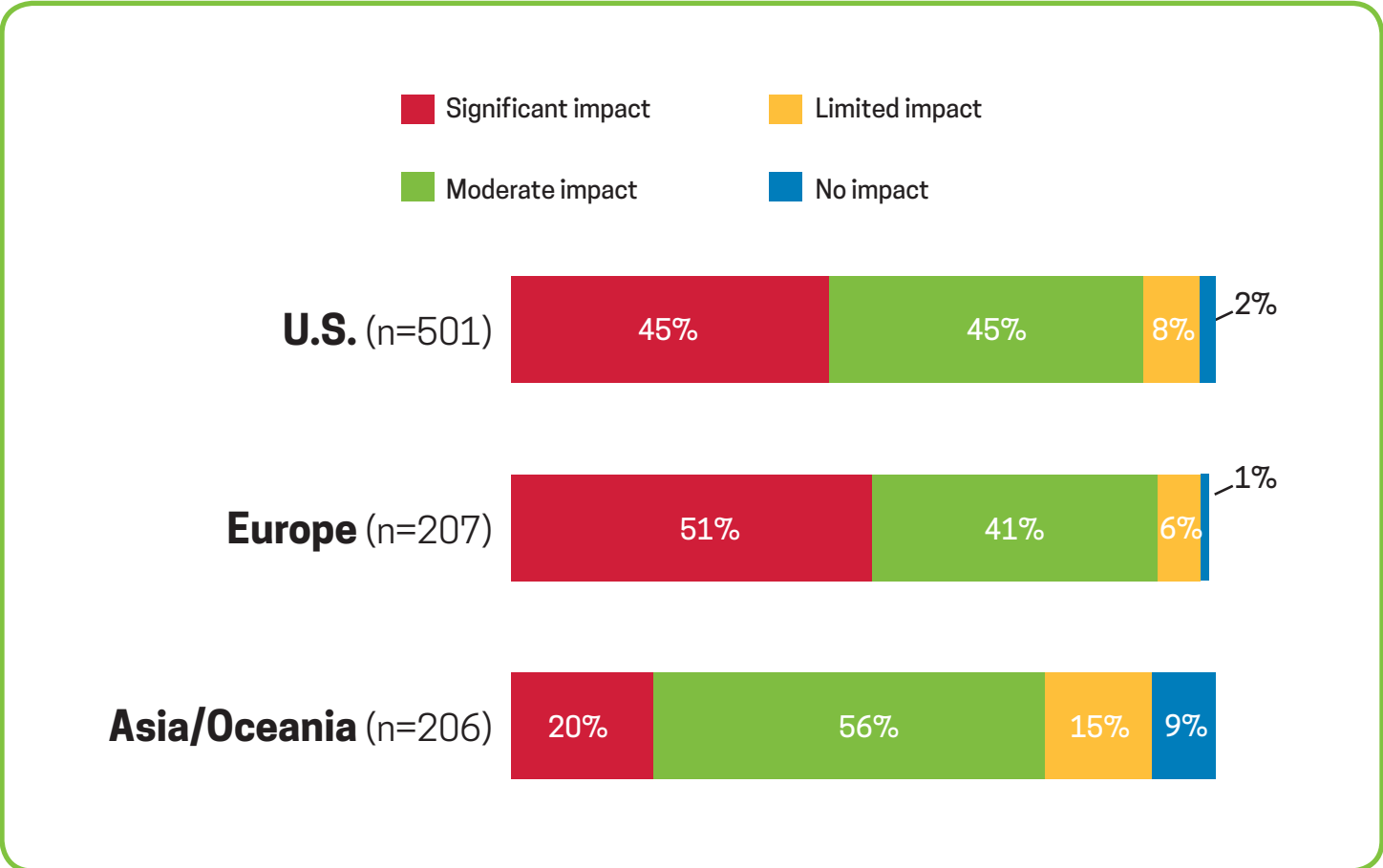
(Asia/Oceania respondents; n = 206)



Which industry is the most innovative with respect to payments?

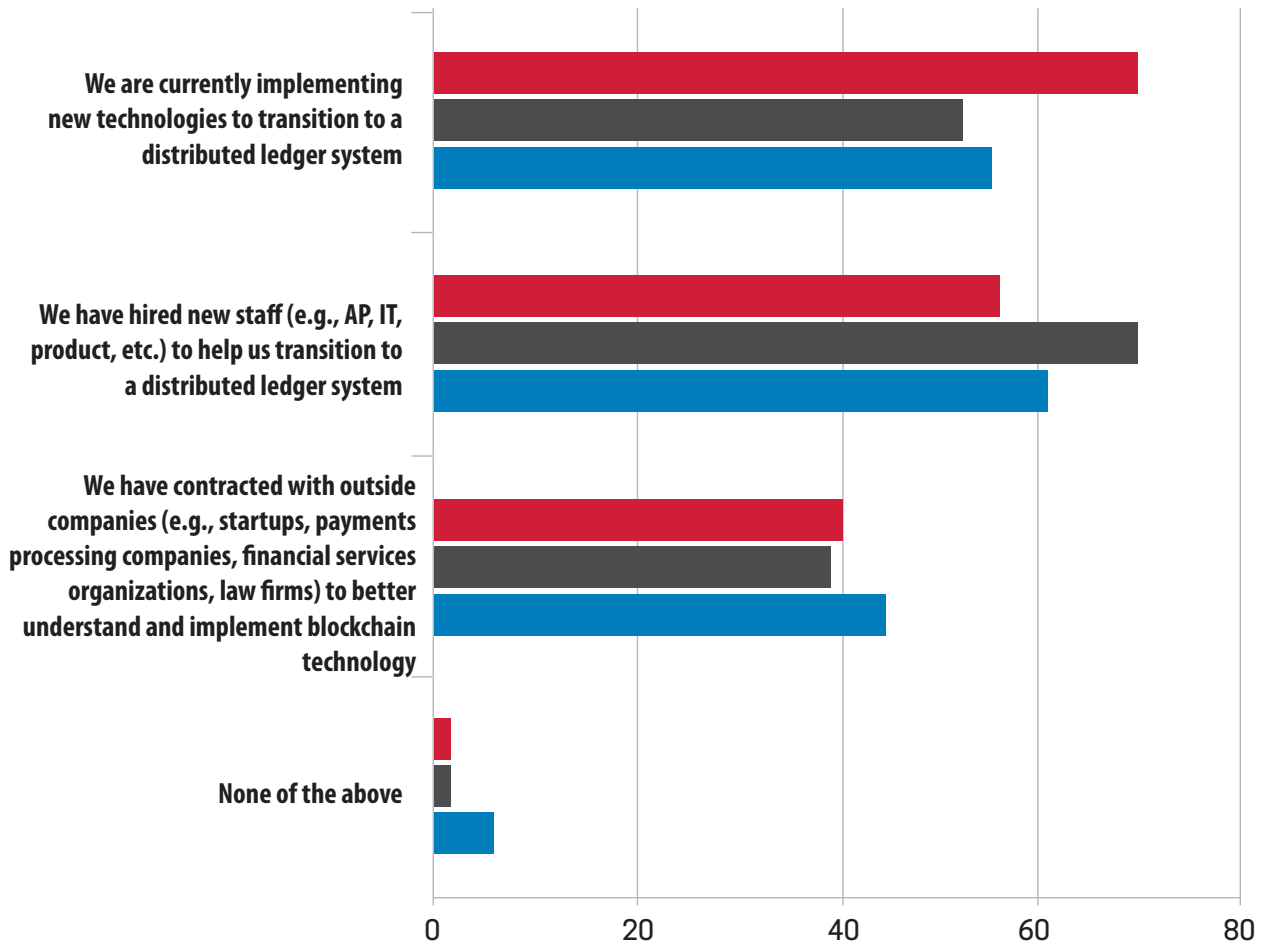


What impact do you expect blockchain or distributed ledger technologies to have on your business in the next six to 12 months?

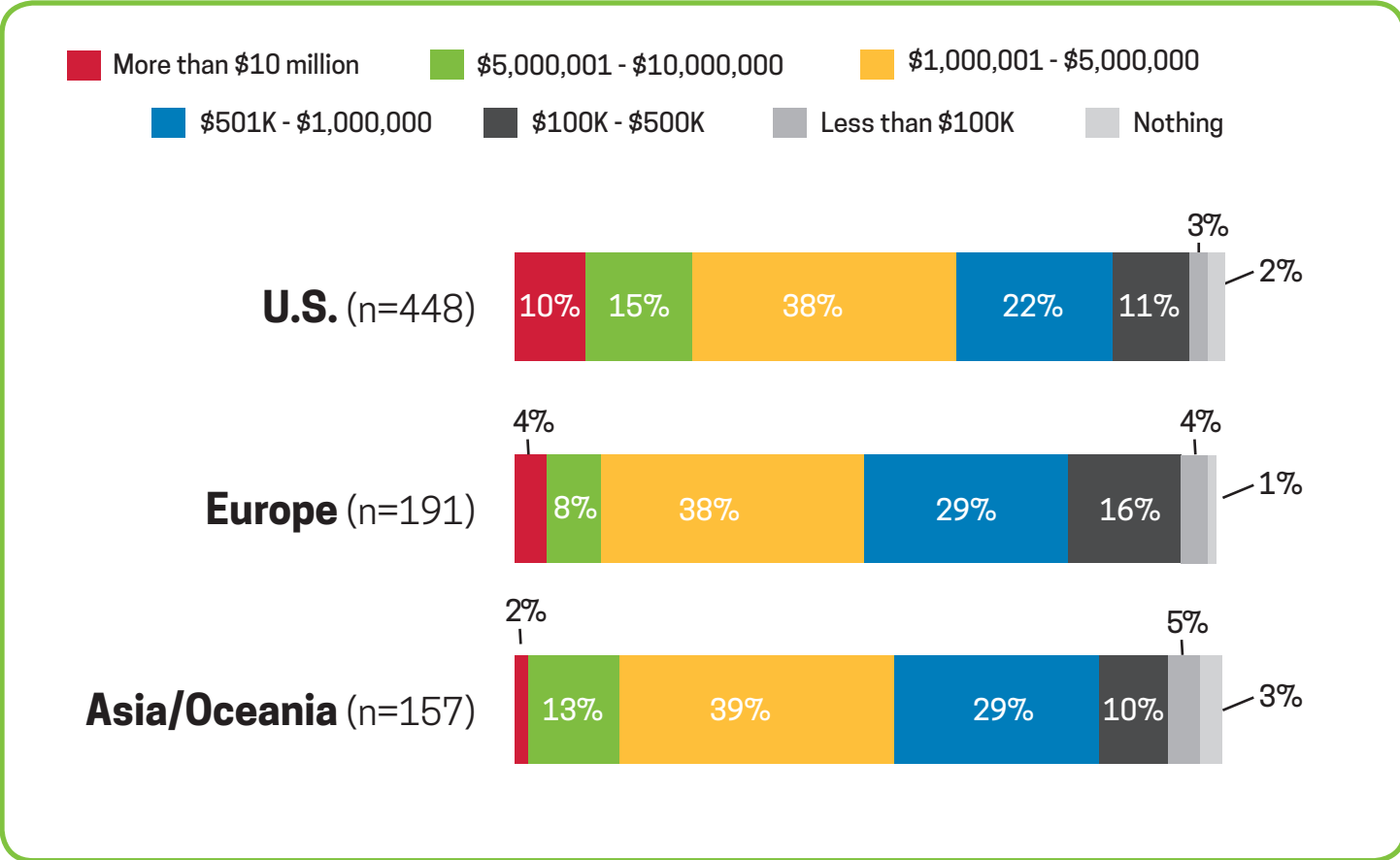


What steps are you taking to integrate blockchain or distributed ledger technologies into your business? (Select all that apply)

U.S. (n=448) **Europe** (n=191) **Asia/Oceania** (n=157)



Please specify how much your company has invested in blockchain or ledger technologies.



Submitted to:
WEX Inc.

Submitted by:
Zogby Analytics
Jonathan Zogby, Chief Executive Officer
Chad Bohnert, Chief Marketing Officer
Marc Penz, System Administrator
Zeljka Buturovic, Survey Statistician

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Zogby Analytics
901 Broad Street
Utica, New York 13501
zogbyanalytics.com
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