



CBI



# Winning with fintech: Payments and cashflow toolkit

Adopting innovative payment solutions to save your business  
time and money

In partnership with

**BAIN & COMPANY** 



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# Foreword CBI

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All too often many businesses think innovation is something other firms do.

The CBI aims to address this with *Winning with fintech* – a campaign to get more non-financial services firms engaged with financial technology (fintech) to help manage their costs, cashflow and drive efficiencies in everyday operations.

The benefits of fintech stretch far beyond financial services itself. Fintech adoption is growing among consumers, but awareness around fintech payment solutions for business use cases remains relatively low. The CBI wants to change that.

Within the CBI's economic vision *Seize the Moment*, the UK's fintech sector has been identified as a key enabler of business innovation, notably for SME businesses which account for 99.9% of the total businesses in the UK.

This guide looks at payments technology and the opportunities it can bring to your business, from improving customer experience to generating efficiency gains. Developed in close collaboration with Bain & Co, it features practical use cases, case studies of successful partnerships and best practice to get you started.

This is just the first in a series of guides the CBI will be releasing, looking at how fintech can help businesses achieve their goals and go for growth.



A handwritten signature in black ink that reads "Megan Coulson".

**Megan Coulson**  
Principal Policy Adviser  
Financial Services, CBI



A handwritten signature in black ink that reads "Ed Thurman".

**Ed Thurman**  
Strategic Fintech  
Adviser, CBI

# Foreword Bain

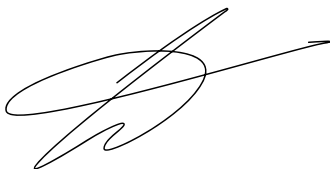
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As the UK economy faces significant headwinds, including rising inflation, a looming recession and a supply chain crunch, the ability to leverage innovative solutions to boost efficiency, reduce costs, manage risks, and create a competitive edge becomes crucial for any business that wants to get ahead.

As an organization that represents over 190,000 businesses and represents every sector of the UK economy, the CBI is strongly positioned to support UK businesses in tackling the changes brought around by the pandemic, including the acceleration in digital adoption. This payments toolkit reinforces the CBI's commitment to drive positive growth in the UK economy and help businesses create a more prosperous society.

Bain & Company is proud to have supported the CBI's *Winning with fintech* campaign to raise awareness on how UK businesses can work more effectively with fintechs to unlock new opportunities. The toolkit is a result of market research, in-depth interviews, as well as Bain's extensive expertise in the fintech and payments space.

We hope the toolkit provides you with a useful guide and some inspiring case studies to help you grow your business.



**Jeff Tijssen**

Expert Partner and  
Global Head of FinTech,  
Bain & Company



# Getting started

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## Why are payment flows important to my business? What are the typical pain points experienced by businesses like mine and how can fintechs offer solutions to these problems?

Payments are a hot topic: growing fast, disrupted by innovation, and addressing both business and consumer pain points.

Payments is just one of several areas within financial services being disrupted by fintech innovation.

However, businesses can be held back from adopting innovative payment solutions. This can be due to payments not being seen as a business priority. Often resources, including both employees and capital, are channelled into other business priorities.

There is also a lack of awareness around the fintech solutions that could mitigate business pain points and unlock further growth. Businesses often don't have enough information on fintech solutions can even be afraid to implement them because solutions are assumed to be 'hard to learn'.

The CBI wants to change this and provide the right resources and tools to increase the confidence within firms to harness this new technology to the benefit for their business.



## What has the CBI been doing?

To better understand the benefits of fintech partnerships, the CBI has worked with Bain & Co to gather more insight and information into what specific challenges businesses are facing and how fintechs are providing solutions to such challenges.

Research included qualitative interviews with a cross-section of CBI members and other businesses to understand the specific payment challenges they faced, and interviews with fintechs to assess where their solutions can help. This included a range of business sizes – from SMEs to larger corporates across a range of industries – from retail to utilities to education.

Business feedback has shown that all common payment processes fall within four major activities

1. Accepting consumer payments
2. Paying suppliers
3. Paying employee salaries and expenses
4. Managing cash position

Within these activities, a number of pain points of payment activity were identified –

On **accepting consumer payments**, businesses have noted

- Customer friction in some payment journeys. This can impact customer satisfaction and may lead to lost revenue in some cases.
- High fees can also add cost when incurred from customer card payments.
- Slow payments with poor visibility on processing and settlement status.
- A lack of options for customer payment financing.
- Security breaches or risk of fraud can also cause problems.

When **paying suppliers**, pain points include

- Higher fees and complexity with cross-border payments
- Accounts payable processes are often highly manual and labour intensive
- Working capital issues resulting from inefficient accounts payable processes.

A focus on **paying employee salaries and expenses** showed businesses have frictions around

- Inability to pay employees flexibly (for example, early or as earned)
- Manual expense management processes
- Limited expense transparency

Businesses also have issues around **managing their cash position** due to

- Lack of accurate and timely forecasting
- Manual cash flow management processes

For these activities, fintechs have developed solutions which can support both large businesses and SMEs. CBI members can benefit significantly from implementing innovative payment solutions offered by fintechs. This includes –

### **1. Efficiency gains**

- a. Increased speed and transparency of payments (e.g., to/from customers, to suppliers and to employees)
- b. Increased speed of traditionally manual processes (e.g., accounts payable reconciliation) through automation
- c. Implement omni-channel solutions
- d. Improve liquidity management


### **2. Cost optimisation and revenue acceleration**

- a. Lower the cost of payment processing and cash handling
- b. Lower the potential for fraud and default risk
- c. Improve conversion rates
- d. Enhance cross-sell capabilities
- e. Reach new customer segments

### **3. Compelling propositions**

- a. Stay on top of the latest trends and ahead of competition
- b. Meet and exceed consumers' expectation on user experience
- c. New payments solutions are – user friendly, increasingly frictionless, more personalised, more engaging, more cost efficient, more secure





*"Fees are one of our most significant pain points. As a small company who operates internationally, payment fees are a lot for us - we need to make sure we're working with the right partners."*

# Common issues encountered by business – Accepting consumer payments

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Increasingly, customers are demanding seamless payment journeys whether this be in-store or online. Digital payment solutions can benefit both businesses and customers.

For businesses, you can benefit from improved customer experience, lower card transaction fees (for example, a merchant discount rate), higher basket conversion in the e-commerce space and higher transparency around the payment settlement process. Digital payments can also provide improved security.

## What are some of the issues businesses are facing?

The three most common issues around accepting consumer payments were related to fees, customer experience, and settlement delays

### **1. High fees on customer payments – interviewees noted the desire to reduce fees associated with traditional card payments**

*“Fees are one of our most significant pain points. As a small company who operates internationally, payment fees are a lot for us - we need to make sure we’re working with the right partners.”*

#### **Online Education Platform**

### **2. Indications of customer friction – interviewees mentioned the importance of seamless payments to improve the customer journey**

*“PayPal now makes up a quarter of our sales. We need to keep up with the next evolutions of this – customers might decide they won’t buy anything from your site if you don’t offer their preferred ways to pay.”*

#### **Sports Clothing & Equipment Distributor**

*“New customers can take ages to pay on their first payment while they get us set-up on their system. We only accept BACS payments but sometimes get asked if we accept other methods.”*

#### **Electrical & Building Services Company**

### 3. Slow payments with poor visibility – interviewees outlined the desire to accelerate the accounts receivable process and improve transparency

*“Most of our clients pay by account transfers which take 3 working days. We will get a notification the day before the money arrives, but this creates issues for our accounting team, and we often chase customers for payment when they’ve already sent it.”*

#### Large Utility Company

*“Certain solutions are easy to implement but have big delays. Settlement for some of our international payments can take from 7 days to 3 weeks. We once had money frozen for a month when receiving from a first-time customer.”*

#### Online Education Platform



## How can fintech help support businesses in addressing key concerns while improving customer experience?

### Landscape overview

Solution	Benefits	Example providers
<p><b>Alternative point of sale (POS) systems</b></p> <p>Useful if you're facing:</p> <ul style="list-style-type: none"> <li>unclear and complex fee structures</li> <li>additional requirements such as paper receipt rolls and complex integration with other systems</li> </ul>	<ul style="list-style-type: none"> <li>Added functionality for businesses and more options for customers</li> <li>Integration with accounting software and other sales channels</li> <li>Easy returns</li> <li>Delivery of business insights (e.g., product popularity, inventory alerts)</li> <li>Wide range of payment options accepted</li> <li>Faster checkout process</li> <li>Fixed and transparent costs</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">SumUp</a></li> <li><a href="#">OrderPay</a></li> <li><a href="#">Viva Wallet</a></li> </ul>
<p><b>Account-to-account (A2A) payments</b></p> <p>Useful if you're facing:</p> <ul style="list-style-type: none"> <li>high fees associated with traditional card payments and use of intermediaries</li> <li>friction across the payment journey, including delays in money transfers</li> </ul>	<ul style="list-style-type: none"> <li>Payments move directly from the payer's bank to a merchant</li> <li>Instant transfers</li> <li>Lower fees for the merchant</li> <li>No intermediaries</li> <li>Frictionless and customisable user experience</li> <li>Customers don't need to add card details multiple times</li> <li>A2A payments naturally meet multi-factor authentication requirements, meaning reduced risk of fraud</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">GoCardless</a></li> <li><a href="#">TrueLayer</a></li> <li><a href="#">Plaid</a></li> </ul>
<p><b>Online payment processing solutions (payment gateways)</b></p> <p>Useful if you're facing:</p> <ul style="list-style-type: none"> <li>trapped capital and slow business growth</li> <li>inaccurate, incomplete and slow invoice management</li> <li>lack of oversight over invoice payments</li> </ul>	<ul style="list-style-type: none"> <li>Reduced late invoice payments through automation</li> <li>Automated invoice generation can reduce the impact of human error and ensure timely invoices</li> <li>Dashboards to clearly view late invoice payment statistics and support follow-up of late payers</li> <li>Customers get a simple-to-use platform, and are therefore less likely to pay late</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">GoCardless</a></li> <li><a href="#">Checkout.com</a></li> <li><a href="#">Thredd</a></li> </ul>
<p><b>Buy now pay later (BNPL) solutions</b></p> <p>Useful if you're facing:</p> <ul style="list-style-type: none"> <li>loss of sales due to a lack of financing options for customers</li> <li>high levels of abandoned carts due to customers being unwilling to pay for purchases upfront</li> <li>small marketing budgets or marketing functions</li> </ul>	<ul style="list-style-type: none"> <li>BNPL payment solutions are becoming increasingly in-demand with customers as a short-term financing option</li> <li>BNPL platforms can help drive traffic and increase sales</li> <li>54% of merchants using BNPL have their brand exposed to new customers through co-marketing</li> <li>57% of merchants using BNPL reported an increase in basket conversion and 46% experienced an increase in average order value</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Clearpay</a></li> <li><a href="#">Klarna</a></li> </ul>
<p><b>Digital ID solutions</b></p> <p>Useful if you're facing:</p> <ul style="list-style-type: none"> <li>increasing amounts of fraud and reputational damage as a result</li> <li>slow authentication processes</li> </ul>	<ul style="list-style-type: none"> <li>Mitigate business risks</li> <li>Dynamic authentication e.g., SMS OTPs (one-time passwords) can be sent to a registered mobile number to support identity confirmation</li> <li>Seamless authentication process which supports basket conversion and user experience</li> <li>Increased user confidence</li> <li>Smoother and quicker processes</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Callsign</a></li> <li><a href="#">Keyless</a></li> </ul>

## Case studies to inspire your business

### Alternative Point of Sale (POS) systems

#### **Practical example: Hospitality businesses can benefit from an integrated ordering and payments solution**

Hospitality businesses may want to allow customers to 'order and pay now' or 'order and pay later' through mobile devices. This reduces a reliance on staff to provide bills to customers and allows a frictionless payment option for customers.

For example, a small, busy restaurant with staff shortages is experiencing issues with long waiting times, which is ultimately discouraging regular customers from coming back.

#### **How can OrderPay help?**

OrderPay allows businesses to rapidly take payments via a QR code without needing apps or card readers, including the ability to tip and split bills. This means businesses can generate more revenue, encourage upselling, and track performance. It also gives customers a more seamless payment journey.

### Buy-now pay-later (BNPL) solutions

#### **Case study: Amarante London improved revenue growth by offering buy now pay later (BNPL) with Clearpay**

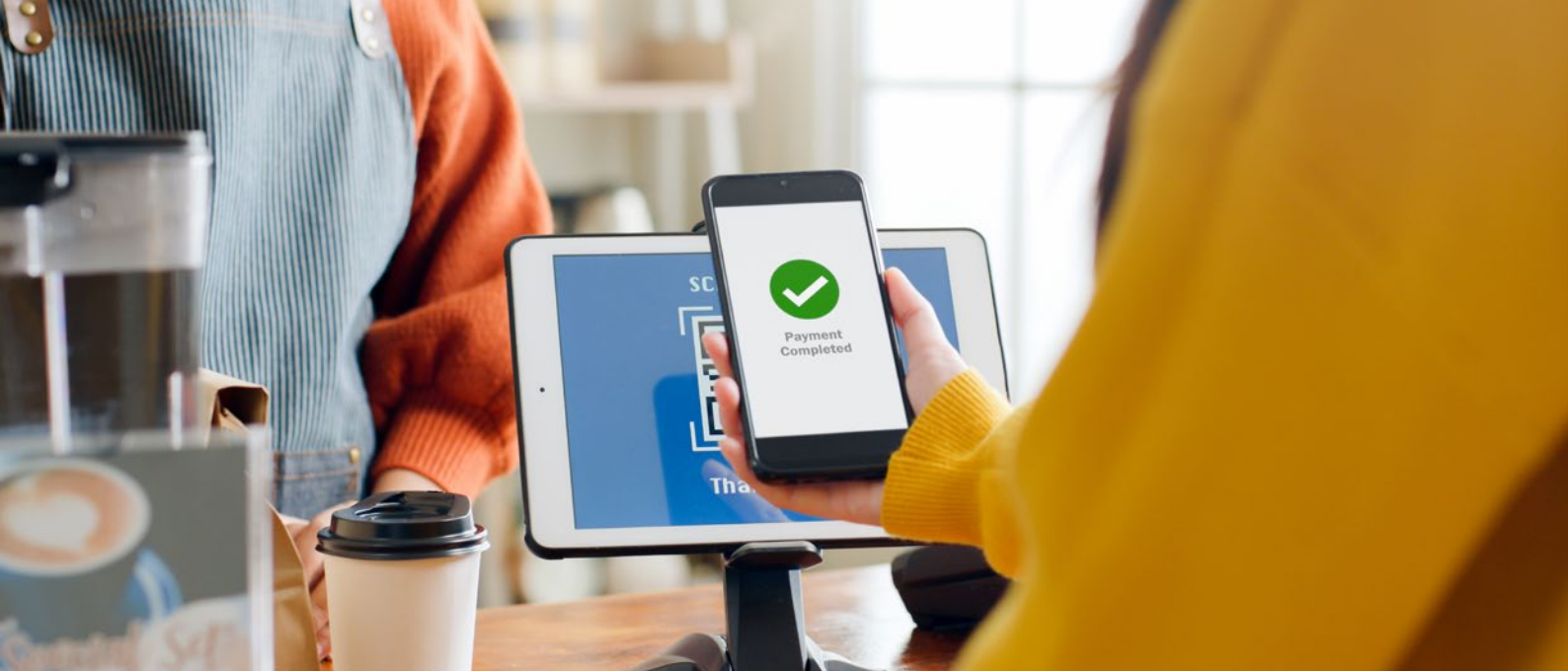
Amarante London - an online and in-store florist - wanted to achieve a customer-centric purchasing journey, meeting the needs of a predominantly younger consumer base. They also wanted to offer accessibility for consumers who prefer not to pay for products upfront.

#### **How did Clearpay help?**

Clearpay's BNPL solution provided the option to spread payments interest-free over six weeks. Clearpay took on the full repayment risk and paid Amarante London the full sale price upfront, minus a fee. The customer journey was also much-improved, with express checkout needing only two-click payment. It also gave Amarante London the opportunity to reach Clearpay's audience of over 2m active customers via their app and website.

This resulted in:

- A 160% increase in average order value
- 17,000 referrals from Clearpay's shop directory in February 2020 alone
- A new, younger customer base.



## Account to account (A2A) payments

### **Case study: Gravity Active Entertainment implemented Instant Bank Pay from GoCardless to enhance customer experience and improve the bottom line**

Gravity Active Entertainment – an international chain of trampoline and leisure parks – found that some customers were taking advantage of the lag in time it took to collect an initial direct debit after signing up to a membership subscription, gaining free access to their facility and then cancelling the mandate after their visit. Gravity wanted to reduce this misuse and increase the speed of their sign-up process without compromising their customers' experience.

How did **Instant Bank Pay** help?

To collect payments reliably and cost-effectively from customers at the point of sign-up, Gravity now uses Instant Bank Pay from GoCardless, a simple, convenient way to collect one-off payments powered by open banking. Collecting initial payments via Instant Bank Pay ensures that Gravity verifies the funds before customers access their trampoline parks.

Using Instant Bank Pay from GoCardless has resulted in:

- 55% reduction in sign-up time which gives staff more time to interact with members and generate a better customer experience
- Each facility's general manager becoming happier now that payment failure rates and people cancelling direct debits are having less of an impact on their profit and loss statements
- Increased customer satisfaction with customers saying how quick and simple the new process is for them
- A 50% cost savings through collecting payments via GoCardless, compared to accepting payments via alternative means (such as credit cards)

## Payment gateways

### **Case study: Lifestyle Fitness improved their failed payment recovery, financial reporting and user experience with GoCardless**

Lifestyle Fitness, a Nationwide health and fitness chain, faced a number of challenges including the need to swap its expensive and error-prone and unresponsive card system which was time-consuming to manage. Any failed payments required membership payments to be re-requested, which was resource intensive, impacted customer experience and led to limited payments insight.

The **GoCardless** direct bank payment solution allows:

- Creation of flexible payment plans, allowing customers to initiate with one-time setup
- Automatic collection of payments.

GoCardless' Success+ feature also enables:

- A reduction in failed payments using payment intelligence data and machine learning
- Intelligent retries identify when customers are most likely to have funds in their account and automatically retries payments on that day.

This resulted in:

- Success+ increased failed payment recovery to 71.6% leading to 10x ROI
- Financial reporting processes accelerated from 3 weeks to 5 days
- Improved customer experience





## Digital ID solutions

### **Case study: Callsign provides a digital ID solution to offer added security and reduced fraud risk for online merchants**

Businesses may want to provide seamless digital authentication, because multi-factor authentication can introduce too much friction. They also want to reduce fraud and ensure customer data is secure, as there is an increasing amount of sensitive consumer data stored through online retail customer accounts.

For example, a retailer with mobile and web presence who supports card-on-file or guest checkout has experienced issues with security in the past. One significant incident of credit card fraud resulted in negative PR in the papers. Security must become top priority, but they also don't want to inconvenience customers by adding extra steps in the payment process.

#### **How can [Callsign](#) help?**

Callsign's technology allows merchants to reduce fraud, increase conversion and minimise friction. By integrating with the Callsign platform, merchants can unlock benefits such as reduced costs and a simplified customer journey. In addition, retailers can mitigate external threats such as hacks and scripted attacks.

It's cloud-based with no need for code integration and development, and removes unnecessary steps within digital user journeys through the use of behavioural biometrics (e.g., typing/swiping recognition) and device fingerprinting and location intelligence.



# Common issues encountered by business – Paying suppliers

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Increasingly complex B2B practices can be simplified through fintech partnerships. Through interviews with members, cross-border payments, accounts payable, and accessing finance are frequently cited as areas of concern for business.

## 1. High cross-border payment fees

Interviewees noted high and unclear fees associated with traditional cross-border payment options.

*“Most of our suppliers are based in Asia and America, and we pay them all in US dollars. Because of this, we incur trade expenses and pay fees associated with converting Euros and Sterling into US dollars through a traditional bank.”*

### **Sports Clothing & Equipment Distributor**

## 2. Accounts payable automation

Large and smaller companies both frequently rely on basic, manual methods of supplier payment.

*“Our current system is archaic. We populate individual details into the bank platforms and initiate payments from there. These are notably manual processes, labour intensive and lacking in control.”*

### **Large Home & Garden Retailer**

*“We tried to pay a supplier in HK, but there were issues processing the payment. It took 3 weeks to process. We had no transparency, and our supplier was very frustrated.”*

### **Online Education Platform**

### 3. Access to alternative financing

Interviewees outlined high costs borrowing funds or difficulty borrowing altogether.

*"For our B2B business, our large customers are able to push us into long payment cycles which requires us to use debt factoring which ultimately affects our profits."*

#### Sports Clothing & Equipment Distributor

*"Clubs like ours are always loss making, propped up by donors, which makes it nearly impossible to access bank financing. It would be helpful to have some kind of credit supplier for occasional expenses like getting a new roof."*

#### Lower League Football Club



## How can fintech help support businesses simplify B2B practices?

### Landscape overview – paying suppliers

Solution	Benefits	Example providers
<p><b>Cross-border payments</b></p> <p>Useful if you're facing:</p> <ul style="list-style-type: none"> <li>• high transfer costs for cross-border payments</li> <li>• slow cross-border payments</li> <li>• lack of ability to track payments</li> </ul>	<ul style="list-style-type: none"> <li>• Lower administration and intermediary bank fees</li> <li>• Improved realised FX rate for customers</li> <li>• Faster transaction times and visibility with fewer intermediaries involved</li> <li>• More intuitive and user-friendly interfaces for transfers</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Wise</b></li> <li>• <b>Airwallex</b></li> <li>• <b>Ebury</b></li> </ul>
<p><b>Accounts payable/receivable automation and working capital management</b></p> <p>Useful if you're facing:</p> <ul style="list-style-type: none"> <li>• time-consuming manual creation of purchase orders</li> <li>• inconsistent purchase orders</li> <li>• lack of visibility of committed spend and budgets</li> <li>• errors and late payments</li> </ul>	<ul style="list-style-type: none"> <li>• Automation of steps in the purchase order process</li> <li>• Real-time visibility on committed spend</li> <li>• Data visualisation</li> <li>• System connectivity</li> <li>• Access to a global and diverse funding network</li> <li>• Flexible ways to manage working capital needs</li> <li>• Ability to offer early payment options and incentives to support quicker conversion to cash</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Basware</b></li> <li>• <b>Tradeshift</b></li> <li>• <b>Spendesk</b></li> <li>• <b>OakNorth</b></li> <li>• <b>Taulia</b></li> </ul>

## Case studies to inspire your business

### Cross-border payments

#### **Case study: Alternative Airlines used Wise to save money on international currency transfers**

Alternative Airlines - a small flight search and booking company - faces rapid international expansion with countries in 80+ countries. This was leading to large FX costs eroding their already low margins.

#### **How did Wise help?**

Wise enabled Alternative Airlines to send, spend and receive multiple currencies with the real exchange rate. They also benefited from low cost and transparent FX exchange fees.

This meant large cost savings for the business, with £75k saved in the first nine months. Its bespoke and user-friendly platform also helped save the finance team a lot of time.



# Common issues encountered by business – Paying employee salaries and expenses

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Businesses can face a number of inefficiencies regarding paying employee salaries and managing their expenses. This includes the inability to make flexible payments and burdensome expense management processes.

Typical pain points in payroll and expense management include –

- Manual processes (such as chasing receipts and reconciliations)
- Limited audit trails
- Spend visibility
- Difficulty adopting new ways of working with existing systems (such as employment of gig-workers, adopting on-demand and advance payroll)

## **1. Demand for flexible payments**

Increasingly, employees prefer to receive their salary more frequently than once per month.

*“Some of our employees want to be paid weekly, but this is a frustration as it takes extra work”*

### **Sports Clothing & Equipment Distributor**

*“We recently moved to paying employees every four weeks from weekly. Our engineers would rather get paid weekly, but it’s too much of an administrative burden for the office.”*

### **Electrical & Building Services Company**

## 2. Arduous expense management

Receiving, reconciling and paying for expenses can be highly manual and time-consuming.

*“Reconciling payments became a massive pain – people spending lots of money but losing receipts”*

### Sports Clothing & Equipment Distributor

*“Our engineers get a £25 allowance when out of town. They give in paper receipts which get stapled to a paper form and handed to accounts to process. It’s a lot of work and they would rather be spending an allocated budget than spending their own money and getting paid back.”*

### Electrical & Building Services Company

## How can fintech help support businesses simplify payroll and expense operations and offer employees additional benefits?

### Landscape overview – paying salaries and managing expenses

Solution	Benefits	Example providers
<p><b>Fully managed payroll and payroll software specialists</b></p> <p>Useful if you’re facing:</p> <ul style="list-style-type: none"> <li>• manual and inflexible payroll systems</li> <li>• inability to respond quickly to organisational change</li> <li>• difficulties with international payroll</li> <li>• errors and inconsistencies resulting from human error</li> </ul>	<ul style="list-style-type: none"> <li>• Simplified business processes</li> <li>• Flexible systems and processes</li> <li>• Ability to connect payroll, treasury and on-demand pay processes through a single system</li> <li>• Global systems accommodating regional variations, meeting demands of international businesses</li> <li>• Intelligent automation of manual tasks</li> <li>• Insights and analytics</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Cloudpay</b></li> <li>• <b>Workday</b></li> </ul>

**Advanced and as-earned payments providers**

Useful if you're facing:

- issues attracting and retaining talent
- difficulties supporting employees with their financial wellbeing

- Become a more desirable employer
- Help improve employees' financial wellbeing
- Transparent pricing

- **Salary Finance**
- **Openwage**

**Expense management**

Useful if you're facing:

- manual and time-consuming expenses processes
- manual reconciliation and input of receipts
- difficulties in budget forecasting due to expenses claims
- unclear and cumbersome approval processes

- Enhanced visibility of spending in real time across the organisation
- Save time through automated processes
- Control payments across the whole business with integration with accounting tools and other payment systems
- Linking of virtual cards, digital invoices, and expense reimbursements to individual teams promotes ownership of individual budgets
- Improves collaboration, increases efficiency and reduces overall costs

- **Spendesk**
- **SAP Concur**





## Case studies to inspire your business

### Payroll software providers

#### **Case study: Coventry Building Society engaged with Workday to digitally transform its HR functions**

Coventry Building Society - the UK's second largest building society - was running an outdated, overloaded legacy system unable to cope with business demand. Pay reviews were conducted using "hundreds and hundreds" of Excel spreadsheets, while processing payments was impossible for two weeks of every month.

#### **How did [Workday](#) help?**

Using a number of Workday products including Workday Human Capital Management and Workday Payroll, Coventry Building Society was able to decommission 23 manual processes on day one, implement simple change and approval processing for managers, and provide instant access to live data via real-time dashboards. This has empowered Coventry Building Society's 2,500 employees to access their own data and be self-sufficient, thereby freeing up time to focus on the needs of its two million members. Likewise, managers now have significantly more confidence in the data they receive, improving their ability to make informed decisions.

Lucy Becque, Chief People Officer, Coventry Building Society, said: "You can tell Workday is a system that's been built from the ground up, not disparate pieces that have been bolted together. Because of this, it has offered us a greatly streamlined and impactful experience."



## Advanced payment of earned income

### **Practical example: Salary-linked benefits allow employers to offer a holistic approach to financial support**

Businesses may want to support employees in taking control of their money and financial wellbeing.

Pay advances can help in the short term with unexpected costs. Financial education can build sustainable habits over the long term. Salary-linked loans can give access to affordable credit which many find themselves increasingly locked out of.

While providing access to debt may not seem the right way to achieve a robust financial wellbeing strategy, using salary-linked loans means access to affordable credit is more equal – preventing the most vulnerable from needing to turn to a payday lender. This becomes even more impactful when offered as part of a holistic approach to financial support – giving all options to the individual so they can make the best choice for their situation.

Employers have an opportunity to partner with organisations, like Salary Finance, to offer more affordable loans at no risk to the business. This is alongside a range of financial education tools and the need to advance salary if absolutely necessary.

#### **How can Salary Finance help?**

Employees can access earned pay before payday, depending on the employer's threshold. This doesn't affect their credit score and doesn't require interest to be paid. Salary Finance's salary link is more affordable for employees, more inclusive, and builds more positive habits.

Employees can also access loans with good repayment terms, and participate in savings programmes, where a portion of their salary is paid directly into a saving account, building better habits for the future.

And everyone who uses Salary Finance's services is referred to the financial education hub with articles relevant to their situation, ensuring the building of sustainable financial habits.

**About Salary Finance's employee loans:**

Salary Finance's Borrow benefit gives employees access to affordable loans when they're needed. Many people using Borrow take an extremely low-interest loan to consolidate existing debts, greatly reducing monthly outgoings and giving them more to spend on essentials each month or allowing them to start saving.

1. Employees can apply without impacting their credit score with an acceptance rate 4x higher than banks
2. Borrowing money is a fact of life so Salary Finance guarantee to have the best rates for loans under £5,000
3. By repaying regularly through their salary, on time and never missing a payment, employees can improve their credit score
4. Salary Finance wants to help people move out of debt and into savings so further support is given if borrowing will not improve their situation



# Common issues encountered by business – Managing cash position

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Several interviewed businesses cited difficulty in accurately forecasting cash flow and managing changing economic conditions. Fintechs offer automated solutions for payables, collections and liquidity to improve business efficiency.

## **1. Forecasts are often inaccurate**

Increasingly, employees prefer to receive their salary more frequently than once per month.

*“We’ve got a very good analyst running the forecasts, but when she’s on holiday we notice a change in quality.”*

### **Large Home & Garden Retailer**

*“We’ve got a better handle now but forecasts used to be much less reliable. It can be difficult to build in complex factors like match days moving or player transfers falling through.”*

### **Lower League Football Club**

## **2. Highly manual processes**

Interviewees stated forecasting could be a complicated and labour-intensive process.

*“The forecasting process is highly manual with about 25 steps, inputting information from projections into an Excel.”*

### **Large Home & Garden Retailer**

### 3. Concerns around economic environment

Interviewees stated cash management becomes a larger priority during times of economic uncertainty.

*“Cash was less of a focus but now we’re in a different environment and feeling the same pressures as other retailers, so we need a much better understanding of it.”*

#### Large Home & Garden Retailer

*“Jobs at the moment are difficult to predict, with a lot of work that may or may not pull through. It’s hard to know where cash will be in a few months’ time.”*

#### Electrical & Building Services Company

## How can fintech help support businesses to improve business efficiency?

### Landscape overview – managing cashflow

Solution	Benefits	Example providers
<p><b>Cash management and treasury solutions</b></p> <p>Useful if you’re facing:</p> <ul style="list-style-type: none"> <li>• difficulties in assessing your cash position effectively</li> <li>• issues with cashflow forecasting</li> <li>• limited transparency of committed spend</li> <li>• manual processes leading to errors</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency on real-time liquidity position, and current and future obligations</li> <li>• Automate and optimise parts of the AP and AR processes</li> <li>• Reduction in employee time spent on manual processes</li> <li>• Support in negotiating favourable payment terms with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• <b>GTreasury</b></li> <li>• <b>ION Treasury</b></li> <li>• <b>Bankifi</b></li> </ul>

## Case studies to inspire your business

### **Case study: BankiFi partnered with TSB to power Revenu, helping businesses to get paid quicker and reduce time spent on admin**

Between the pandemic and rising inflation, it's no secret how incredibly tough recent years have been for businesses of all shapes and sizes. To survive and grow in these turbulent times, finding the right balance between income and expenditure is key.

Together, TSB and BankiFi teamed up to make it quick and simple for customer payments, even when on the move, and to help remove many of the risks of being paid late. As an extension of the TSB Business Current Account, Revenu provides access to accurate and instant payment information and allows businesses to make informed, time critical decisions about payment to their own suppliers.

*Illustrative example: A sole trader struggles with late payments and has limited time to catch up on admin when they get home. Manual invoicing makes it difficult to get a clear view of cash positions and they have experienced liquidity issues in the past. They are keen to find a cost-effective solution that is compatible with their existing bank account and accounting software provider.*

Result: **Revenu**, as a bank + fintech solution enables:

- Received payments automatically reconciled to any accounting system used
- Quick and convenient payment collection, reducing late payment days to improve cash position while also reducing administrative burden
- Requests for Payment sent to customers all from a mobile device, with or without invoices
- Instant payment, in full, using account to account services, which also keep business bank details secure
- Instant notification of payment, so you are always aware of which payments are still due
- Chasing of any overdue items with the click of one button
- No complex fee structure, one simple monthly service charge.

**Practical example: Know-it gives businesses the ability to mitigate credit risk, reduce the risk of late payments and increase cashflow.**

*Illustrative example:* A wholesaler is struggling with chasing outstanding invoices and has limited credit insight and company data on their customers. The company's sales ledger is out of date with inaccurate company information.

**How can Know-it help?**

By integrating with leading accountancy packages, Know-it provides a number of tools to help businesses with mitigating the risk of late payments -

- Check-it allows businesses to credit check and monitor companies, using real-time data feeds from Graydon, The Gazette, Companies House and Unsecured Creditor Claims, to help make more informed credit decisions.
- Chase-it can be used for automated payment reminders and chasers using customisable templates which can be sent by email, letter and SMS.
- Collect-it provides instant quotes to recover businesses' overdue unpaid invoices. All Collect-it cases are handled by a leading commercial debt recovery specialist

Know-it automates the entire credit control process giving businesses the ability to mitigate credit risk, reduce debtor days and increase cashflow all in one platform.




### **Case study: Petrofac partnered with ION Treasury to transform their treasury function**

In 2010, the energy company Petrofac took the decision to create a treasury function. During initial discovery, the team uncovered over 600 different bank accounts across various banking partners, FX trading executed in silos, and a spider web of intercompany loans that had to be unpicked and unravelled. Many reports and functions were managed via Excel and PDFs, which left room for manual error and required many hours of design and maintenance.

The company went to market for a Treasury Management Solution (TMS) provider, and selected **ION Treasury's** Reval, a Software as a Service (SaaS) offering to improve security and visibility, while eliminating redundancies.

This resulted in a number of business benefits –

- **Automated trade imports** reduced the manual effort required to upload FX and money market trades.
- **Launched a global cash management programme** to move cash from anywhere around the world on a same day basis.
- **Captured daily sweeps globally** and automated the auto-posting and auto-reconciliation.
- **Introduced a new model for liquidity management** with automated reporting to the wider business to promote internal transparency and reduce manual work.
- **Improved guarantee management** and expanded treasury's responsibility to manage performance guarantees and advanced payment guarantees.
- **Rationalised the banking structure** from more than 70 different banks to 30 partners, leading to considerable year-on-year savings.

A photograph of two men in business suits shaking hands in a meeting room. The man on the left is wearing glasses and has a slight smile. The man on the right has a beard and glasses. They are standing in front of a whiteboard. The image is overlaid with a blue-to-purple gradient.

*"The partners who have benefited most took time to onboard properly, trial out with a selection of operations for a few weeks and then ramp up across the business."*



# Taking action

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## Successful partnerships – five-steps you can take to maximise partnership value when adopting fintech solutions

As part of the CBI's Winning with fintech campaign, we have spoken to a number of businesses and fintechs on how financial technology partnerships can be maximised and how both parties get the most out of this relationship. The steps below can help you start this journey and consider how you can work more closely with fintechs.

### 1. Know your needs

- a. Assess partnership opportunities based on the capabilities you need but don't have
- b. Focus on where a partner can help you create more opportunities and grow your business or materially impact existing operations

### 2. Partner sourcing and selection

- a. Don't wait for inbound requests; develop a proactive scouting capability and establish a partnership thesis for each partnership upfront
- b. Understand all the benefits which a fintech provider can offer
- c. Screen potential partners for suitability/fit, pilot and test before completing

### 3. Design

- a. Design partnerships that drive real value – define joint goals and identify which structure is required to maximise value for both parties
- b. Create a winning situation for both parties: make your needs clear, so your partner can produce bespoke solutions to meet those needs

#### 4. Partnership management

- a. Put 80% of the effort on the 10% of partnerships which matter, and clearly delineate what resources are required for success
- b. 'Course correct' as needed: refresh the partnership strategy, realign with partners and adapt operating model

#### 5. Build a repeatable partnering model

- a. Design an operating model that is recognised strategic muscle and a competitive differentiator
- b. Learn from the partnerships created

### Don't just take our word for it - advice from CBI member and fintech interviewees -

#### Focus on outcomes

*"Open banking is a nascent product with a lot of noise. Focusing on outcomes, for example addressing a particular cost, drives better partnerships."*

#### UK Lead, FinTech

#### Craft a thoughtful selection process

*"Through our tendering process, we've decided against some new online payment providers which take a bigger percentage. This hits our margins which we can't justify if we don't see it as a purchasing criteria for customers."*

#### CFO, Sports Clothing & Equipment Distributor

#### Craft a thoughtful selection process

*"The partners who have benefited most took time to onboard properly, trial out with a selection of operations for a few weeks and then ramp up across the business."*

#### UK Vice President, FinTech

## Allocate informed and engaged resource

*“When working with someone passionate, of the right seniority, who knows the business well, complex solutions can be implemented in 8 weeks where they might take a year elsewhere.”*

### Head of Marketing, FinTech

#### **Practical example: FinTechAxis helps enterprises connect with the fintech solutions they need, and offers fintechs the opportunity to seek out business services**


As fintechs grow, they increasingly need a wide range of services to support this growth. This can include brand, marketing and PR, business software, content creation, accountancy and insurance to consulting, legal and compliance.

FinTechAxis is a specialist member network centred around their Fintech Demo Wall. It brings together an active community of companies who need the expertise of businesses to grow. As a member, you can showcase what you do in one or more of 14 chosen categories.

The demo wall also allows fintechs to showcase the solutions they provide – allowing enterprises to connect in with fintechs that can support them with their own pain points. This can speed up the process of enterprises finding the right fintech partner for them, and vice versa.

**FinTechAxis** can support businesses by –

- Increasing visibility within a given sector
- Showcasing success to potential partners
- Increasing opportunities to connect with fintechs
- Providing a platform for company updates to the fintech community
- Providing access to fintech classifieds – if a fintech needs to fill a gap in their business, they can use the fintech classifieds .

A man and a woman are sitting at a table in a meeting room. The man is leaning over the woman, pointing at a tablet she is holding. A laptop is open on the table in front of them. The background shows other people in a meeting room. The entire image has a blue and purple color overlay.

*"Open banking is a nascent product with a lot of noise. Focusing on outcomes, for example addressing a particular cost, drives better partnerships."*

# Annex

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## Glossary of fintech terms

**Account Information Service Provider (AISP)** Allows payment account information from different bank accounts to be visible in one place online or via a mobile app

**Account to Account (A2A)** A2A payments move money directly from one account to another without the need for additional intermediaries or payment instruments, such as cards

**Acquirer** Acquirers process credit and debit card payments on behalf of merchants

**Application Programming Interface (API)** An API is a software intermediary that allows two applications to talk to one and other.

**Automated Machine Learning (AML)** The process of automating time-consuming, iterative tasks of machine learning model development

**Banking as a Service (BaaS)** The provision of banking products and services through third-party distributors

**Blockchain** A decentralized, distributed ledger (or database) that records the origin of a digital asset

**Buy Now Pay Later (BNPL)** A type of short-term financing which allows customers to make purchases and pay for them at a future date or through instalments, often interest-free

**Card networks** Provides communication system between merchant and issuer to complete a credit card transaction

**Cloud provider** Delivers hosted services over the internet (e.g. server storage, software, analytics)

**Cross-border payments** Financial transactions where the payer and the recipient are based in separate countries, often involving multiple types of currency

**Cryptocurrencies** A virtual, decentralised currency whose value is determined by supply and demand

**Digital banks/Neobanks** User-friendly, digital native banks providing banking services sans physical branches

**Digital wallet/ewallet** The housing of payment information on an electronic device

**Embedded finance** When non-financial companies offer their customers access to credit or payment services through their technology platform

**Enterprise Resource Planning (ERP)** Software to manage day-to-day business activities such as accounting, procurement, etc.

**FinTech** Short for Financial Technology

**Interchange fee** A fee paid between banks for the acceptance of card-based transactions

**Issuer/Issuing bank** Intermediary or financial institution (e.g. HSBC) that issues branded payment cards to the customer on behalf of card network (e.g. Visa)

**Merchant discount rate** Rate charged to a merchant for payment processing services on debit and credit card transactions

**Omni-channel** Multichannel approach to sales to provide customers with a seamless experience (e.g. offers online and physical store)

**Open banking** Framework that provides third-parties access to consumer account and transaction data through the use of APIs

**Payment gateway** A network through which customers transfer funds to businesses online

**Payment processor** Facilitates communication between the bank that issued a customer's debit or credit card and the seller's bank

**Peer-to-Peer (P2P) transactions** A transfer of funds between your bank account and the bank account of another individual

**Point of Sale (POS)** System in a retail store that allows a customer to execute payment for goods or services

**Software as a Service (SaaS)** Allows a cloud provider to host applications and make them available to end users over the internet

**Whitelabel platform** Software that can be re-branded and used by another company

# About the CBI

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Founded by Royal Charter in 1965, the CBI is a non-profit business organisation that speaks on behalf of 190,000 UK businesses of all sizes and from across all sectors, employing nearly 7 million people between them. That's about one third of the private workforce. This number is made up of both direct members and our trade association members. We do this because we are a confederation and both classes of membership are equally important to us.

The CBI's mission is to promote the conditions in which businesses of all sizes and sectors in the UK can compete and prosper for the benefit of all. With offices around the UK (including in Scotland, Wales and Northern Ireland) and representation in Brussels, Washington, Beijing and Delhi, the CBI communicates the British business voice around the world.

## **Our mandate comes from our members who have a direct say in what we do and how we do it**

The CBI receives its formal mandate from 9 Regional Councils, 3 National Councils from Scotland, Wales and Northern Ireland plus 16 sector based Standing Committees. These bodies are made up of members in that region, nation or sector who serve a term of office. The chair of each Standing Committee and Regional and National Council sit on the CBI's Chairs' Committee which is ultimately responsible for setting and steering CBI policy positions.

Each quarter this formal engagement process across the CBI Council reaches over 1,000 senior business leaders across 700 of our members who have a direct say in what the CBI do and how they do it, from refreshing their workplan to discussing the key business issues of the day and re-calibrating its influence. Over 80% of the businesses represented on the CBI Council are outside of the FTSE350 as the CBI represents a wide range of sizes and sectors from the UK business community. This formal governance process is supported by a wide range of working groups, roundtables, member meeting and events that makes the CBI unparalleled at listening to and representing British business.

# CBI Council in numbers

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**1000+**

Committee and Council representatives



**28+**

Regional and National Council and sector based Standing Committees



**50%**

Representatives of the CBI Council at C-Suite level



**80%**

Of the CBI Council from non-FTSE 350 businesses



To share your views on this topic or ask us a question, contact:



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