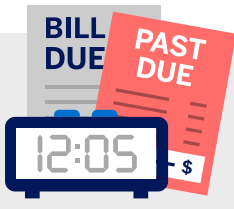


HOW BIG IS THE LATE-PAYMENTS PROBLEM IN CONSTRUCTION?

Multiple surveys suggest industry agreement: Late payments can hold construction businesses back. Find out how businesses can better maintain working capital with efficient AR and payment processes.

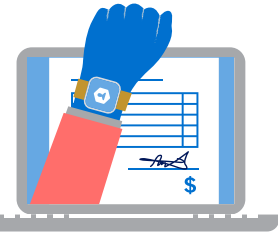
CHALLENGE

Late payments are a common concern for construction businesses.



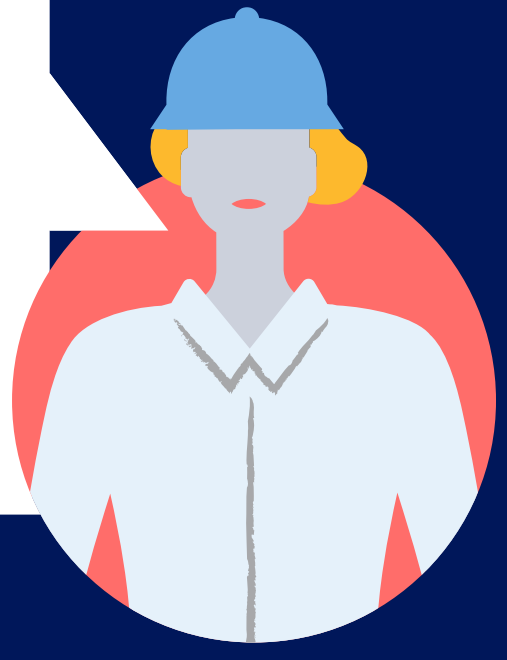
About **1/5** of companies surveyed around the world reported receiving payments **90 days past due**.¹

26% of construction companies surveyed view manual processes as a challenge.²



General contractors surveyed spent on average **44 hours per month** managing payments to subcontractors and vendors.⁴

11% of construction professionals said they are paid in full on every job — which can have disruptive impacts.³



IMPACT

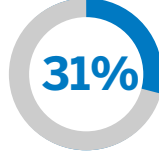
Construction businesses may struggle to maintain cash flow if they don't receive payments on time.



12% of total construction costs come from slow payments that eat into profits.⁵

\$208 BILLION

The total cost of late payments in the construction industry in 2022 — a **53% increase** over 2021.⁶



31% of construction firms reported delaying starts because of a lack of available financing in November 2022.⁷



3 in 10 contractors surveyed rely on credit cards to cover costs, suggesting a need for faster payment processing.⁸



SOLUTIONS

Accept card or digital payments to help streamline your cash flow and keep projects moving forward.

Here are some best practices businesses can follow to digitize payments:



Replace paper invoices with digital options.

Today, **67% more** construction firms use software for payment paperwork than before the pandemic.⁹



Streamline payment flows.

Digital payments can strengthen organizations looking to streamline their payment flows.¹⁰



Integrate AR and add online card payments.

33% of contractors plan to integrate their AP and AR technology, and **31%** plan to add instant bank verification and virtual cards.¹¹



Offer early payment discounts.

Subcontractors say they would offer an **average discount of 5.1%** for payments made within 30 days.¹²



Strengthen your business by digitizing your AR process and accepting digital payments.

Visit Business Class for Merchants

for more trends and insights to help keep you informed.

SOURCES

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¹⁰Reimagining Business Payments: How Digital Lockboxes Unlock AR Efficiencies, Billtrust.com, January 2022, Page 5.
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¹²2022 Construction Payments Report, Rabbot 2022, Page 9.



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