

# MEASURING THE IMPACT

## OF SLOW PAYMENTS ON THE CONSTRUCTION INDUSTRY




In 2023, an estimated 72% of surveyed subcontractors reported waiting longer than 30 days for payments,<sup>1</sup> and only 11% of surveyed construction professionals said they are paid in full on every job.<sup>2</sup>

### THE RESULTS CAN BE DEVASTATING

## FINANCIAL FRUSTRATIONS

 **141%** ▲  
increase in liens filed by subcontractors due to slow payments<sup>4</sup>

 **105%** ▲  
increase in subcontractors reporting the use of personal savings to float construction business payments<sup>5</sup>

 **52%** ▲  
increase in subcontractors reporting the use of business savings to float construction business payments<sup>6</sup>




# \$273 BILLION

Estimated cost of slow payments to the U.S. construction industry<sup>3</sup>

The result? 97% of construction professionals say they experience stress from slow payments and cash flow problems.<sup>7</sup>

## BUSINESS BURDENS

 **90%**  
of general contractors surveyed said faster payments ensure the quality of work<sup>8</sup>

 **56 HOURS**  
time general contractors reported spending on managing payments each month<sup>10</sup>

**57%**  
of general contractors



**78%**  
of subcontractors

say work has been delayed or stopped due to delays in paying crew members<sup>9</sup>

Late payments throw a wrench into construction budgets, timelines and quality. On-time payments can reduce project risk and costs while enhancing the certainty of project outcomes.<sup>11</sup>

## RELATIONSHIP REPERCUSSIONS

 **100%** of general contractors surveyed see the value in paying subcontractors faster<sup>12</sup>

 **34%** of general contractors' contracts fell out due to developers not securing project financing in the last year, per survey results<sup>13</sup>

Developers with a reputation for slow payments could struggle to secure competitive bids from subcontractors.<sup>14</sup> Slow payments can damage the customer experience — and reputations — in the competitive construction industry.

## HOW DOES YOUR ORGANIZATION MEASURE UP?



**79%** of U.S. construction companies say accepting electronic payments helps them get paid faster<sup>15</sup>

Given the challenges of slow payments, proactive measures to expedite payments can lead to substantial savings and improve project viability.<sup>16</sup> Accounts Receivable (AR) automation is becoming a vital tool of the trade to help improve cash flow and help construction companies gain an edge over the competition.

## READY TO AUTOMATE AR?

Going digital can help construction firms receive money faster.<sup>17</sup> We offer streamlined ways to work, with tools and solutions to help you manage your relationships and payments.

Learn how our AR automation partners can help bridge the gap between technology and manual processes, so you can create connections that help drive business growth.

SCAN THE QR CODE OR VISIT [GO.AMEX/ARSOLUTIONS](https://go.amex/arsolutions) FOR MORE INFORMATION ABOUT AR AUTOMATION

### SOURCES

<sup>1</sup>Rabbet: 2023 Construction Payments Report, Rabbet, 2023, page 7.

<sup>2</sup>Building Better Cash Flow in Construction With Digital Payments, PYMNTS.com, January/February 2023, page 9.

<sup>3</sup>10.12.13 Rabbet: 2023 Construction Payments Report, Rabbet, 2023, page 5.

<sup>4</sup>Rabbet: 2023 Construction Payments Report, Rabbet, 2023, page 8.

<sup>5</sup>Building Better Cash Flow in Construction With Digital Payments, PYMNTS.com, January/February 2023, page 21.

<sup>6</sup>Rabbet: 2023 Construction Payments Report, Rabbet, 2023, page 4.

<sup>7</sup>Rabbet: 2023 Construction Payments Report, Rabbet, 2023, page 20.

<sup>8</sup>Rabbet: 2023 Construction Payments Report, Rabbet, 2023, page 16.

<sup>9</sup>Building Better Cash Flow in Construction With Digital Payments, PYMNTS.com, January/February 2023, page 17.



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