

Breaking Ground: Solving Construction's Delayed Payments With Digital Tools

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Payment inefficiencies in the construction industry drive up costs and contribute to labor shortages. Digital payment innovations can help construction businesses focus on what they do best.

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Payment delays have become a defining challenge in the construction industry, where manual payment systems lead to persistent cash flow constraints.

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Systemic payment inefficiencies in the construction industry hamper timely project completion and drive higher costs. General contractors now spend more time managing payments than they did in 2023, despite the growing availability of digital payment tools. Meanwhile, payment uncertainty impacts the labor supply chain. Digital payments offer a practical and scalable path to streamlined operations, while innovative training tools can ensure workforce stability and preparedness. These solutions reduce administrative overhead and improve cash flow predictability, allowing construction businesses to prioritize core operations and strengthen relationships between developers and contractors.

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Addressing Construction's Payment Challenges

Payment delays have become a defining challenge in the construction industry, where manual payment systems lead to persistent cash flow constraints.

Delayed payments are a persistent challenge for construction companies.

By the end of 2023, 71% of subcontractors reported [delayed payments](#) from general contractors, up from 60% in 2022.

The average payment cycle for completed work extended to 57 days. Over the same period, 77% of subcontractors said

they covered materials expenses out of pocket — increasing from 73% in 2022 and 66% in 2021. These

payment patterns highlight a significant opportunity for construction businesses to improve financial stability

through the adoption of modernized cash flow management.

77%

of subcontractors paid for materials **out of pocket**

before receiving payment in 2023.

Manual payment systems magnify cash flow challenges across construction projects.

Recent data shows that 69% of construction companies still make payments using [paper checks](#), while only 23% have made a virtual card payment in the last 12 months. According to Rabbet's 2024, Construction Payments Report, general contractors cite lender-related [delays](#) (38%) and process management issues (27%) as their top two barriers to timely payments. The report attributes these barriers to inefficiencies in the payment workflows of both lenders and developers. One consequence is that these delays introduce immediate cash flow constraints for 44% of subcontractors. Newer payment options can help construction companies solve longstanding delays and pain points.

Bolstering Construction's Financial Foundation

Slow payments not only raise costs but also contribute to labor shortages in construction, calling for solutions that go beyond payments innovation to ensure a stable workforce.

Payment delays have wide-ranging impacts on construction projects.

88%

of subcontractors **declined projects** due to poor

payment practices by general contractors in 2024.

In 2024, [payment delays](#) cost the United States construction industry an estimated \$280 billion.

However, slow payments' impact is not limited to higher costs, with Rabbet reporting that payment

delays also result in labor shortages and project slowdowns.

When payments are delayed, contractors see a [chain reaction](#): Work quality declines (80%), project

timelines stretch on (75%) and crew attendance becomes inconsistent (63%). This ripple effect

indicates that reliable and predictable payments are a prerequisite for both project execution and workforce

stability.

These interrelated impacts require multiple solutions.

Every subcontractor Rabbet surveyed (100%) evaluates a general contractor's payment history before bidding, and 88% have [rejected projects](#) over concerns about payment reliability. This narrows the field

of bidders. Of those who do bid, three-quarters are charging more for their labor to make up for the cost of slow payments, driving up general contractors' labor markups in turn. Delayed payments thus

reinforce a cycle of fewer available workers and higher project costs.

The industry is beginning to address these interconnected challenges. The [BILT 3D interactive training platform](#), for example, helps construction businesses boost workforce efficiency and develop [skilled labor](#) more quickly. These tools also appeal to younger and upcoming generations' digital-native sensibilities and preferences. Companies that adopt both advanced workforce training tools and modern payment solutions are better positioned to lower costs, strengthen contractor relationships and avoid the pitfalls of payment delays.

From Bottlenecks to Breakthroughs: Digital Payment Solutions for Construction

Digital payment innovations empower construction businesses to unlock measurable value through improved cash flow management and stronger developer-contractor relationships.

Digital platforms revolutionize construction payment practices.

Credit and other virtual payments products can help construction businesses streamline cash flow and get paid

quickly. [Virtual cards](#) are gaining rapid adoption in the construction sector. These single-use digital credit cards

reduce the risk of unauthorized purchases, monitoring payments in real time and enabling more automated

reconciliation in companies' accounting systems.

86%

of general contractors in 2024

received payments more quickly when paid with

digital tools.

Timely payments drive value creation in construction.

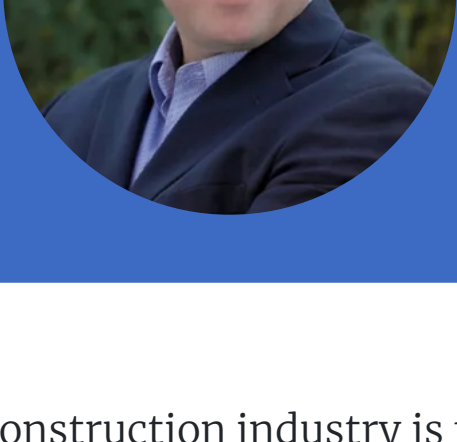
Among the tools driving these improvements are modern platforms such as [Bildl](#), a construction financial services provider that offers up to 120-day financing terms on contractors' eligible materials

purchases. These innovations are already delivering value: 86% of general contractors reported faster

payment processing times after developers adopted [digital tools](#) to pay them, laying a foundation for smoother project delivery and stronger developer-contractor trust.

An Insider on Modernizing Training in the Construction Industry

PYMNTS Intelligence presents a guest feature by Nate Henderson, Chairman & CEO of BILT, on how his company is providing technology solutions to the labor shortage that is deeply interwoven with late payments in the construction industry.



“ 3D work instructions can improve profitability. Our collaboration with American Express supports merchants by helping make contractors more efficient and workers more productive.”

Nate Henderson
Chairman & CEO

[BILT](#).

The construction industry is facing imminent challenges posed by a changing workforce. Currently, there is a deficit of 300,000 construction workers, 250,000 welders, 80,000 electricians, 50,000 plumbers and approximately 40,000 HVAC technicians in addition to regular annual turnover. In the meantime, the [U.S. Bureau of Labor Statistics](#) projects the overall need for construction workers will grow by 7% from 2023 to 2033, resulting in 119,400 new jobs over the decade.

A [Wakefield Research study](#) indicates 89% of executives and 95% of training managers worry their current training programs are ineffective in adequately training new hires. Nearly one-third (29%) of those companies predict a loss of revenue and an 11% decline in productivity in the next two years. Of those surveyed, 71% said they couldn't recruit enough candidates and 72% cited high turnover as their top challenge. Most executives (90%) expect on-the-job training is most likely to resonate with new hires, but training managers say only about half (49%) of training can be done hands-on. Respondents said it takes an average of nine weeks and between \$4,400 and \$4,800 to train each employee.

Companies spend months finding, recruiting and onboarding new hires, but many training programs are antiquated. [Generation Z](#) (the nearly 70 million people born between 1997 and 2012) grew up in a digital world. On average, they got their first mobile phone at age 10. A [Dell study](#) indicates 80% of this group

aspire “to work with cutting-edge technology.” They will make up 30% of the workforce by 2030. These digital natives are accustomed to instant access to information. They prefer micro-learning that delivers

content in small, bite-sized pieces. They are most receptive to visual instruction, 3D interactivity and extended reality (XR) training as opposed to traditional text-dense resources like manuals and slide

presentations. ASSA ABLOY, Siemens Smart Infrastructure and Clearfield use [BILT Intelligent Instructions](#) to deliver digital work instructions to field service technicians via mobile app. BILT's

intuitive 3D guidance does not require an internet connection. Siemens has also begun training workers with BILT's spatial computing [app on Apple Vision Pro](#).

Building for Tomorrow: Upgrading Construction's Payment Practices

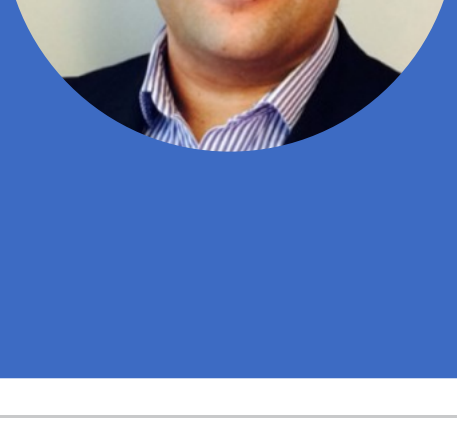
Payment delays in construction undermine project execution, inflate costs and jeopardize key relationships. The unpredictability of manual payment systems only exacerbates this friction. Although

these challenges persist, payment innovations offer proven solutions — provided their adoption is deliberate and systematic.

PYMNTS Intelligence prescribes the following actionable roadmap for construction industry stakeholders:

- **Begin with the basics.** Move from paper checks and manual invoicing to unified digital payment platforms. Choose solutions that integrate with your company's existing accounting software. These tools reduce processing times, free up staff for essential operations and position your business for scalability.
- **Start small to build confidence.** Adopt digital payments with a few trusted contractors or subcontractors to ensure a smooth transition. Early successes mitigate operational risks while building trust and buy-in for broader adoption.
- **Train staff on new tools.** Equip office staff and field supervisors with hands-on training to ensure seamless adoption of digital systems. Well-trained teams improve implementation efficiency and support a culture of agility that enhances project outcomes.

Reliable payments drive reliable results — and digital payment solutions are the cornerstone of a modernized, resilient construction industry.



“ Payment inefficiencies and lengthy delays have historically been a very real challenge for construction businesses — but don't have to be anymore! Digital payments enable suppliers to streamline payments processes, offering an opportunity for growth. By choosing the payment solutions and partners that best fit your business — like American Express — construction businesses can modernize their systems to mitigate late payments and support cash flow visibility, helping them improve AP and AR processes such as reconciliation and business relationships as they scale.”

Pavan Krishna
Vice President, B2B Supplier Products and Partnerships

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Acknowledgment

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