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B2B and Digital Payments Tracker® Series

From Friction to Flow: AR Automation in 2025

Even in 2025, manual payment processes continue to delay collections for a majority of companies. In an uncertain economic climate, automating accounts receivable to reduce payment uncertainty is imperative.

PYMNTS INTELLIGENCE

01 Paper checks and manual data entry are still common elements of accounts receivable.

02 Manual processes' delays, errors and uncertainties have a direct impact on revenue.

03 By automating AR processes, businesses can improve the timeliness of payment receipt while reducing costs and manual frictions.

04 PYMNTS Intelligence interviews Carey O'Connor Kolaja, CEO of Versapay, on why digitizing and automating payments is no longer just a nice-to-have for companies in 2025.

At the core of every business, accounts receivable (AR) serves as a critical driver of growth by converting sales into cash flow. Although digital and automated transformation is ongoing, many companies are still relying on slow, manual processes to manage this essential function. These manual workflows require human input at every step — from generating invoices to collecting payments — making them prone to inefficiencies and errors. Such issues can obstruct payment collection, delay cash inflows and disrupt overall financial operations. According to PYMNTS Intelligence research, automating manual AR could allow companies to reduce collection times by 67%. Modern automation solutions are revolutionizing AR management by enhancing efficiency, minimizing errors and accelerating cash flow.

While CFOs increasingly recognize the value of advanced technologies in reducing payment uncertainty, only 17% of businesses have fully automated their payment processes. Companies that prioritize this transformation can ensure their AR teams are positioned to navigate challenges effectively.

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Manual AR Challenges Continue

Paper checks and manual data entry are still common elements of accounts receivable.

Manual processes remain a mainstay in AR operations.

According to PYMNTS Intelligence data, 35% of mid-sized firms continue to rely entirely on manual AR processes, creating significant operational challenges. Manual data entry remains a key issue, with Versapay identifying human error in this process as a leading cause of invoice disputes and payment delays. Small to mid-sized businesses (SMBs) are especially affected by a reliance on manual procedures, with more than 75% of SMBs still manually chasing collections or handling disputes via email. This lack of automation not only leaves SMBs dealing with inefficiencies and cash flow uncertainty. It also places them behind competitors that have embraced automated solutions.

75%

of SMBs are still handling **payment disputes** manually.

Manual invoice processing puts AR teams weeks or months behind schedule.

Manual invoice processing — a task that starts with invoice creation and ends with payment receipt — is fraught with complications. A survey from Versapay found that just 23% of CFOs say their AR teams are completely up to date on invoices, with the rest reporting that their accounting processes — many of them exclusively manual — have resulted in some form of delay. Roughly 15% of respondents said they were weeks behind schedule, 22% said they were months behind, and more than 2% said they would never catch up at all. In addition, 27% of respondents said at least half their AR teams' time is spent resolving invoice disputes. These delays can have a detrimental effect on businesses' cash flow.

Late Payments Impact the Bottom Line

Manual processes' delays, errors and uncertainties have a direct impact on revenue.

Late payments disrupt businesses' cash flow.

86%

of businesses report that up to 30% of their monthly invoiced sales are **overdue**, creating a serious drain on cash flow.

A recent survey found that for 86% of businesses, up to 30% of monthly invoiced sales are overdue. This issue can severely impact cash flow, as it disrupts operational efficiency and can lead to financial instability. The report noted that a payment delinquency rate of 30% falls far outside of what is considered a normal range of about 5%.

In addition, 81% of businesses surveyed said they typically need to contact customers between one and four times to secure payment for a single overdue invoice. This not only consumes valuable time and resources but also adds to the financial strain caused by delayed payments. Implementing automated AR systems could significantly reduce these obstacles.

Manual AR processes lead to payment uncertainty — and lost revenue.

Manual AR's myriad challenges ultimately result in payment uncertainty and revenue loss for firms. PYMNTS Intelligence research found that 60% of smaller middle-market firms report significant challenges in managing payments due to manual processes. These challenges take many forms, from moderate cash flow and revenue forecasting issues to more severe obstacles such as increased risk of bad debt and strained business-to-business (B2B) partner relationships. Among their larger peers, 2 in 5 firms face similar issues. All told, surveyed CFOs with business customers that have more than 30 net days to pay an invoice attributed 4.6% — some $19 million — of lost revenue to payment uncertainty.

The Benefits of Upgrading AR Capabilities

By automating AR processes, businesses can improve the timeliness of payment receipt while reducing costs and manual frictions.

Automating AR can yield significant benefits, yet only a fraction of business leaders say they have fully implemented these systems.

A recent report from American Express, the Amex Trendex: B2B Payments Edition [1], highlights the importance of payment automation for business growth in 2025. Surveying 1,000 United States business decision-makers, the study revealed that they believe easy, streamlined, secure payments are crucial for fostering strong buyer-supplier relationships, with 91% of respondents agreeing that such processes drive business growth. However, only 17% of businesses have fully automated their payments, despite acknowledging the benefits of doing so, such as improved efficiency, reduced errors and enhanced cash flow visibility.

17%

of firms have **fully automated** their payment processes.

Late or slow payments often strain relationships, with 26% of respondents citing payment delays as the reason for ending a B2B partnership. Automation solutions like virtual cards, digital push payments and electronic invoicing can address these challenges while enhancing trust and operational efficiency.

An Insider on How Automation Turns Friction Into Flow

PYMNTS Intelligence interviews Carey O'Connor Kolaja, CEO of Versapay, on why digitizing and automating payments is no longer just a nice-to-have for companies in 2025.

*"**Financial agility is no longer optional** — it's a necessity to keep up with rising capital costs, customer expectations, financial fraud and other variables that might arise without notice."*

Carey O'Connor Kolaja
CEO, Versapay

Manual processes create friction rather than flow.

Kolaja told PYMNTS Intelligence in a recent interview that cash flow shouldn't be a challenge — it should be a catalyst. However, manual processes leave valuable time, money and data on the table, generating friction rather than flow as businesses try to convert AR into working capital.

"Finance teams relying primarily on paper and people are vulnerable to disruption, lack visibility and are left guessing about what's in their control," she explained.

Kolaja noted that recent wildfires and winter storms have underscored the challenges that manual processes pose to timely payments, with closed businesses and post offices disrupting processes that cannot be performed digitally or remotely.

"It may be hard to believe that 30 years into digital payments, checks still account for almost 40% of B2B payments volume in the U.S.," she said. "So these slowdowns or stoppages of legacy payments and invoices have real potential to negatively impact business leaders financially."

Late payments have far-reaching consequences.

These negative impacts extend beyond the business itself, Kolaja observed, affecting partners, employees and the local economy that relies on an interconnected cash flow loop.

"In today's fast-paced economy and rapid technological change, manual processes causing late payments don't just slow your cash flow down — they put your overall business resiliency and relevance at risk," she said.

Globally, she noted, an estimated $497 billion is locked up in AR among median-performing companies. If middle-market businesses — responsible for one-third of U.S. jobs and 40% of GDP — optimized AR processes, the economic impact would be profound.

"Positive financial outcomes such as timely payments, reduced days sales outstanding and a lessened requirement for collections would transform finance teams from overwhelmed and reactive to confident and strategic," she asserted.

This shift would allow them to guide the future of their businesses proactively, addressing a hidden hazard of late payments: relationship strain.

"The customer experience when chasing payments can be a game-changer or a business-breaker," Kolaja said. "B2B buyers today expect the same seamless, flexible experience they get in their consumer life, and companies that fail to meet those expectations put short-term and long-term cash flow at risk."

Automation overcomes these challenges, giving companies an edge.

According to Kolaja, finance teams that embrace digitization, automation and integrated financial operations gain a competitive edge by removing barriers to cash flow, eliminating operational chaos and restoring financial control.

With end-to-end reconciliation across a company's financial ecosystem, she added, data-driven decisions and interventions emerge as a powerful lever to improve customer satisfaction and, in turn, the bottom line.

"In [the current business] environment, the ability to make swift decisions with accurate data, even if it's incomplete, is paramount," she said. "Delays can result in missed opportunities, while mistakes — especially about financial reconciliation — can lose trust."

By leveraging real-time data analytics, she explained, businesses can predict and prevent payment delays and personalize outreach that reflects context. This approach not only reduces churn but also increases customer lifetime value, making late payments an important problem to investigate and solve thoughtfully.

In 2025, financial agility is no longer a nice-to-have — it's a must.

Kolaja believes the transition to digital transactions and automated AR capabilities is absolutely necessary. This transformation promises not only to reduce the waste of time, personnel and money occurring through manual AR but also to mitigate uncertainty — like invisible cash flow delays.

"The most resilient businesses in today's connected economy will thrive on the influence and interdependence of data and technology," she said. "[These tools are] advancing cash flow management toward predictive working capital and payment behavior analysis, smart invoicing collections and reconciliation, among other intelligent financial processes and decisions."

However, she noted, while end-to-end automation is possible and desirable, figuring out where to start is often a stumbling block.

"If needed — enlist a partner or trusted guide," she advised. "Third parties are leveraged for many reasons — neutrality, expertise, bandwidth — which are all critical when managing through change."

All of this is possible, she stated, only if the office of the CFO at mid-market firms finds ways to accelerate, if not simply start, their digital transformation.

"Financial agility is no longer optional — it's a necessity to keep up with rising capital costs, customer expectations, financial fraud and other variables that might arise without notice," she concluded.

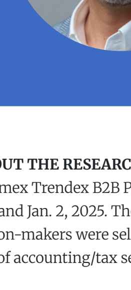
The AR Automation Imperative in 2025

Automating accounts receivable can significantly enhance firms' financial operations and cash flow management. By streamlining invoice processing, these technologies can reduce errors, improve efficiency and accelerate payment cycles.

PYMNTS Intelligence offers the following actionable roadmap for companies looking to automate their AR processes:

- Assess current AR workflows to identify inefficiencies and bottlenecks.
- Set clear automation goals aligned with broader financial objectives.
- Find strategic partners, such as Versapay, to support and accelerate AR automation initiatives.
- Invest in scalable AR automation solutions that integrate with existing systems.
- Continuously refine processes based on data-driven insights and feedback.

As businesses plan to optimize payments in 2025, embracing automation could unlock significant growth opportunities and strengthen buyer-supplier dynamics for success in whatever lies ahead.



*"**Often, it can feel like a daunting task** for business leaders to change their payment processes from manual to automated, even if the current manual approach presents challenges, is insufficient and poses risks. But the reality is that the time and cost associated with automation can be easier to implement than expected and can benefit businesses in both the short and the long run."*

R.J. Ancona
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1. **ABOUT THE RESEARCH**:
The Amex Trendex B2B Payments Edition survey was conducted online by Opinium research on behalf of American Express between Dec. 9, 2024, and Jan. 2, 2025. The U.S. sample consisted of 1,000 business decision-makers across businesses of varying sizes and industries. Business decision-makers were selected based on being either solely or jointly responsible for three or more areas in their businesses, including one or more of accounting/tax services, banking/business credit facilities, or financial services.

About

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PYMNTS INTELLIGENCE

PYMNTS Intelligence is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multilingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

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