

The Massive B2B Payments Opportunity: Embracing AI and Modernisation for Operational Resilience.

And how harmonisation and collaboration will strengthen the evolving ecosystem



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01



What's next for B2B payments?

Valued at USD 130.34 trillion in 2022, [the global B2B payments market](#) is expected to grow with a CAGR of 9.45% through 2028.

The rapid expansion of imports and exports and improved cash flow and transaction visibility are driving increases in B2B payments. At the same time, digitalisation and automation are opening up markets for small and mid-sized providers.

We've also seen fintechs outperforming traditional payment rails for some time, with many banks choosing to collaborate with them and integrate their agile, digital-native technologies to stay relevant and competitive.



But more work must be done to replace manual, complex workflows with modern B2B payments solutions. The shift to remote working and digital-first customer engagement has highlighted the industry's reliance on point solutions and siloed, disconnected processes, compounding the need for increased automation.

Modernisation sets new standards for efficiency, security and customer experience that will allow you to make the most of this massive opportunity.

This e-book explores:

- The technological and business drivers behind the growth of B2B payments
- The challenges of digitalising, automating and modernising established processes
- How new technologies and collaboration can help providers evolve the payments ecosystem

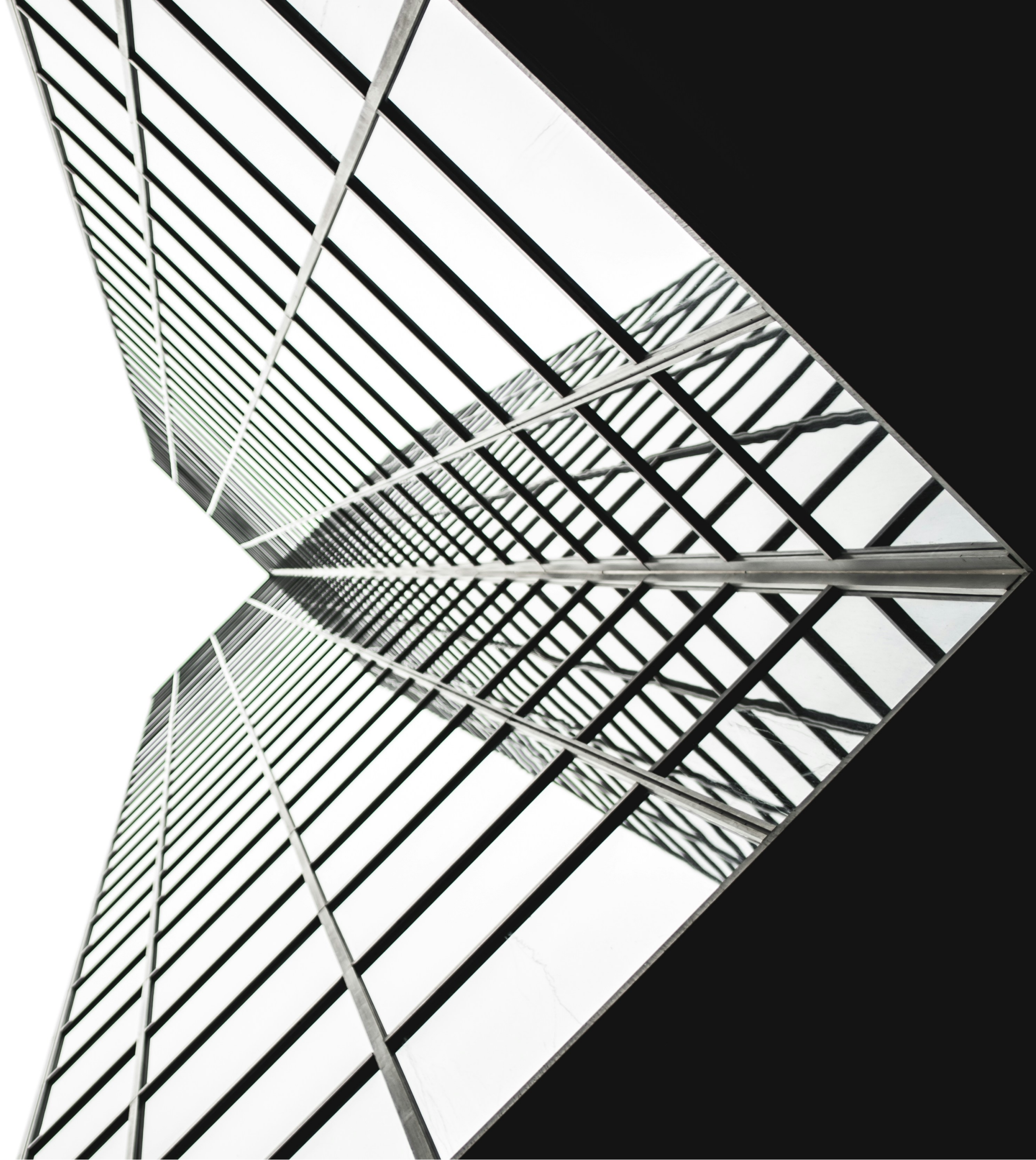


02 The cross-border B2B payments opportunity is vast - and growing

Cross-border payments are particularly significant for B2B, with the Bank of England forecasting that the growth of cross-border transactions alone will reach \$250 trillion by 2027.

Manufacturing supply chains have expanded significantly to transcend borders and empower businesses worldwide.

Cross-border asset management is also becoming more prevalent, with asset management firms considering new jurisdictions and injecting new life into the global economy.



New standards to streamline cross-border payments

Payments harmonisation will also affect the way payments are made across borders. The most notable change is ISO 20022, with migration deadlines repeatedly delayed in many regions due to a lack of industry alignment and other bureaucratic [roadblocks](#), but a hard deadline of November 2025 is now in sight.

However, more than 70 countries have adopted the messaging standard in their [payment systems](#), including Switzerland, China, India, Japan and also the Clearing House Interbank Payments System (CHIPS) in the US. The migrations of Single Euro Payments Area (SEPA) payment schemes to [ISO 20022](#) are also underway, and the UK plans to migrate to its New Payments Architecture (NPA) from 2025.



When met, ISO 20022 will provide the standardisation that will make it easier to move money between financial institutions domestically and internationally. Plus, the improved data quality, richness and analytics required for compliance will enable a more efficient and resilient payments experience end-to-end throughout the customer journey.

And with more actionable insights to work with, institutions get the added benefit of better understanding their customers to proactively meet their needs with AI and other approaches.





Top considerations for cross-border payments

To take advantage of the cross-border opportunity, providers must consider how they deliver services, including:

- Effects on existing banking relationships
- International laws related to payment settlement
- Wholesale transaction settlement and rules
- Different consumer privacy regulations
- Compensations
- Implications of global regulations such as [Basel III](#)
- Different approaches to facilitating cross-border (for example – Wise’s cross-border payment capabilities)

They’ll also need to manage different levels of risk and liquidity, as well as open banking standards in different regions.

That’s a significant reason why fintechs such as Checkout.com, Wise, Airwallex, BigCommerce and Magento are popular. They lower the technical and regulatory barriers to cross-border payments, and offer frictionless ways to automate credit, payments and accounts receivable while complying with local laws and regulations.



03 New business models bring new opportunities

Marketplaces to expand reach and diversify

Globalised business communities, and the digital platforms that underpin them, are accelerating the need to modernise processes and infrastructure.

Online marketplaces are one example playing a critical role in driving industry digitalisation. That's why many businesses are building their own marketplace strategies or joining existing ecosystems to expand their reach, diversify revenue streams, and connect demand to supply.

These models affect B2B payments in two key ways, they market to smaller entities driving the need to facilitate millions of B2B microbusiness payments and they introduce the need for sophisticated B2B workflow processes like dropshipping (where the seller accepts customer orders without keeping stock on hand).

Most of the models we are familiar with operate a three party consumer-to-business model C2B2B, for example Ebay uses Adyen as an outsourced global payment solution. However, there is a growing range of B2B2B models. But regardless of the market all have one thing in common, the need for B2B.

Building a [marketplace](#) helps many meet rising demand for flexible, value-adding payment options through embedded finance, such as buy now, pay later (BNPL).

The best marketplace partner solutions provide all the tools you need to get started, including a global network of buyers and integrated turnkey solutions for marketing, search engine optimisation, payment processing, dispute management, shipping and logistics.

Democratised access to marketplace tools has helped create a new generation of payment service providers, and we're seeing increased collaboration within the ecosystem, as parties settle more into established roles, innovator and integrator.

To seize this opportunity, it is important to identify the business model best aligned with your business goals. For example, do you want to sell globally like Amazon, to a specific market or industry like Airbnb or Uber, or across multiple sectors like Etsy?

Regulations will also dictate your marketplace's regulatory model, including how you meet regional know your customer (KYC) and anti-money laundering (AML) standards to protect consumer data and validate payments. And for a global marketplace that means different arrangements per region.



Service better with embedded

Embedded services integrate banking, lending and insurance into traditionally non-financial experiences, interactions and platforms. This helps businesses diversify their revenue and remove payment friction, creating a more attractive customer experience.

It also lets B2B operators offer business loans and credit, all accessible in a few convenient clicks.

Embedded finance is expected to soar as businesses realise the value of real-time access to financial data. This data can increase efficiency and automation, helping organisations combat rising operational costs and meet new customer expectations.

It also lets businesses drill deeper into market trends and consumer behaviour, helping them serve customers better with targeted solutions that proactively meet their needs, whilst opening up new revenue streams.

**The global revenue from
embedded payments is to reach
\$59 billion in 2027, 35% of which
will come from B2B businesses.**

B2B is following many B2C trends. For instance, B2C companies have had embedded financial services like BNPL for several years. B2B companies must adapt and build similar experiences, such as trade finance, alongside more traditional payment offerings.

But also, like marketplaces, there is a three party model emerging with many of these to offer B2B2C services. Companies like Deko specialise in technology to facilitate the B2B aspect of the end-to-end B2C journey, further demonstrating the value of embedded.



04 How can financial services modernise B2B payments?

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Between cross-border payments growth and new financial and marketplace models, the B2B payments opportunity is vast – but only for those who can modernise their payments infrastructure in **5 key areas**.

Resilient and scalable service

B2B payments continue to rely heavily on manual processing. Over the last ten years, less than 40% of B2B payments were processed digitally, compared to over 70% of [B2C transactions](#).

Many of the B2B payment rails available today are hampered by outdated legacy technology and built around batch processing models and multi-day clearing windows. They are not ready to meet the needs of a modern B2B ecosystem and most organisations are faced with the daunting prospect of global platform transformation.

Modern hyperscalers (Amazon Web Services, Microsoft, Google) and transformation automation can be leveraged to make your platform ready for the future opportunities in B2B payments. You can prepare by:

- **Understanding what you have**

Older B2B platforms have 20 years of platform engineering, unpacking a global network of technology is a challenge. You can leverage AI automation to map out your systems and dependencies and gain a thorough understanding of workflows and business logic buried within your systems.

- **Design for real-time**

Tomorrow's payments won't be batch based and the impact isn't simply at the front end with payment processing and authorisation, you need to work through all dependencies from liquidity to fraud.

- **Design for scale**

Your future platform needs to manage more payments, in more locations from more customers.

- **Build for the cloud but understand the impact**

Many countries are introducing data localisation rules which means your system will need to run (physically exist) in a country if you want to facilitate payments there.

- **Data at the heart**

Many systems today lack the data storage and organisation needed to fully capitalise on AI. They don't have the necessary systems to capture high-quality data effectively. By adopting a data-led approach, organisations can enable flexible, composable architectures that support rapid feature deployment.

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Efficient, automated, resilient operations

The growth in B2B payments is coming from the volume of transactions driven by the evolution of different business models but many of these transactions happen in large batch processes. Increasingly your systems will need to be able to manage trillions of individual micro payments and you can only deliver this through operational efficiency and resilience.

Automation with the use of AI and specifically machine learning (using data and algorithms to imitate the way humans learn) will play a key role in delivering faster, more efficient and secure services in key operational areas, including:

- **Accounts payable**
Helping to detect and correct errors and speed up approvals. It also reduces late fees, enables early payment discounts and frees time for more productive work.
- **Compliance**
Easing compliance with standards like ISO 20022 by automating the identifying of the necessary format standards. Carrying out ongoing monitoring required by legislation and compliance. Examples include unique regional legislation such as Digital Operational Resilience Act (DORA) monitoring for managing ICT risk for European financial institutions.
- **Credit checking**
Analysing customer data and transaction history for creditworthiness and granting instant approvals to eliminate manual review and delays.
- **Onboarding**
Streamlining onboarding with intelligent data ingestion and using digital identity and photograph technology to carryout KYC checks. Removing unwanted actors, saving costly third-party checks and streamlining escalation and back-office processes.
- **Payment routing**
Optimising and helping meet customer expectations for faster, more convenient transactions.
- **STP enablement**
Enabling straight-through processing (STP) to meet the anticipated global shift to real-time payments and the mandated 10 second execution rules.

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Real-time payments and data-rich transactions

[ACI Worldwide and Global Data](#) projects that real-time payment (RTP) transactions will surge by 63% annually to reach a total of US\$511 billion per year by 2027.

Fuelled by technology advances and regulatory harmonisation, RTPs settle money faster and improve cash flow and transparency and offer more data per transaction, such as invoice details.

Open banking directives, like PSD2 and PSD3 in Europe, promise improved data sharing and also encourage competition, give more choice and protect consumer rights. Similarly, FedNow® in the US helps eligible financial institutions to offer flexible, always-on payment services and lets businesses build products on top of its platform, enabling instant and secure end-to-end payments.

Providers must address any interoperability and security challenges to take advantage of these faster payment methods. Already gaining in popularity is a digital overlay payment service 'Real-time request-to-payment' and the Immediate Cross-Border Payments (IXB) pilot that use domestic rails and streamline processes and synchronise settlement.

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Security and APP fraud protection

AI technologies, particularly machine learning (ML), will be vital to counter rising payment fraud while meeting demand for faster, frictionless payments.

The right AI solutions can analyse the vast amounts of data in B2B transactions to identify anomalies and mitigate emerging threats. And with ML, can adapt over time to anticipate and identify new fraud patterns, improving threat resilience.

Use of these innovations will be critical. In 2023, [the UK's Payment Systems Regulator \(PSR\)](#) published guidelines to incentivise all payment firms to reimburse victims of authorised push payment (APP) fraud within five days from October 2024. These new rules also define improved security requirements for Faster Payment Systems (FPS) where most APP fraud occurs.

This means payment service providers will have inherent liability. In response, providers must pay close attention to KYC, monitor all transactions and validate inbound leads to ensure customers opening accounts have legitimate means to open and fund them.

Onboarding rules must also become stricter, with some banks likely choosing to restrict or block all payments while validating users. Many countries will be watching the outcome of this with interest.

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Harmonisation and collaboration

Regulatory and technology harmonisation continues with standardisations including the aforementioned ISO 20022 messaging format by the Society for Worldwide Interbank Financial Telecommunication (SWIFT).

However, once a payment leaves the SWIFT network, it may need to be processed by the receiver's legacy back-office systems, with messaging formats deconstructed to enable system compatibility.

The simpler the process, the more likely the standard is to be adopted. By collaborating with fintechs, you can leverage their agility to keep pace with emerging financial trends and processes – including KYC – and accelerate payment harmonisation.

Financial institutions may also need to build bespoke payment solutions to help serve their customer's exact needs and nurture trusted relationships. API standardisation can help make this happen, enabling access to a wider, more collaborative ecosystem.



Modernisation challenges. Key questions to ask:

Organisations processing B2B payments face several challenges on their path to modernisation:

Do we build or buy?

Both approaches offer pros and cons, and require careful consideration against strategic priorities, timelines, budgets and resources. Is time-to-market more important or total control of the system? Building in-house will provide the latter, but getting there will take more time and investment.

How do we integrate new tools with existing systems?

Every financial services provider has a unique mix of platforms that need to connect with any new automation tools or payment technologies. A technology provider with domain expertise of the complexities of these financial systems is a prerequisite for successful integration.

What if integrating new tools is just too complex?

It is worth considering system modernisation to provide a strong foundation for integration. A data-led enterprise modernisation approach allows for the re-engineering of legacy technology and processes and the leveraging of existing static assets – source code, log files, config files, etc – to deliver a comprehensive transformation that will evolve with agility.

How do we ensure a seamless onboarding experience?

There are cultural, technical and compliance hurdles to consider when implementing a new system. How you approach the initial onboarding for new internal and external users will have a significant impact on how well new systems are received, adopted and put to use across the business.

We're already working to resolve these types of issues with hybrid models that deliver orchestration, reduce the investment needed, shorten time to market and enable providers to still own the experience and build on a unified customer experience.

Chapter

05 How we can help you

B2B payments' time is now, with the entire space set for intense and continued growth.

We're committed to helping fintechs, financial services organisations, payments companies and industry verticals stay ahead of the technology curve.



With an expert partner at your side, you gain the strategic consultancy and technology expertise you need to modernise your infrastructure and processes – and deliver a B2B payments experience that keeps merchants and customers coming back.



Stripe and Endava work together to offer merchants more flexible global payments

In 2022, we were named 'Stripe Partner of the Year – UK and Ireland' for our work in helping businesses diversify their revenue, expand into new global markets and increase cross-border commerce through customised payment service solutions. Our payments expertise allows quick integration of Stripe's products for merchant use.

Stripe is one of the largest payment processing service providers and we are a key partner in supporting its payments ecosystem. Millions of merchants and consumers rely on Stripe to accept payments, grow their revenue, and accelerate new business opportunities.

Our partnership with Stripe is highly collaborative. In working groups and forums we come together to discuss solutions, challenges and what works best for everyone involved.

For more than 20 years, Endava has helped accelerate payments modernisation and optimise payments for industries, payments service providers, banks and other financial services providers.

Our B2B payments experts are solution and partner-agnostic, working closely with your teams to assess and understand your needs and challenges. This allows us to define a bespoke payments roadmap and ensure we deliver solutions that make sense for your organisation.

We can assess your digital maturity, aligning with your business and strategic goals and create a comprehensive transformation strategy and roadmap.

Our enterprise transformation expertise means that we can facilitate a low risk and controlled end-to-end transformation of your legacy systems, through data-driven decision-making.

Our data & AI services

Strategic advice

Our data and AI experts help our customers to understand their opportunity and create a clear path to delivery.



Maturity assessment

Establishing a foundation for transformation by understanding current data and AI maturity, including an analysis of potential barriers, enablers and quick wins based on existing pain points



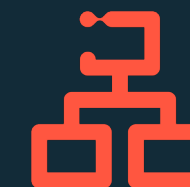
Leadership literacy

Inspiring and educating business leaders and management on the language, potential and opportunity of data and AI, so they are better enabled to lead your transformation



Use case ideation

Surfacing and prioritising high value use cases enabled by the potential of data and AI, supporting business cases for investment in the right initiatives



Roadmap

Creating or reviewing your data and AI roadmap to ensure it delivers value aligned to your overall business ambitions



Strategy

Creating a clear path forward with a pragmatic data and AI strategy, creating a unified view on the role that data and AI will play in your future business success

Get in touch with our payments and banking experts to discuss your data and AI challenges and opportunities.

Our B2B Expertise includes →

Get in touch with our payments experts to discuss your B2B challenges and opportunities.



Open banking and A2A payment flows



Request to pay



Data management and governance



Pay by bank solutions



Real-time payment platforms



Risk and fraud prevention tools



Bank and wallet apps



Orchestration



Integrations and migrations

About Endava

Technology is our how. And **people** are our why.

For over two decades, we have been harnessing technology to drive meaningful change.

By combining world-class engineering, industry expertise and a people-centric mindset, we consult and partner with our customers to create technological solutions that drive innovation and transform businesses.

Working side by side with leading brands, we build strategies, products and solutions tailored to unique needs, regardless of industry, region or scale. From ideation to production, we support our customers through every step of their digital transformation journey, creating dynamic platforms and intelligent digital experiences across various industries.

