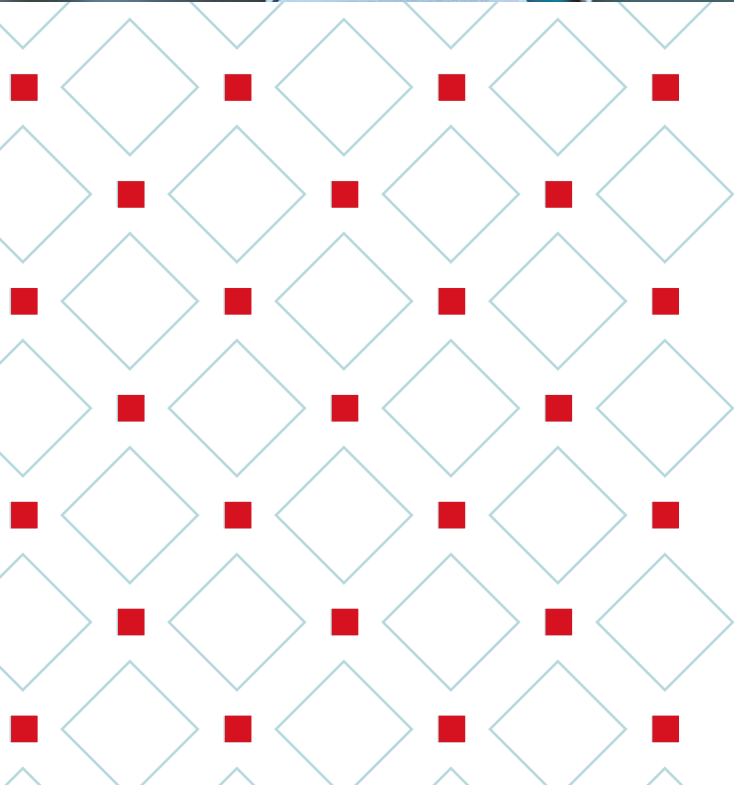


Deluxe Payment Exchange+

Complete guide to accounts payable payment methods

Options and best use cases



deluxe+
PAYMENTS & DATA

Guide



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Payment options now extend beyond cash or check, and vendors expect flexibility. Accounts Payable (AP) teams need efficient, cost-effective solutions that simplify getting paid.

This guide from Deluxe highlights top AP payment methods, guiding businesses in choosing the best options. With over a century of payment expertise, Deluxe empowers AP teams to make informed decisions.

What payment methods are available?

Available payment methods range from paper checks to electronic transfers and crypto. This guide simplifies each option, making payment choices clear and accessible.

Paper checks

Paper checks remain widely accepted and popular in B2B transactions, with U.S. businesses issuing over \$3.3 billion in checks in 2022.¹ Companies value checks for their familiarity, paper trail, and ease of attaching remittance details. A key benefit is that checks require minimal sensitive data—just a mailing address—making them appealing for payees concerned about data privacy.

¹https://www.federalreserve.gov/paymentsystems/check_commcheckcolannual.htm

Best use case for paper checks

ideal for one-time payments, paper checks don't require sensitive banking details, making them a simple, privacy-friendly option for businesses and recipients alike.

**Cautionary facts:****63%**

of checks are more susceptible to payments fraud, while wire transfers are 31% more susceptible.²

With only a mailing address needed, checks offer a low-effort, privacy-friendly option. However, checks come with risks: they are the most fraud-prone payment method, with 63% of businesses reporting check-related fraud in the 2023 AFP Payments Fraud Report—a 27% higher rate than the next most vulnerable method.² Even when not lost or stolen, checks often face delays due to postal issues,³ leading to payment lags and potential follow-up calls. Additionally, checks require manual processing, making reconciliation and clearing slower than electronic methods.

eChecks

eChecks clear from your account like paper checks but are delivered instantly via email, making them safer, cheaper, and more efficient. No sensitive banking information is needed—just an active email address

eChecks offer a fast, low-cost, and secure payment option. Unlike paper checks, which pass through multiple hands, eChecks typically involve only the payer and payee, reducing fraud risk. They can also include remittance details and attachments, enhancing the payment experience. Businesses seeking a safer, more efficient alternative to mailed checks can benefit from adopting eChecks.

Best use case for eChecks

eChecks are ideal for replacing paper checks, especially for one-time payments, as they only require the payee's email—no sensitive banking details needed.

eChecks success stories

- + AT&T switched to Deluxe Payment Exchange eChecks, reducing postage costs and eliminating mail delays. Internal processing is now faster and more cost-effective.
- + A major student loan servicer, previously requiring two full-time employees and two days to send 6,000 checks, now completes the same process in just 9 minutes with Deluxe Payment Exchange eChecks.



²2023 AFP Payments Fraud and Control Report

³<https://www.npr.org/2022/04/21/1094011233/mail-usps-slower-packages>

**Best use case for online bill pay**

Ideal for businesses looking to save time and money with digital payments, especially smaller companies without accounting software who can avoid re-entering data manually.

Online bill pay

[Online bill pay](#), originally for consumers, now supports B2B payments, allowing businesses to make one-time or recurring digital payments from a bank account. Businesses can pay through a bank, directly on a supplier's site, or via a third-party processor.

Online bill pay benefits businesses across industries, especially those with recurring payments or smaller AP teams.

Online bill pay can impact cash flow due to delays between funds leaving the payer's account and reaching the vendor. Some providers mail physical checks, causing further delays for vendors.

Digital and cross-border transactions may face technical issues, and limited remittance details can complicate the recipient's accounts receivable process



Credit and Procurement Cards

Credit cards enable businesses to make payments and borrow funds, though with interest and fees. Procurement cards (P-Cards) simplify purchases by bypassing multi-step processes, offer detailed payment data, and allow usage restrictions.

However, credit card fees can be costly, with payees often charged a 2-3% interchange fee.⁴ Many businesses now pass these fees back to payers, making credit card payments an expensive option. Additionally, credit card integration with AP processes and accounting systems can be challenging.

Best use case for credit and procurement cards

Credit and procurement cards are ideal for managing cash flow on large transactions, earning rewards, and making secure, fast payments. They also provide added security, consolidated billing, and avoid mailing delays.

⁴<https://www.nerdwallet.com/article/small-business/interchange-fees>



Virtual cards

Virtual cards are temporary digital card numbers used for online transactions, linked to a single account. They offer added security, reduce fraud risk, and allow faster payments, often with cash-back rewards. Virtual cards eliminate the risk of lost or stolen cards.

However, they may incur high processing fees, and unique transaction numbers require additional staff time for application and processing

Debit (check) cards

Debit cards enable direct fund transfers, making them useful for budgeting and preventing overspending, as funds are deducted immediately. While transactions may incur fees, these are often lower than credit card fees, offering potential cost savings.

However, reconciling debit payments can be time-consuming due to separate statements. Additionally, fraud disputes on debit transactions can be harder to resolve if not reported promptly.⁵

Automated Clearing House (ACH)

ACH is a digital network for transferring funds between financial institutions, commonly used for payroll and tax payments. In Q1 2023 alone, ACH processed 7.7 billion payments worth \$19.7 trillion, per Nacha.

ACH transactions work in two ways: ACH debit pulls funds from the payer's account, while ACH credit sends funds from one account to another.

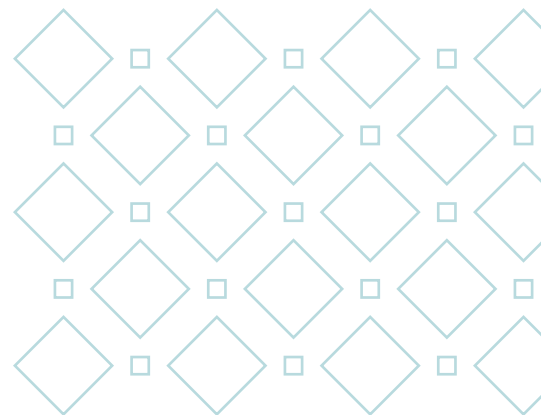
ACH payments help reduce fraud risk, resource use, and staff time by automating transfers. They are secure and cost-effective for predictable fund transfers, as they're harder to intercept than paper checks.

However, ACH payments can have longer processing times, transaction limits, and are generally irrevocable—once funds are pulled, the transaction is final. Newer businesses may face challenges with trust and safeguarding sensitive data. ACH is also slower than real-time payments, with daily cutoffs and potential payer liability in case of a breach.



Best use case for ACH

ACH is ideal for predictable payments with a 1–2 day processing window, such as payroll, recurring transactions, and relationship-based payments where remittance isn't required.



⁵<https://money.usnews.com/banking/articles/are-debit-cards-protected-from-fraud>



Wire transfer

Wire transfers enable quick, large-sum payments between businesses, often used for international transactions. They provide rapid processing and are irrevocable once received.

Wire transfers can incur high fees and may be challenging to integrate with AP systems, increasing time and error risks. They also carry a higher fraud risk, including Business Email Compromise (BEC) scams where fraudsters impersonate vendors to redirect payments.

Fraudsters often create urgent scenarios to request immediate wire payments, a tactic that makes Business Email Compromise (BEC) one of the most financially damaging online crimes, according to the FBI.⁶

Best use case for wire transfers

Wire transfers are ideal for same-day, high-value, and international payments.

Best use case for real-time payments

RTPs are ideal for immediate payments when banking information can be shared.

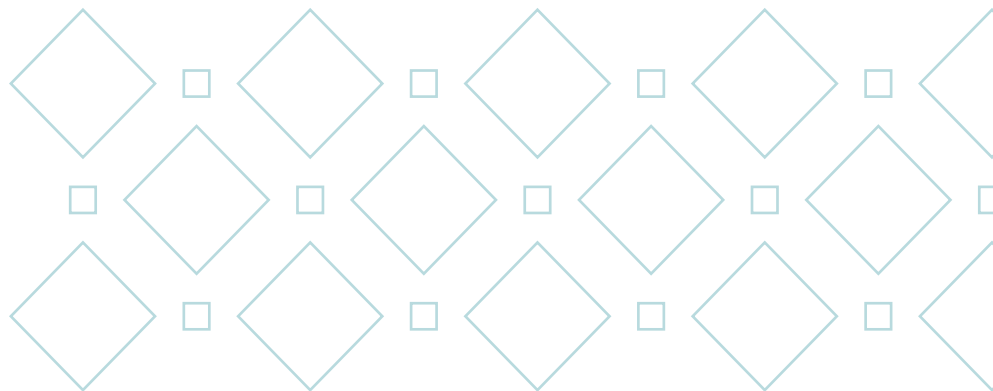


Real-time payments

Real-time payments (RTPs) enable instant digital transactions. Some gateways offer RTPs alongside traditional processing options. An example is the Federal Reserve's FedNow Service, launching in phases from July 2023.⁷

Businesses benefit from RTPs through instant availability of funds, rapid processing, and detailed remittance data, reducing workload for accounts payable teams compared to checks or ACH.

Using reputable RTP services enhances security, as payments are facilitated through a central network between participating organizations. Both payer and payee must be RTP-enabled, and currently, only 61% of U.S. demand deposit accounts can access RTP,⁸ as it's still gaining adoption in B2B payments.



⁶<https://www.fbi.gov/how-we-can-help-you/scams-and-safety/common-frauds-and-scams/business-email-compromise>

⁷<https://www.frbsservices.org/financial-services/fednow/about.html>

⁸https://www.theclearinghouse.org/payment-systems/Articles/2022/05/Tokenization_DDA_05-02-2022



Crypto

Cryptocurrency is digital currency exchanged via networks without a central banking authority. Regulations are inconsistent, making crypto a volatile and risky option for businesses. It's also linked to global money laundering, has irreversible transactions, and experiences high market volatility.

Most financial institutions remain cautious about cryptocurrency for B2B payments, with 59% of companies unwilling to accept it due to its volatility and potential for sudden losses.⁹

However, crypto offers lower transaction fees, faster processing, and secure, hard-to-falsify transactions via blockchain technology.

What are online payment platforms?

Online payment platforms like PayPal, Venmo, and Zelle enable quick, convenient payment processing. In 2021, Zelle handled \$490 billion,¹⁰ while Venmo processed \$230 billion.¹¹

However, these platforms lack essential B2B tools, such as detailed remittance data, which can complicate receivables and integration with accounting software, adding extra steps to the payment process.

⁹<https://www.fintechnews.org/59-of-b2b-companies-are-not-open-to-accepting-cryptocurrencies-as-a-form-of-payment/>

¹⁰<https://www.zellepay.com/press-releases/nearly-half-trillion-dollars-sent-consumers-and-businesses-zelle-2021>

¹¹<https://www.forbes.com/sites/emilymason/2022/09/08/despite-a-late-start-bank-owned-zelle-moves-more-money-than-venmo-and-cash-app-combined/?sh=5aadd5d79d3f?>



Which payment methods are right for your business?

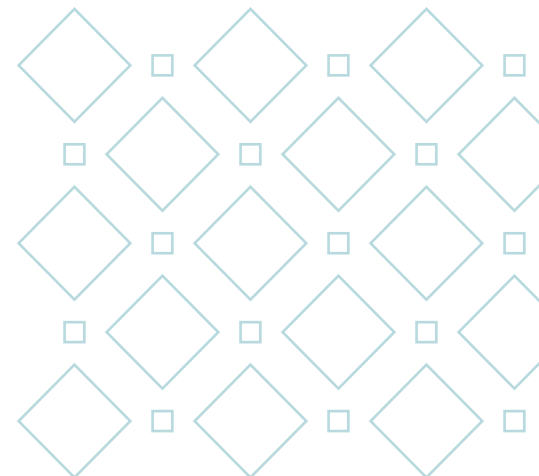
Each business is unique, with varying vendors and customers. Selecting payment methods involves considering factors like affordability, reliability, integration capabilities, and customer or vendor preferences. Affordability and reliability are often key in adoption decisions.

Each payment method has its pros and cons:

	Paper checks	eChecks	Online bill pay	Credit card/ procurement card	Debit card	Virtual card	Cash	ACH	Wire transfer	Real-time payments	Crypto
Low fees	✓	✓	✓				✓	✓			
AP convenience	✓		✓	✓	✓			✓			
Customer/vendor convenience	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Secure		✓	✓	✓		✓		✓			
Rapid processing									✓	✓	
Reversible			✓	✓	✓			✓			
Flexible options			✓	✓	✓	✓					✓
Easy integration with existing processes	✓	✓					✓				
Effective automation		✓	✓	✓	✓	✓		✓	✓		✓

The average respective costs of transactions for all business sizes include:

- + **Checks**¹²: \$2.01–\$4
- + **ACH**¹²: \$0.26–\$0.50
- + **Wire transfer**¹³: \$20–\$50
- + **Credit card**¹²: While there is no fee to make outgoing payments, there is a 2%–2.49% fee per transaction to receive a payment
- + **Purchasing card**¹²: An outgoing fee of \$1–\$1.99 per transaction
- + **RTP**¹²: \$0.01–\$2.50 initiating and receiving, per item basis



¹²2022 AFP Payments Cost Benchmarking Survey

¹³<https://www.forbes.com/advisor/money-transfer/wire-transfer-fees/>

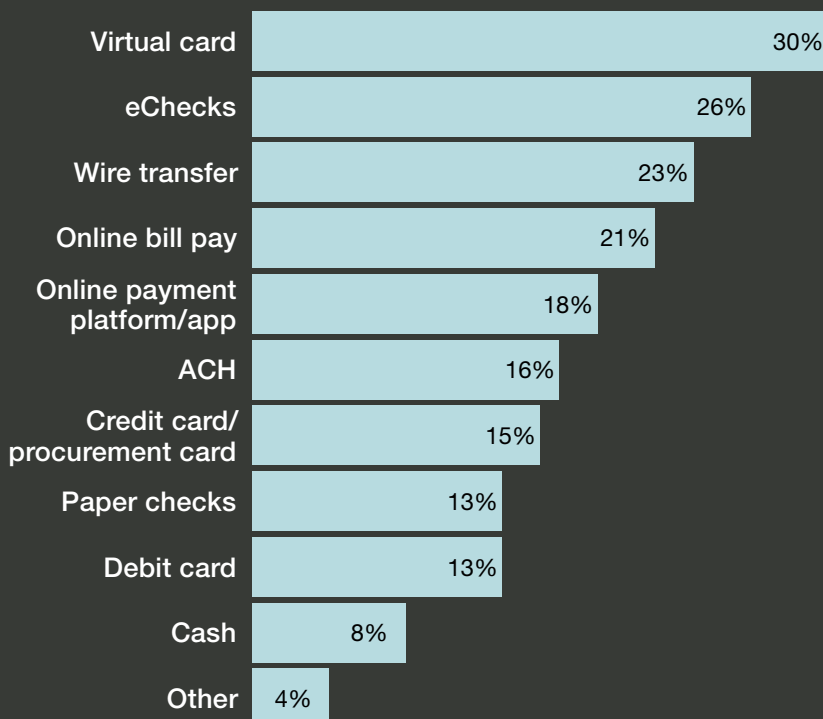


The importance of working with trusted payment vendors

With new payment apps and software constantly emerging, businesses plan to add more payment types in the coming years. However, it's essential to assess how well a new system integrates with existing accounting processes and whether the provider will remain reliable long-term.

Different vendors often prefer various payment methods, requiring businesses to adapt payment types to meet evolving needs.

AP payment types to be added in the next year



Source: 2023 AP Needs Assessment from Hanover Research

» About Deluxe

Deluxe, a trusted Payments and Data Company, champions business so communities thrive. With roots tracing back more than 100 years as the original payments company and inventor of the checkbook, we've evolved into a leader in digital payments and data solutions, facilitating seamless connections to propel businesses forward.

Leveraging our powerful scale, we support millions of small businesses, thousands of vital financial institutions, and hundreds of the world's leading consumer brands, processing nearly \$3 trillion in payment volume annually. Explore how Deluxe can help elevate your business at deluxe.com.

» Learn how **Deluxe Payment Exchange+** can provide smart AP automation for businesses. Experience the Deluxe difference during a **free, no obligation demo**.

» Visit us at deluxe.com/dpxplus or call **800.257.8208**.