# Companies face challenges in payment operations amid digital transformation



In the evolving landscape of business and customer expectations, companies are increasingly finding themselves at a crossroads, grappling with the challenges of digital transformation. A recent report by Modern Treasury, a payment operations platform, sheds light on the significant hurdles many organisations face in managing their payment operations, a critical aspect of maintaining customer satisfaction.

The report reveals that 88% of financial decision-makers identify issues within their company's payment operations, labelling them as manual (47%), complicated (35%), slow (27%), and inefficient (26%). Such deficiencies not only impede a business's ability to compete but also lead to higher operational costs, wasted employee time, and an increased risk of audit errors. The primary concerns highlighted in the survey include data quality errors (25%), prolonged reconciliation processes attributed to manual methods (24%), high rates of payment returns and failures (24%), and reconciliation errors (23%).

As customer demands shift towards instant and effective service, businesses recognise the urgency of enhancing their payment infrastructures. The survey indicates that 84% of companies have made investments in their payment operations over the past year, with a notable 67% focusing specifically on payment automation. Survey respondents anticipate that these automation efforts will lead to several benefits, including faster and more accurate reconciliation (47%), increased revenue (45%), better visibility into financial transactions (45%), quicker bank integration (39%), and an overall improved customer experience (37%).

Rachel Pike, the Chief Operating Officer of Modern Treasury, emphasised the necessity of adapting to these changing expectations, stating, "Instant access to goods and services is now expected and, as this research shows, companies need efficient, real-time, and scalable payment operations to deliver that access.” She added that as businesses expand and transaction volumes rise, investing in modern payment infrastructure has become essential rather than optional.

Looking to the future, industry forecasts from Deloitte predict that instant payments are set to replace up to $37 billion in Business-to-Business (B2B) Automated Clearing House (ACH) and cheque payments by 2028. Instant payments are heralded for their potential to enhance customer experience and improve liquidity. Nevertheless, such advancements demand that companies fortify their back-office operations to facilitate the real-time tracking and reconciliation of funds, thereby ensuring complete transparency regarding payment statuses throughout their lifecycle.

The findings elucidated in the Modern Treasury report underscore a critical phase for businesses as they navigate an increasingly competitive environment, driven by customer expectations for swift and reliable payment methods.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.businesswire.com/news/home/20230921857012/en/Nine-of-10-Companies-Face-Problems-with-Payment-Operations-39-Still-Manual-New-Modern-Treasury-Research-Reveals> - This article supports the claim that many companies face problems with payment operations, highlighting issues such as manual processes and payment failures.
* <https://www.businesswire.com/news/home/20250122644642/en/9-in-10-Companies-Struggle-with-Payment-Operations-Even-as-Instant-Economy-Demands-Greater-Efficiency-Modern-Treasury-Survey-Finds> - This article corroborates the challenges companies face in payment operations, including manual and inefficient processes, and the need for modernization.
* <https://www.moderntreasury.com/journal/the-state-of-payment-operations-2023> - This webpage provides insights from Modern Treasury's report on payment operations, highlighting the need for modernization and automation.
* <https://www.noahwire.com> - This is the source of the original article discussing challenges in payment operations and the importance of digital transformation.
* <https://www2.deloitte.com/us/en/pages/consumer-and-industrial-products/articles/instant-payments.html> - Deloitte's insights on instant payments can support the claim about the future of B2B payments and the role of instant payments in enhancing customer experience.
* <https://www.federalreserve.gov/paymentsystems/fednow.htm> - This webpage provides information on FedNow, a faster payment rail that supports the discussion on modern payment infrastructure.
* <https://www.federalreserve.gov/paymentsystems/ach.htm> - This webpage explains Automated Clearing House (ACH) payments, relevant to the discussion on B2B payment methods.
* <https://www.deloitte.com/us/en/insights/industry/financial-services/instant-payments.html> - Deloitte's insights on instant payments can further support the claim about the future of B2B payments and their impact on customer experience.
* <https://www.moderntreasury.com/> - Modern Treasury's website provides information on their payment operations platform and its role in enhancing payment efficiency.