Fighting the friction: Bridging the gap in innovation between B2C and B2B payment solutions

The elimination, or at least reduction of all forms of 'friction', perceived or obvious has been an enduring human obsession, and great excitement surrounds new discoveries. One can only imagine the furore that followed the first ancient Mesopotamian saying to his or her peers, "Hey guys, instead of dragging this heavy wooden box across the ground…why don't we attach some round things that spin to the underside?"

Fast-forward five thousand or so years, and though the types of friction we are seeking to reduce have become a little more nuanced, the excitement of a new discovery is just the same. It's what makes fintech such an exhilarating industry to be a part of, as such discoveries and innovations are increasingly prolific. 'Friction' in our industry usually refers to the time taken to make payments, and 'frictionless payments' are those transactions that can be completed in an instant.

Take for instance American coffee giant Starbucks. A new feature on their downloadable app cheerily instructs users; 'Skip the queue, happy you'. What they're referring to is a facility on the app that allows the user to select their Double Ristretto Venti Half-Soy Organic Gingerbread Frappuccino and Ice, and pay for it on their way to the actual shop - collecting it immediately on arrival. Depending on how busy the shop is; a saving of easily three or four minutes, even if paying by contactless. Though minor benefits in the scheme of things, dodging queues and human interaction to get hold of a product ordered are in high demand.

The rate at which friction is being conquered, and the variety of methods on hand contributing to its demise, leads to a nagging question. If consumers are being presented with such an arsenal of advanced payment methods, why is the same thing not happening in business to business payments? Because if it's friction you're looking for, look no further than the arduous world of B2B payments.

Export a file from a system, upload into another system, send some emails to get payment files signed off, go back into the system or portal, submit the payment file, and then days later login to yet another system to download some reports to see whether your payment file even worked.

One can imagine even the ancient Mesopotamians shaking their heads. The point is, cumbersome processes like these take time and resource, two things that directly impact the lifeblood of a business. So again; why don't we hear more about 'friction' in business payments?

Theories are not in short supply. For some, it's simply that B2B payments aren't as wide-reaching as B2C payments. After all, we all must make payments for things in life, but not all of us have to make *business* payments. Others will say it's that business payments struggle to match the 'sex-appeal' of consumer payments. Flashing mobile phones in front of screens, tapping away at apps, flicking cards across chip and pin and devices all appeal to our inner James Bond, and 007 demands innovation. Even that most besieged of generations, the Millennials are finding themselves in the dock. Though undoubtedly driving demand in the B2C payments revolution, there are some that claim they are failing to break down the 'we've always done it this way' culture, prevalent in so many organisations.

It's possible there's another, simpler explanation though – the lack of a fitting and agreed upon *term* for a B2B payments revolution. If this is in fact the reason, let's start nailing some

colours to the proverbial mast, and get one of our own. Let's start talking more about 'embedded payments'. Payments solutions and access to financial services that will glue seamlessly into an organisation back office systems and bank, or payment service provider accounts. One window into all your financial data, no elongated, painful, error prone processes. One application, embedded into your business. One ring to rule them all. (It's a little-known fact that LOTR was actually an allegory for frictionless business payments).

In business; frictionless = embedded, or at least it will, eventually.