

The state of European payment operations

For growing fintech companies



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Introduction

Payments are moving from the back to the front office, becoming not just the most efficient way to exchange value, but also an opportunity for competitive differentiation.

New business models are emerging. Embedded finance will [exceed 7 trillion dollars](#) by 2026, according to consulting company Bain & Company.

Payments are accelerating. The global volume of instant payments accounted for [70 billion dollars in 2020](#) and instant payment volumes are expected to grow at a staggering 30% per year between 2020 and 2024.

As the role of payments within companies, the economy, and society at large continues to increase, a new software category emerges at the crossroads of operations, accounting, and payment systems: payment operations. Payment operations are the various workflows around the cycle of money movements through a business: initiating payments, setting up approvals, tracking and attributing funds, handling payment failures and returns, reconciling transactions, safeguarding customer funds, and more.

All companies, whether they realise it or not, have some sort of payment operations workflows in place. And they track these workflows through a variety of systems, from bank portals and spreadsheets to software. However a company tracks their money movement, one thing remains true: efficient payment operations are mission-critical to building and running a well-functioning company.

At Numeral, we support product and finance teams in centralising and automating their accounts and payments. To better serve our customers, we wanted to get a deeper understanding of the challenges and plans for their payment operations in Europe.

Based on a survey of 905 finance executives in France, the UK, and Germany, this report outlines the current state of payment operations in Europe. It details the challenges leaders face in implementing efficient, scalable, and secure payment operations processes and the upsides they anticipate from a solution engineered for scalability and growth. Data was collected by OpinionWay and [CFO Connect](#) on behalf of Numeral as well as insights gathered from the European fintech community.



Key takeaways

The payments landscape is evolving faster than ever. Instant payments are gradually becoming the norm, both in continental Europe and the UK. B2B payers expect the same frictionless payments as they experience in their personal lives. More technologies are now available to transform companies' payment operations. As a result, decision makers don't want to miss out on opportunities to optimise their payment and finance processes. Or simply don't have a choice but to adapt to market evolutions.

This moving payments landscape materialises in decision makers' plans to invest in their payment operations

90 %

of decision makers plan to invest in upgrading their payment operations in the next 18 months

88 %

of decision makers expect very or extremely important improvements from upgrading their payment operations

Payment operations remain manual and painful for a majority of decision makers

68%

of companies consider that more than 25% of their payment operations tasks are manual

97%

of companies experience payment operations pain points

Decision makers are particularly looking for payment automation capabilities in their future setup

84%

of decision makers declare that payment automation capabilities are very important in the solutions they are evaluating

99%

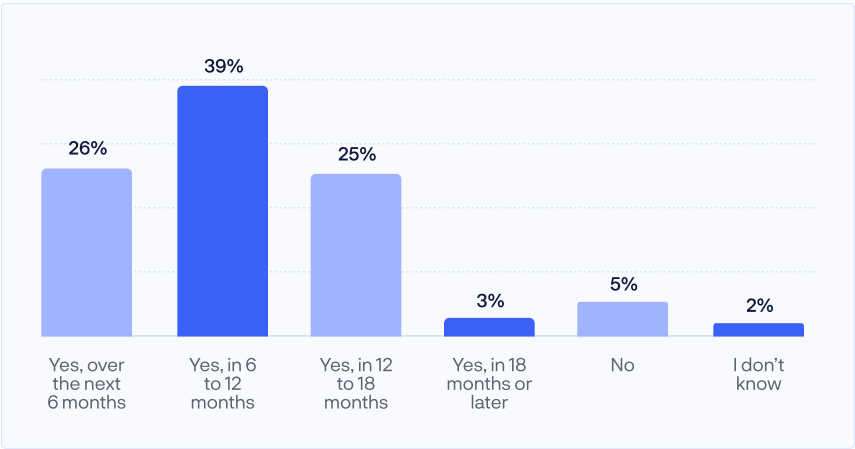
of decision makers experience barriers to upgrading their payment operations

The planned investments in payment operation upgrades

While we specifically asked respondents about the pains they were experiencing with their payment operations, there might not be a better indicator of payment operation challenges and foreseen opportunities that the money companies are willing to invest in the topic.

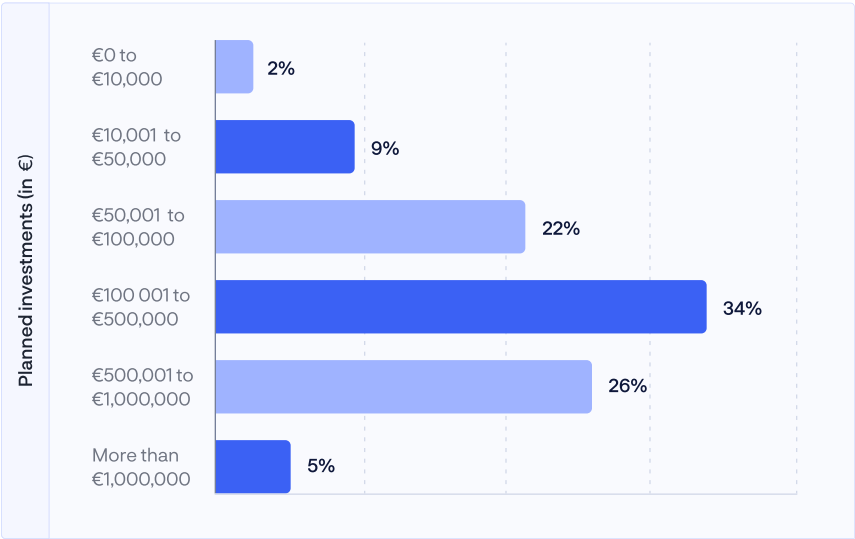
88% of decision makers estimate payment operations to be critical or important to their business. And 64% have concrete plans to improve those operations over the next 12 months.

Is your company planning to invest in upgrading your payment operations?



However, investing in payment operations can be costly. Most decision makers are planning €100,000 investments or above and 31% of them more than €500,000 to modernise their payment infrastructure over the coming months.

How much are you planning to invest in systems and/or development in upgrading your payment operations?



The less payment operations are automated, the more companies are planning to invest to upgrade them.

49% of companies with most payment operations being automated plan to invest less than €100,000 to upgrade their systems.

At the same time, 88% of companies with most payment operations being manual plan to invest more than €100,000. Maybe even more striking, 18% of them plan to invest more than €1,000,000.

Decision makers have significant hopes for these updates: 88% of them hope to capture very or extremely important benefits from improving their payment operations.

88 %

of decision makers expect very or extremely important improvements from upgrading their payment operations

Payment operations are fragmented from both an organisational and infrastructure standpoint

Payment operations are structurally cross-functional, with on average 3.1 teams involved in these operations for companies surveyed. As such, they also showcase a great fragmentation in systems with teams managing complex operations.

3.1

teams involved in payment operations per company on average

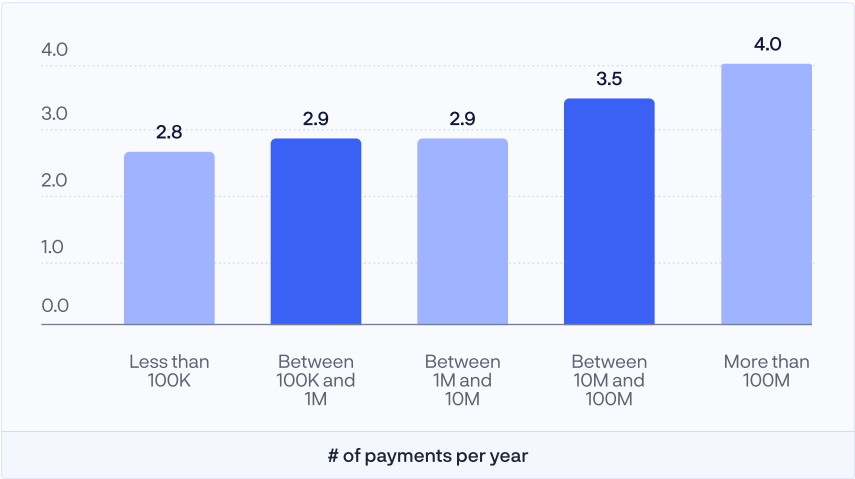
3

or more different partner banks per company on average

- 3 payment methods to send payments
- 3.4 payment methods to receive payments
- 3.5 systems to manage payment operations
- **More than 3** different banks

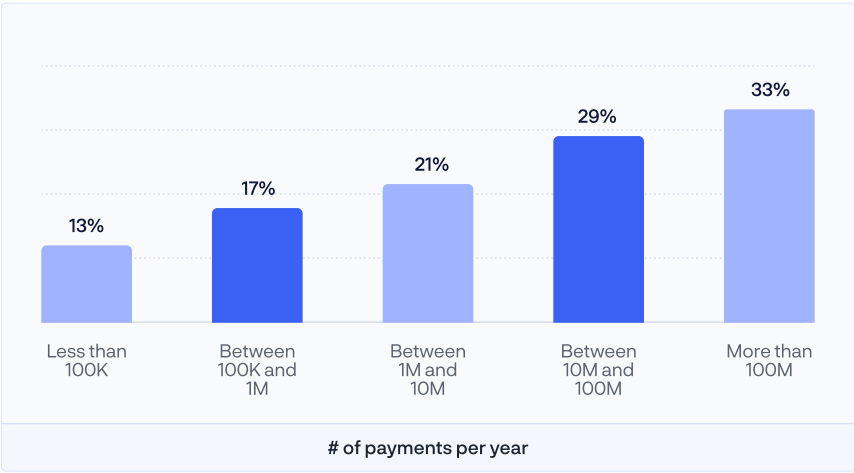
The more payment operations companies manage, the more banks companies partner with, with more than 4 banks for companies managing more than 10 million payments per year. Similarly, the more payment operations, the more teams are involved, with 2.8 teams on average for companies managing less than 100,000 operations per year, and 4 teams involved on average for companies managing more than 100 million operations per year.

Average number of functions involved in payment operations per year

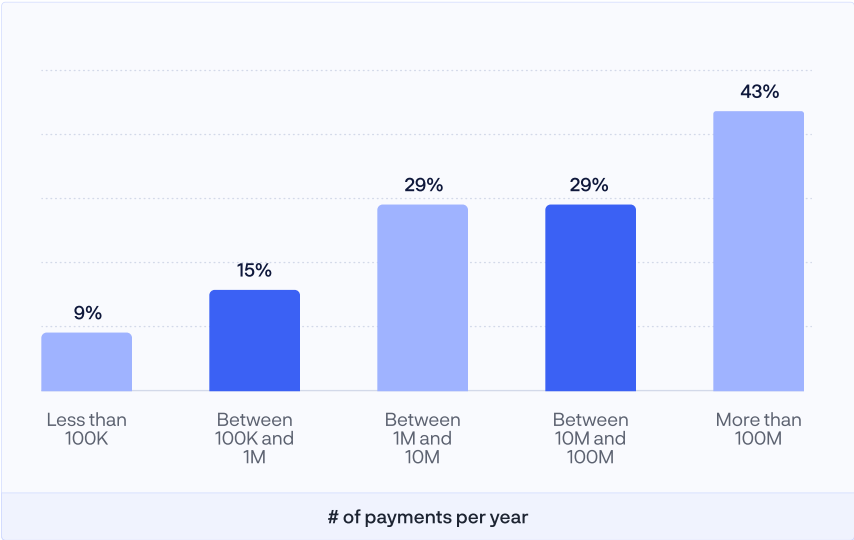


Another element that changes with growing volumes of payment operations is the type of teams involved. The more payment operations companies manage, the more payments become an IT topic, with product and engineering teams' involvement growing along with payment volumes to increase automation.

Involvement of Product team in payment operations



Involvement of Engineering team in payment operations



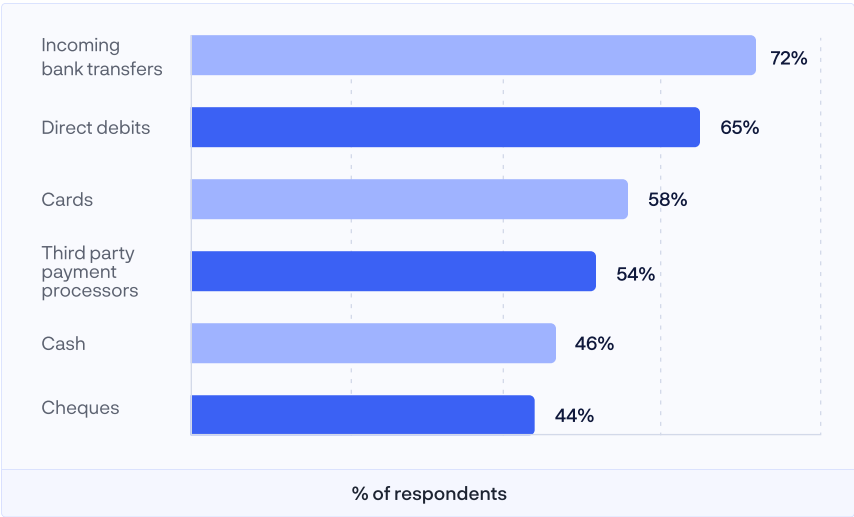
Payment operations are fragmented across banks and payment processors, creating multiple layers of funds to manage. 60% of decision makers highlight that the presence of payment processors alongside banks makes the bank reconciliation process much more difficult.

60%

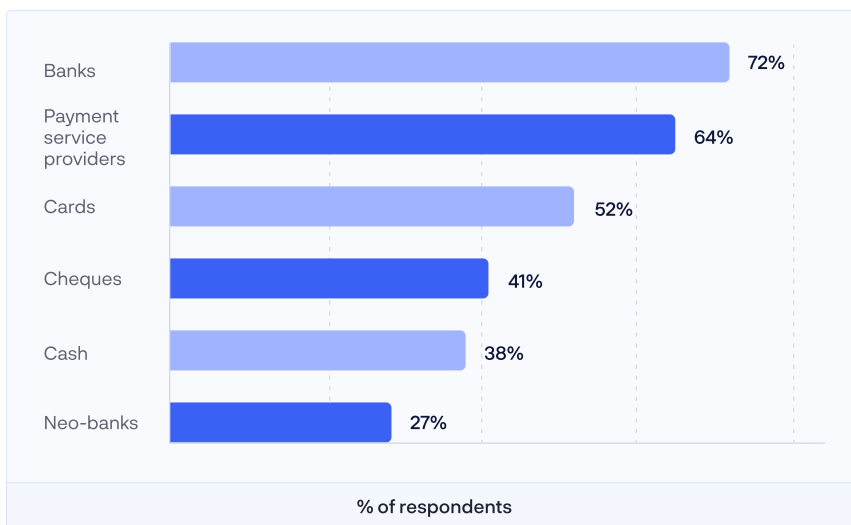
of decision makers declare that payment processors alongside banks makes the bank reconciliation process much more difficult

When it comes to payment methods, bank payments remain companies' most used payment method (on top of being the cheapest).

What types of solutions does your company use to receive payments?

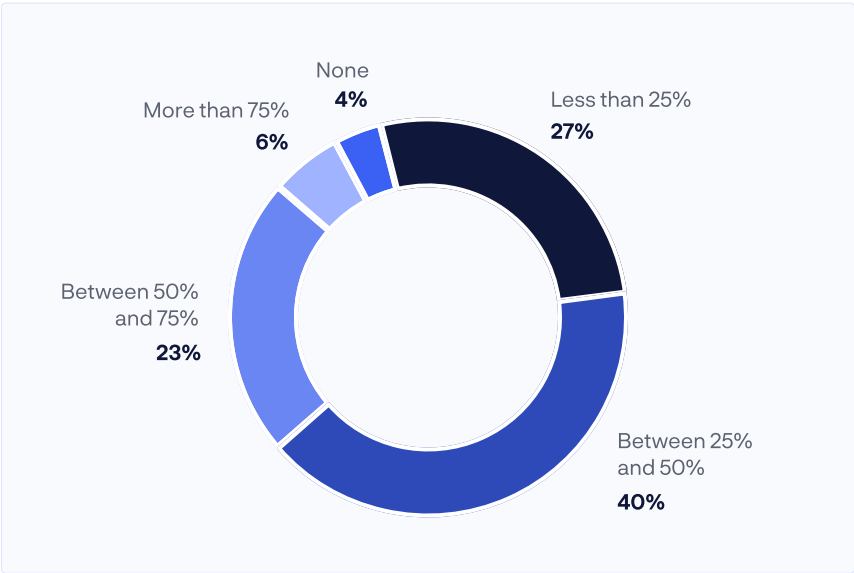


What types of solutions does your company use to send payments?



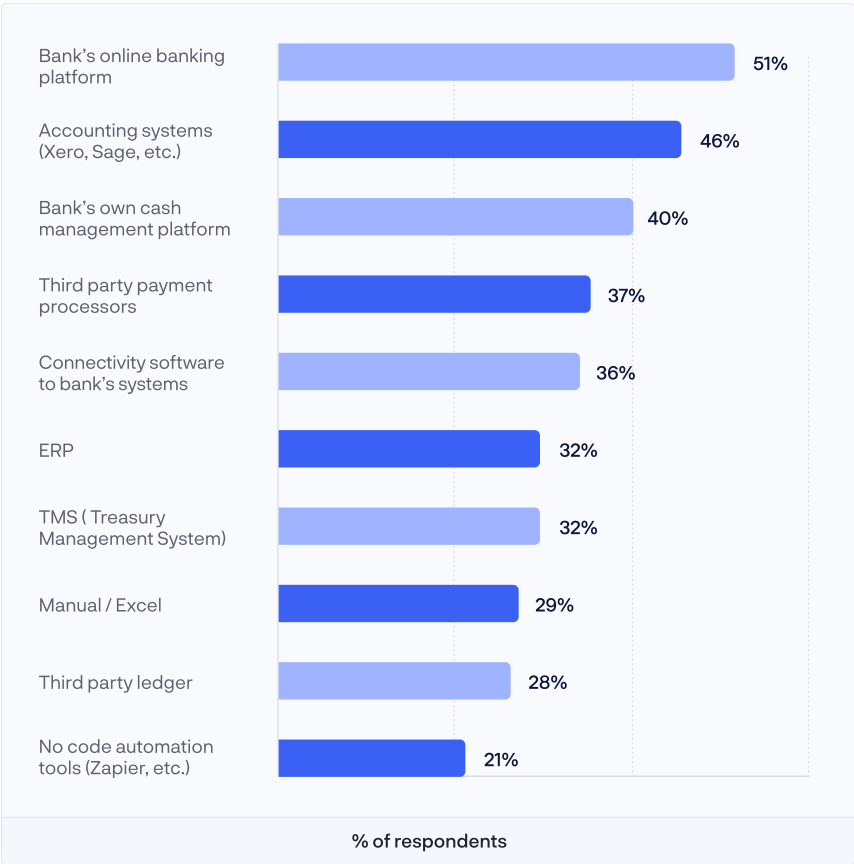
They are also surprisingly manual with 68% of respondents estimating that more than 25% of tasks left to manual handling.

What part of the payment operations of your company are considered manual?



Looking in detail at the systems used by companies to manage their payment operations, it is no surprise: 51% of companies use their bank’s online banking platform to manage payment operations and 29% still use spreadsheets.

Which systems is your company using to manage its payment operations ?

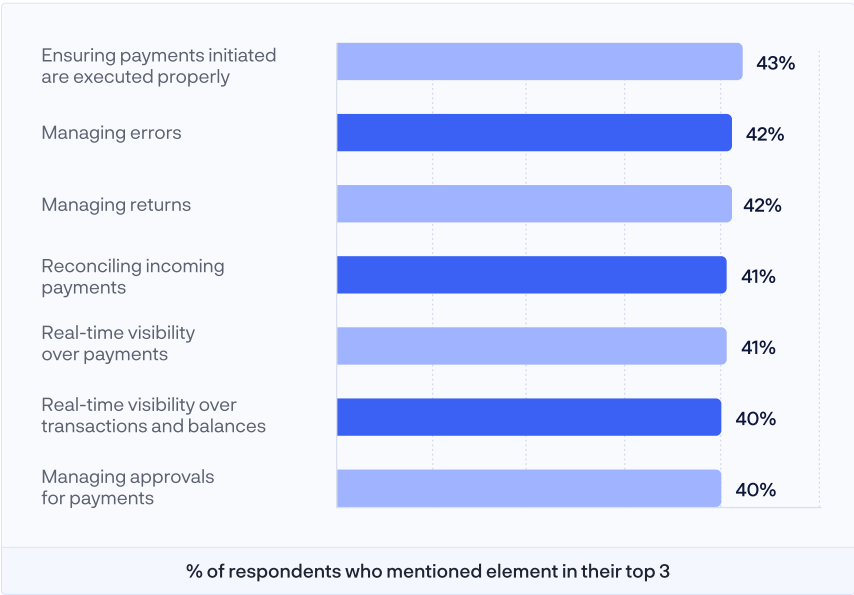


When scaling breaks payment operations

As companies grow, their payment operations start breaking or becoming more challenging. While decision makers did not share clear outliers, the most cited issues are:

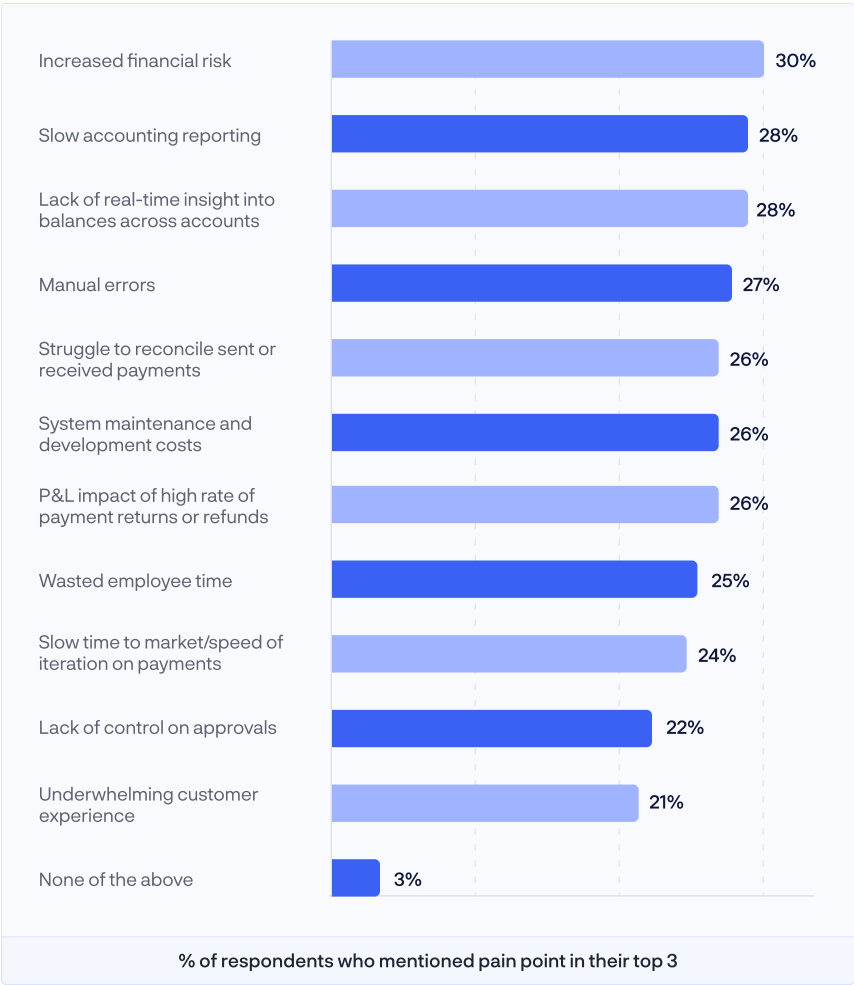
- Ensuring payments initiated are executed properly
- Managing payment errors
- Managing returns

Which elements of the payment operations are most challenging for your company?



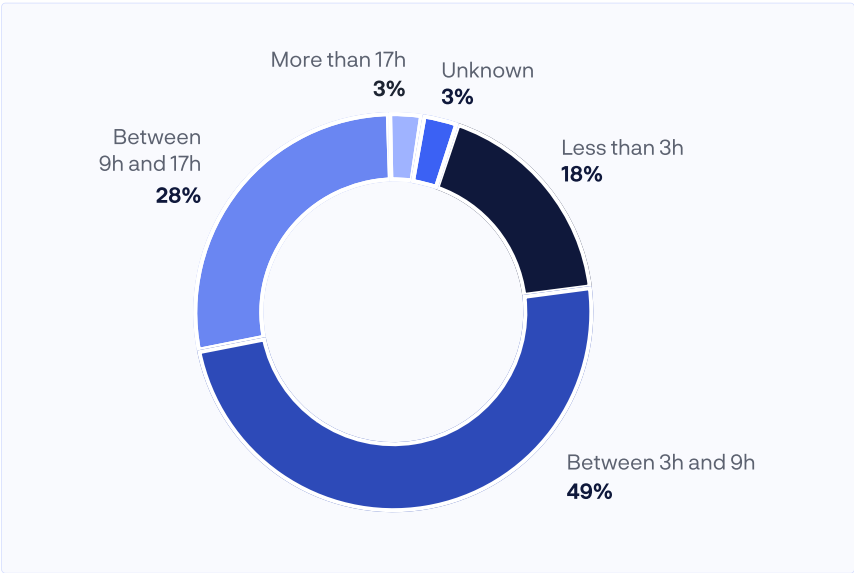
Of course, these issues have consequences for the teams in charge of payment operations, and sometimes for the whole company itself.

What are the main pain points experienced by payment operations teams in your company?



Breaking payment operations also lead to lost time for payment operations teams, with 31% of decision makers stressing that more than 9 hours per week is lost to these issues. This number goes as high as 50% of companies managing between 10 and 100 million payment operations per year.

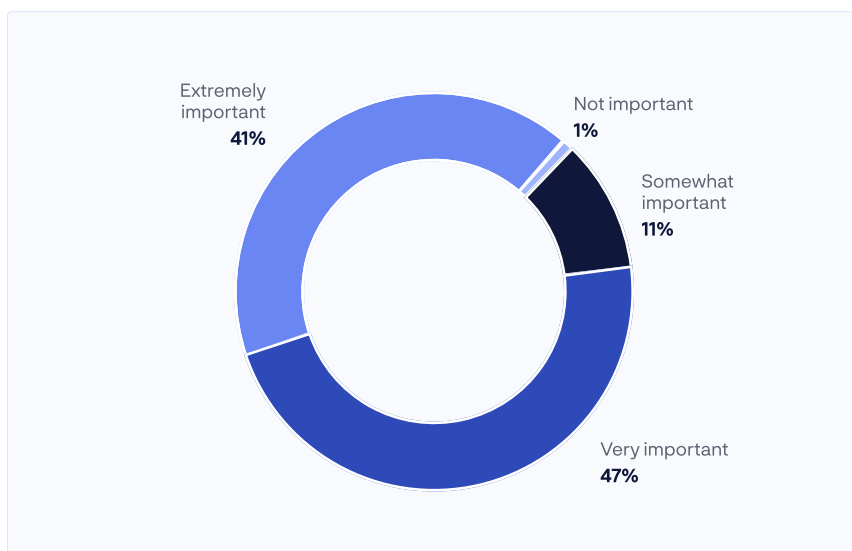
How much time is lost per week managing issues with payment operations ?



How companies benefit from upgraded payment operations

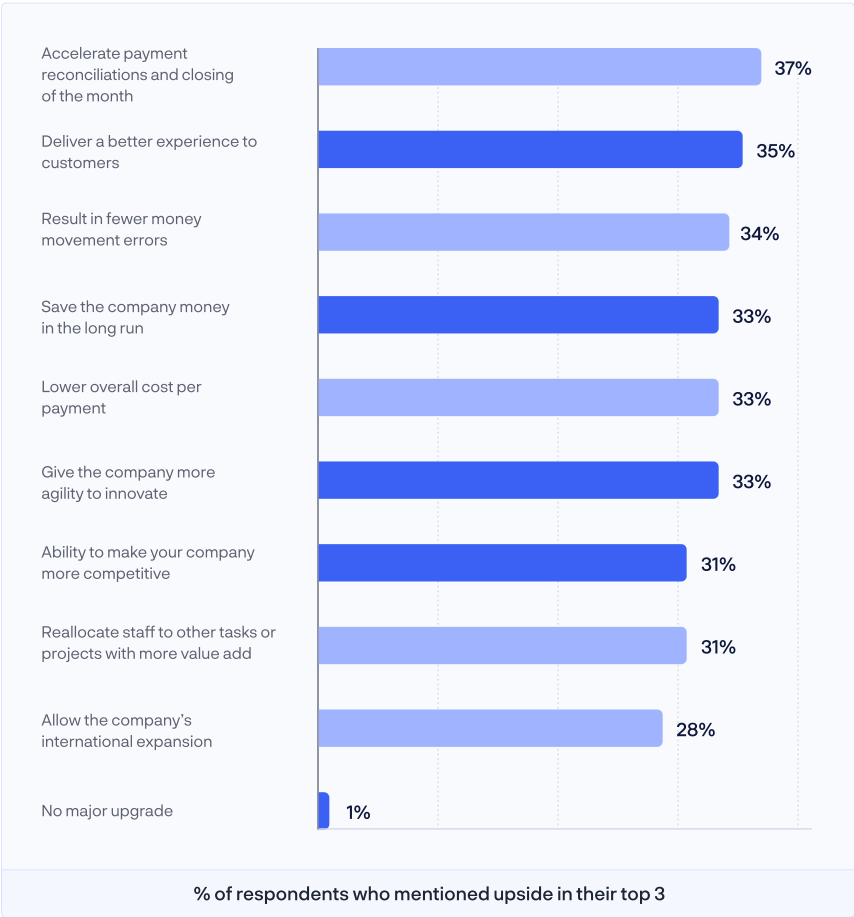
With the challenges companies experience on their payment operations, the expectations from decision makers on potential improvements are high. 88% decision makers hope to capture very important benefits from upgrading their operations, making the investment worthwhile.

How important do you expect the gains from improving your payment operations to be?



Looking more closely at decision makers' expectations, automation, fast bookkeeping, better customer experience and the reduction of manual errors come first.

What are the main upsides expected from automating payment operations?



It is interesting to compare the expected benefits by industry as they vary:

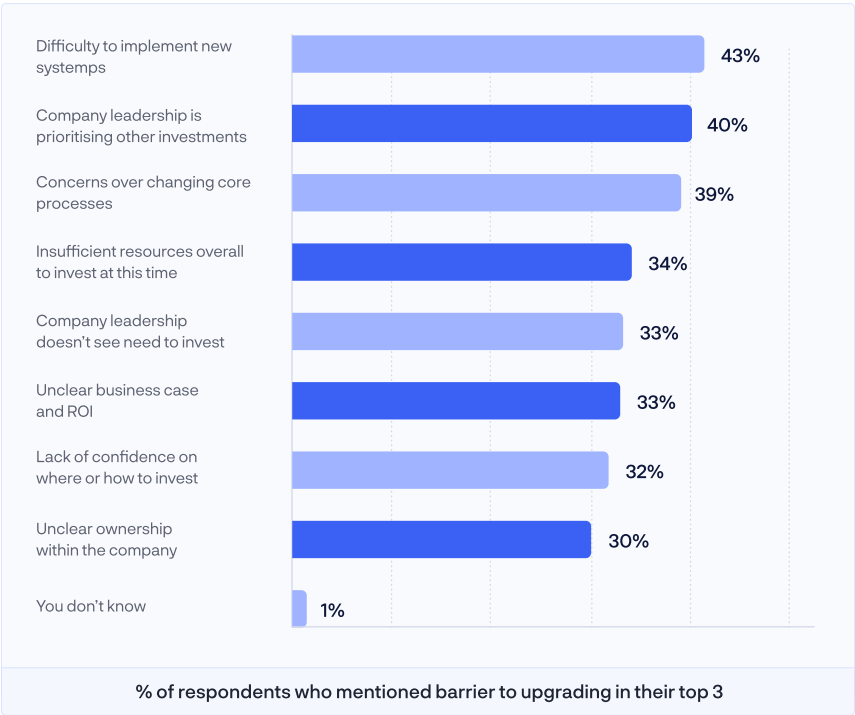
- **For financial services**, the top benefit of upgrading payment operations is to reallocate staff to other tasks or projects with more value add
- **For the retail industry**, the top benefit of upgrading payment operations is lowering overall cost per payment

Overcoming barriers to change

While most finance leaders have stated the objective to improve the state of their payment operations, blockers remain in their way. Most stated are the following challenges:

- **Difficulty to implement new systems**, for 43% of respondents. Payment systems are hard to implement overall as they are connected to most internal systems, and legacy internal systems rely on legacy interfaces.
- **Company leadership is prioritising other investments**, for 40% of respondents. Being back office, an approach of 'keeping until it breaks' can be the norm but creates cascading challenges in the mid-term.
- **Concerns over changing core processes**, for 39% of respondents. Payment systems are mission critical and require careful planning and transitioning to set live.

What are the main barriers to upgrading your payment operations?



As companies grow, changing technology becomes more prevalent as connecting to a multitude of different systems becomes a prerequisite for payment workflow changes. It is also surprising to note how much decision makers need to be educated on the impact that payment operations can have on the overall business at large, including an improved customer experience.

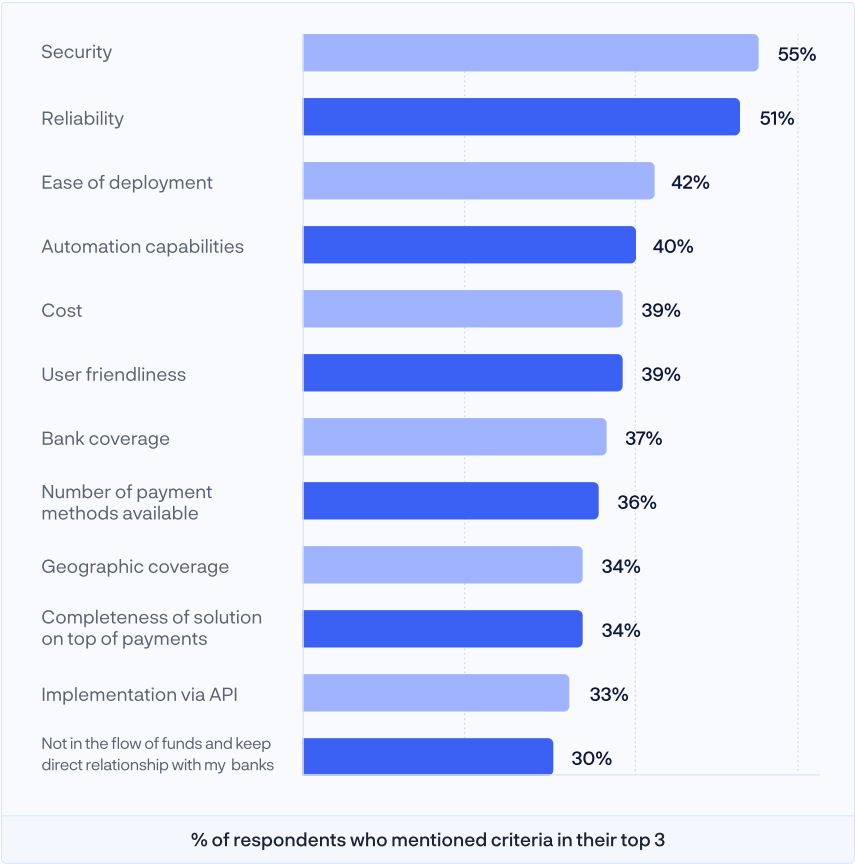
When they look for a solution to replace their current systems, payment operations teams consider 3 alternatives on average. Interestingly, the top 3 mix changes for companies managing more than 100 million payment operations per year:

All companies surveyed	Companies with 100M+ payments per year
Banking-as-a-service	Banking-as-a-service
Open banking	ERP
Treasury management system	Direct bank integrations

While most finance leaders have the stated objective to improve the state of their payment operations, blockers remain in their way. Most stated are the following challenges:

- **Security, for 55% of respondents.** Payment systems have direct impacts on companies' most critical asset: their funds themselves, and companies therefore make sure new payment solutions respect the highest security standards.
- **Reliability, for 51% of respondents.** Related to the point above, unavailable payment systems mean impossibility for companies to collect payments from customers or pay suppliers, leading to existence-threatening consequences for them.
- **Ease of deployment, for 47% of respondents.** Given the faster than ever changing payments landscape, decision makers are looking for solutions allowing for fast time-to-markets.
- **Automation capabilities, for 40% of respondents.** Payment operations are still too manual in many companies. Automation is one of the main drivers for investment in payment systems.

How important are those criteria in the solutions you are evaluating?



As for the improvements they would bring to their current payment solutions, the top 5 answers are:

- To make their payments faster
- To make payment processes more fluid
- To automate payments
- To implement a more secure payment method
- To enhance security

Conclusion

Finance leaders see a significant opportunity to improve payment systems and invest over the next 18 months, in particular in companies with large volumes of payment.

Expected benefits of doing so are faster payment operations, including reconciliations, improved customer experience, and reduced money movement errors, which can result in wasted time or, in the worst cases, financial losses.

But decision makers expect challenges to overcome to secure and deploy these investments in payment operations, including the difficulty of integrating new systems with the existing payment infrastructure, the lack of education of key companies executives on the matter, and continuity challenges for the teams managing these payment operations everyday.

Numeral helps companies modernise their payment systems by bringing together product, IT and finance teams. Thanks to its pre-built bank integrations, made available via a universal API or file connectivity, Numeral makes it easy to add new banks, payment methods, and workflows to existing payment systems. With automated reconciliations, advanced user controls and approvals, and a modern dashboard, Numeral gives finance teams total control and visibility over their payment operations and all their bank accounts.

Report methodology

This report was conducted in partnership with OpinionWay. Audience was companies with 250 to 5,000 employees in either Germany, France and the UK. 905 decision makers including titles such as CFOs, SVPs, VPs of accounting, controllers, payment managers and other decision makers on corporate accounting and finance teams were interviewed online between December and January 2023.

About CFO Connect

CFO Connect is a global network of finance leaders in fast-growing companies. CFO Connect hosts regular meet-ups in Europe and the U.S., have an exclusive Slack group for CFOs, and produce helpful content for finance professionals on their blog. [Learn more.](#)

About Numeral

Numeral is the bank orchestration platform designed for fintechs, financial institutions and corporations building advanced payment flows on top of their banking partners.

Through a single API and central dashboard, our platform empowers product and finance teams with seamless bank integrations, faster payments, real-time data visibility on accounts and payments as well as efficient workflows.

Numeral provides the payment infrastructure for European fintech trailblazers like Swile, Spendesk, Alma, Xpollens and Fingle and has a growing European client base. Numeral also partners with Europe's leading banks, including Barclays, HSBC, Groupe BPCE, BNP Paribas and ABN Amro. Launched in 2021, Numeral has raised €13m from world-class investors like Balderton and eFounders.

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