



B2B Payments With Cryptocurrency



The B2B payments ecosystem is expansive

When we think of payments, the focus is with consumers transacting with businesses. Indeed, B2C transactions have incredible volume but simplicity: consumers research or discover products or services, which are often displayed on a website, consumer information is then taken, and finally payment is made via a payment method.

However, in the business to business landscape the purchasing process is longer and much more complicated. The purchase decision itself may include input from multiple sources and stakeholders. Products and services can still be presented on a website, but sales teams may be needed to close deals. The price of goods and services can sometimes vary as they can be negotiable. Purchase orders must be able to synchronize with administrative systems, records, and accounting. And finally, the individual transaction amounts can far exceed those made by consumers, often by orders of magnitude. The scale of these transactions can have a direct influence on a business's cash flow.



Immediate Benefits from Digitized Transactions

Digital forms of payment, such as with cryptocurrency, allow businesses to benefit from high security and immediate payments. These are benefits that B2C transacting parties have benefited from for several years. It's in this new digitized world that B2B participants are taking notice.



Faster Payments

Cryptocurrency payments are near-instant. You can receive payments using the NetCents technology in roughly the same time it takes for you to send an email, regardless of the transaction size. Other payment methods, such as cheques, can take weeks to months to receive payments.

Reduced Risk

Receiving payments by cryptocurrency reduces the risks associated with accepting checks or sending wire transfers. Billions of dollars are lost every year in check and wire fraud. Blockchain is a secure way for B2B businesses to process transactions because its cryptographic nature achieves high data security.

Cross-border Convenience

Cryptocurrency allows B2B companies to expand their international customer bases by simplifying the payments process. Payments made through the blockchain are not location dependent. They are sent and received instantly and are country agnostic.

How Traditional Payment Methods Cause Inefficiencies

The way payments are given between B2B participants has a direct impact on business operations for all parties. Businesses can transact using multiple traditional methods:

- ✓ Checks
- ✓ Wire transfers
- ✓ Automated clearing house (ACH) payments
- ✓ Credit cards

Newer digital technologies, such as digital payment platforms from Google or Apple, allow for fast transaction processing. A drawback to this method is the high fees that result from these transactions. These fees can be much higher than other types of digital payments, such as peer-to-peer payments.

Payment friction associated with these methods can be detrimental to a business as it has an effect on cash flow. With many payment methods, visibility for what's paid and unpaid is obscured from the accounting process. This payment friction increases the time between payments, and can lead to a delay in making or receiving a payment.

On an international scale the cost of payment friction is vast as it needlessly locks up business liquidity. Liquidity that can potentially be used for investments in products or services and overall company growth.

Payment Method Considerations

Risk

The continued use of paper-based payment methods, such as checks, and manual processes add risk that payments will not be received for services or products provided. Legacy payment methods confound a modern business's cash position by introducing uncertainty.

Cash Flow

Faster payments lead to better cash flow positions. Efficient cash flow management between accounts receivable and accounts payable is key for many enterprises. Business operator's must know the liquidity of working capital as it's important to the daily and future operations of the business.

- ✓ [Credit collection research firm Atradius reports](#) that at the end of April 2021, 51% of businesses were paying invoices late.
- ✓ Over 30% of business executives indicate that outstanding invoices will have an impact on profitability in 2021.

Transaction Cost

A significant pain point for many businesses is the high cost of transactions involved in the traditional payments process. The cost is amplified by the sheer amount of transactions that may need to take place to maintain business operations.

Efficiency

With multiple people involved in each individual transaction, B2B payments can become very labour intensive. People are naturally prone to human error which has a negative effect on efficiency. This is amplified by the volume of transactions required to maintain operations.



Scalability

B2B enterprises have varying requirements. From high-volume monthly transactions to having the ability to send/receive a payment of unlimited size. Modern payment technologies need to guarantee that transactional bandwidth along with being both reliable and instantaneous.

Security & Privacy

There will always be the potential for security fraud when there are more than the transacting parties involved in the payment process. By removing intermediaries, such as banks or other 3rd parties, peer-to-peer payment technologies allow for safer and private transactions.

- ✓ [Global businesses lost over \\$30 billion between June 2016 and July 2020 in wire transfer fraud.](#)
- ✓ Technologies, such as blockchain, are a digital ledger that validates transactions.
- ✓ Fraud is impossible and privacy is built into its P2P nature.

Cryptocurrencies allow B2B companies to have more autonomy over their transactions than other payment methods. With this technology B2B companies are able to control how they make transactions without interference from intermediaries.

International payments

Businesses are turning to international markets for suppliers and partners. The internet has made global cooperation much more accessible than ever before. Enterprises making cross-border deals must also be capable of facilitating fast and seamless cross-border payments

- ✓ The value of B2B cross-border transactions reached \$27 trillion at the end of 2020.
- ✓ That growth is expected to increase by 30% as the end of the global pandemic nears.
- ✓ B2B cross-border transactions are expected to reach \$35 trillion by 2022.

Blockchain facilitates B2B cross-border transactions to have unlimited volume and to be sent or received from anywhere in the world.

Cross-border & beyond

Cryptocurrency allows the cross-border payments experience to be no different than from a local one. B2B supply chains are inherently globalized with suppliers, vendors, & retailers spread all across the planet. The days of B2B transactions tied to a single geographical location are long gone.

Traditional payment methods have often struggled with cross-border payments. The challenges faced by international B2B companies are often related to transaction speed, currency liquidity, visibility, and cost. Cryptocurrency alleviates these challenges offering a system that runs peer-to-peer 24/7 across the globe. Its digital and direct nature means it's a highly liquid system that continuously pushes for efficiency.



GLOBAL

8 billion in daily crypto payments

Nearly **2 million** cryptocurrency transactions daily

Projected to grow by over **200%** by 2025

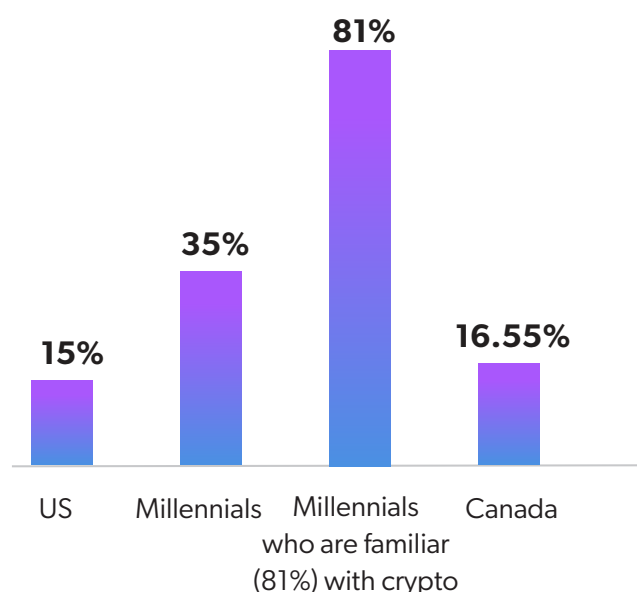
36% of SMB's in US already accept crypto, **59%** of those companies own digital currency for their own use

The market cap of cryptocurrency has already hit **\$1 trillion** in 2021, and is forecasted to grow to **\$3 trillion** by 2025.

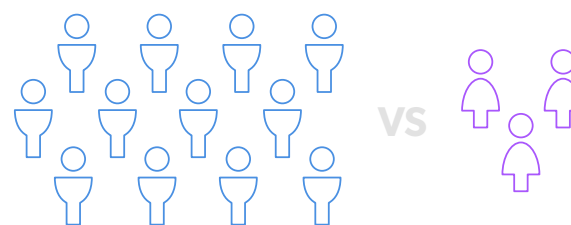
USA

User Adoption

Americans who own or have purchased cryptocurrency



*October 2018

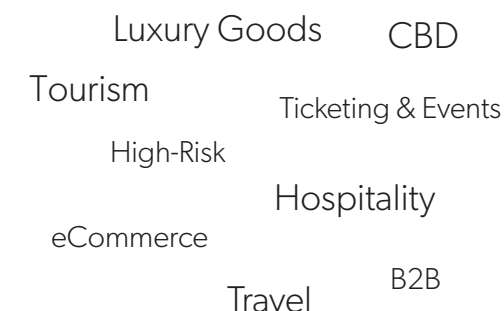


- ✓ 49.5 million Americans
- ✓ Up from less than 1% in 2016
- ✓ Over the past year, more people searched on Google for Bitcoin than the "stock market", "Meghan Markle", or "spaceX".
- ✓ Over 78% of U.S. States have regulations for cryptocurrency and blockchain technology. New Hampshire, Ohio and Indiana accepts tax payments in Bitcoin.
- ✓ The top 10 US States for percentage of the population that owns crypto are: California, New Jersey, Washington, New York, Colorado, Utah, Florida, Alaska, Nevada, and Massachusetts.

Market Growth

- ✓ 15% of businesses would like to start accepting cryptocurrency by 2021
- ✓ Most merchants surveyed viewed cryptocurrency payments as a valuable innovation due to its speed, convenience, and lower transaction costs as compared to debit and credit cards
- ✓ Majority of merchants who accept cryptocurrency would recommend other business owners adopt it as a payment source
- ✓ Majority of cryptocurrency holders are dissatisfied with the number of merchants accepting cryptocurrency
- ✓ 40% of people who pay with cryptocurrency are new customers
- ✓ 62% of consumers expect general use of cryptocurrency to increase by 25 - 50% in the next 3-years
- ✓ The average B2B transaction size is \$1,878, while the average C2B transaction size is \$210.

Cryptocurrency Market Verticals



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Have a question you would like to speak to a member of our team about?

CONTACT US TODAY AT

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