

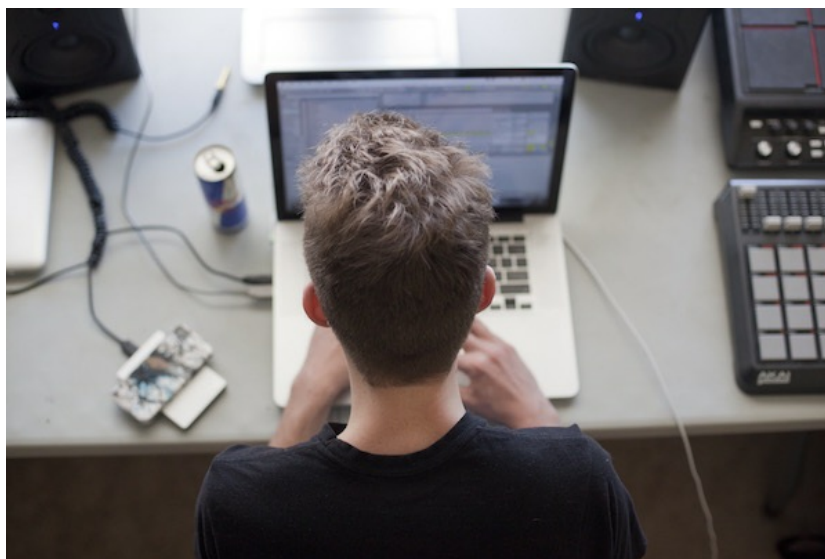
Should You Bring FinTech into Your Supply Chain?

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One of the latest concepts in supply chains is FinTech, or “financial technology.” This is an umbrella term for the back-end financial software that efficiently uses financial data to create a smooth and efficient customer experience. FinTech has a variety of applications, including peer-to-peer lending, mobile banking, digital wallets, consumer money management tools, payment processing and so much more, according to the [World Economic Forum](#). For supply chains, [FinTech systems can help both the buyer and seller process and make payments more transparently and efficiently](#). It helps buyers [manage their working capital and gain short-term liquidity](#), while suppliers can access payments faster, at a slight discount.

Big companies, small companies



FinTech is a great equalizer. The [Harvard Business Review](#) notes that large companies like Apple, Dell, and P&G are already using FinTech companies to gain access to funds within their supply chains, using the capital to better their businesses. But smaller businesses can gain advantages by using it in their supply chain as well, even if the buyer is a big business.

Small businesses can benefit from having FinTech in their supply chains, too. [Tweet This](#)

How FinTech helps both suppliers and buyers

The FinTech solutions can help both suppliers and buyers streamline the payment process, according to the [Harvard Business Review](#). Using a third-party platform, they automate the procurement and payment process, [decreasing the need for manual invoicing and follow-up](#).

Some of these systems can also remove paper from the equation, helping increase efficiency. Without paper to pass around, it can be easier to move invoices forward electronically, in a system where they can be more easily tracked. This transparency can [improve the relationship between buyers and suppliers](#). Plus, with suppliers inputting their

own information into the system, there can be less chance of error or confusion with another vendor. Suppliers can easily see and provide the specific information their buyer needs to complete transactions.

How can FinTech help buyers?

Buyers using FinTech like that [they can extend the amount of time they need to pay their suppliers](#), freeing up capital by using low cost financing provided by or brokered through the FinTech company. This payment extension allows them greater use of capital, which lets them allocate funds for other business purposes.

Another advantage is that by moving much of the supply chain financial administration out of the company's accounts payable department, it decreases or eliminates the constant volley with suppliers who are asking when they'll be paid and where their invoices are in the process. Both [suppliers and buyers can have access to current payment information](#) through the platform.

Since many of the FinTech solutions are cloud-based, one additional buyer advantage is that there's no software purchase or upgrade hassles. Any updates happen on the cloud platform, which is accessible through apps or websites.

How does FinTech help suppliers?

Suppliers can access their payments earlier than they would otherwise, as many buyers have lengthy time periods built into the contract for payment. [Suppliers often have to get financing to tide them over while waiting for payment](#). With FinTech platforms, suppliers can choose when they'll be paid, and accept a comparable discount depending on the payment date. That way suppliers can get payments earlier, and the discount is less than the company would have to pay in financing.

Another small business advantage is the decreased amount of effort and administrative time it takes to follow up on invoices to find out when payment will arrive. Using a FinTech platform, the real-time information can be available in seconds. Getting access to the platform is usually a simple process. Signing up on a website or app takes minutes.

By participating on a FinTech platform, suppliers sometimes gain access to new customers within an existing client's company. Some programs allow suppliers to put their catalog of products on the platform, providing an easy way for buyers to find and order from them, using an easy procuring and invoicing system that both sides can access.

Getting a supplier onboard

By explaining these advantages to a supplier, it can be easier to get them on board. However, it must be easy for them to do. If they need to overhaul their billing practices by only submitting invoices in a certain format, or uploading each invoice individually instead of in a batch format, that may hinder adoption.

Disadvantages to supply chain finance

While FinTech solves a lot of problems for suppliers and buyers, [the supply chain FinTech industry is still maturing](#). One issue is that companies supplying the capital to pay the suppliers early are taking risks on the buyers paying down the line. Also, [suppliers may not want to accept a discounted rate to get their payments](#), while buyers stretch out the payment dates even further than in the past. [Another problem is the need for suppliers to adopt the technology](#) and make sure it works for all parties, if the system is going to be successful.

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