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Fast-Lane Finance: Accelerating Payments in the Trucking Industry

Money Mobility Tracker® Series

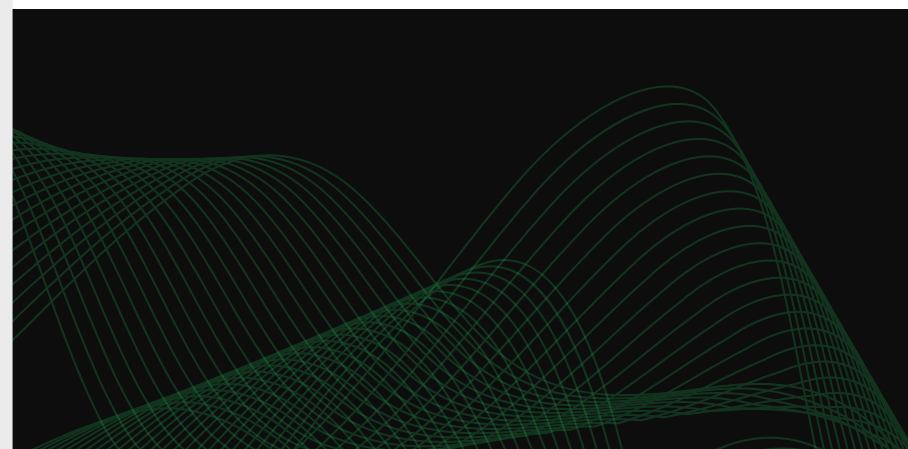
The trucking industry is vital to the national economy, as nearly every product imaginable is transported by road at some point along its journey. In this fast-paced sector, payments need to move even faster than the trucks themselves.

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**Money Mobility Tracker®
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Acknowledgment

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Introduction

The trucking industry represents a vital component of the national economy, responsible for transporting more than 72% of the nation's freight by weight. Sustaining this extensive transportation network requires the movement of substantial funds to cover costs for fuel, taxes, maintenance, salaries and various other expenses. For example, the largest company in the sector, UPS, counts more than a half a million employees on its payroll.

To keep this massive industry moving, its stakeholders need the ability to process payments swiftly and efficiently. However, existing methods are falling short. New technologies such as embedded payments and automation are crucial to ensuring the seamless flow of money and keeping the trucking industry — and, by extension, the economy — advancing toward a prosperous future.



Rerouting Payments

Roadblocks Impeding the Flow of Payments in Trucking

The transportation and logistics industry is a highly complex network of regulations, documentation and compliance. Any mistakes or delays in these processes can bring transportation to a standstill. Further complicating matters in this payments ecosystem is the continued reliance on paper payments.

65%

of trucking firms use at least seven types of freight shipping.

Freight payments come in several varieties.

According to a recent survey, 65% of shipping companies revealed that they use no fewer than seven different types of [freight shipping](#), including rail, trucking and shipping containers. Each of these methods routes payments through different services and needs to be handled individually by its appropriate accounting team. In addition to processing payments to and from customers, vendors and regulatory bodies, freight companies must also account for their staff as well as the truckers themselves, who are often independent contractors paid outside the normal salary system. This vast web of payments can quickly overwhelm freight accounting teams that attempt to process payments manually.

Rerouting Payments

Trucking's manual methods stall payments processing.

Freight companies encounter a variety of issues that can disrupt the payment process, including [inaccuracies in documentation](#) such as duplicate payments or miscalculated charges resulting from manual methods. The reliance on manual payment processes can further complicate compliance, as accounting staff must keep up with various payment terms for shippers, carriers and regulatory bodies. Moreover, manual payment processes can contribute to poor book-keeping, a critical aspect of ensuring regulatory compliance. For instance, a specific U.S. regulation stipulates that every party in a brokered transaction has the right to review the records of said transactions, so lacking this documentation could spell massive trouble for any trucking company that relies on manual payments.



Overcoming Payment Detours and Delays

The Trucking Industry Navigates Toward Advanced Payments

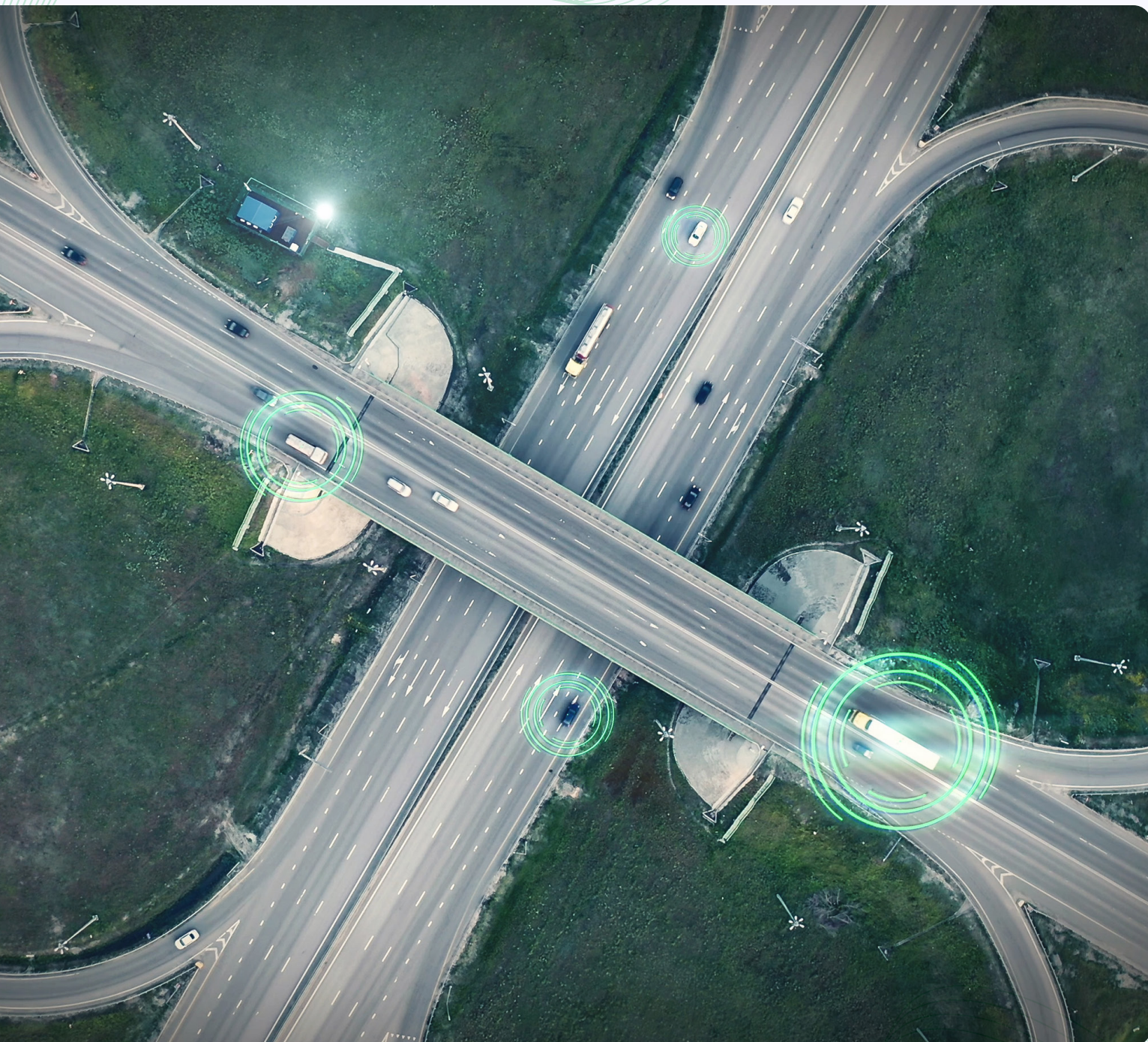
Besides causing a host of other problems, delayed or erroneous payments can damage vendor relations and exasperate workers counting on consistent paydays. Adopting more advanced payments technology will be critical to solving freight payment woes.

**Embedded
finance solutions**
help firms automate a simultaneous flow
of payments to improve cash flow.

Real-time transactions are pivotal for advancing trucking payments.

Automated clearing house (ACH) payments are common in the trucking industry and are certainly an improvement from cash and checks. However, experts say that real-time transactions are the most efficient way to move forward. While individual transactions might take just one or two days to process, the cumulative workload multiplies when managing payments for dozens of vendors and hundreds of truckers. Real-time payments can consolidate a fractured payment ecosystem by unifying various payment rails, which, in turn, can significantly lighten the workload of accounting teams.

Overcoming Payment Detours and Delays



Embedded payments represent another milestone toward improved trucking transactions.

Cash flow is critical in the trucking industry as inflation drives up costs and a driver shortage makes finding employees more challenging than ever. Embedded finance solutions help firms automate payments both from shippers and to carriers simultaneously, ensuring the seamless flow of inbound and outbound payments and improving overall cash flow. Additionally, these solutions offer automation capabilities that enable firms to quickly handle documentation and prevent cargo from idling on docks for extended periods during the process of coordinating transportation logistics. From the user's perspective, these different steps in the trucking process are effortlessly managed with a simple click of a button.

Accelerating Accounts Payable

Unpacking the Impact of Faster Payments on Trucking AP

As in all industries, accounts payable (AP) is the driving force of the transportation industry: Nearly every cash-related function of the business is downstream from AP. Leveraging innovative payment systems not only gets truckers paid faster but also improves cash flow for the entire firm.

55%

of trucking companies see innovating accounts payable as an important goal.

Trucking's roadmap to success runs through AP innovation.

Recent PYMNTS Intelligence research found that 55% of transportation companies view [AP platform innovation](#) as an important goal. Among those firms that have already augmented their AP capability, 61% with automated AP processes report high satisfaction with their platforms. As payments volume grows, the demand for AP innovation will only intensify in the coming years. Indeed, 71% of the transport firms tracked say they process an average of 1,000 payables each month, and 72% of those businesses expect their payables to rise by 11% or more over the next three years.

Accelerating Accounts Payable

Improving AP delivers cash flow improvements to the entire organization.

Slow payments from large corporate customers are a persistent challenge for trucking organizations, with many of these customers taking **60 days** to settle invoices despite being offered 30-day payment terms. This frequently creates dire cash flow problems downstream, as late payments lead to insufficient funds for trucking companies to settle their own bills. The situation is compounded by inefficient AP processes that fail to transfer money promptly. Introducing faster payment methods can significantly expedite the AP process, mitigate cash flow problems and ensure timely payments to truckers.



Call to Action

Paving the Way for Improved Payments in the Trucking Industry

The trucking industry deserves a payment system that befits its role as a linchpin of the global economy. The current status quo is unsustainable: Antiquated paper-based payment methods increase the risk of errors, consume significant time and resources, and hinder operational efficiency. Transitioning to digital payment solutions can streamline these administrative tasks, reducing both errors and overhead costs.

In addition, adherence to evolving regulatory standards and compliance requirements is nothing short of imperative. Outdated systems can lead to legal issues and financial penalties, highlighting the necessity for upgrading payment infrastructure to ensure compliance. Addressing these challenges is pivotal to maintaining the industry's vitality and enhancing its role in the global economy.



About

PYMNTS INTELLIGENCE

[PYMNTS Intelligence](#) is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multilingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

The PYMNTS Intelligence team that produced this Tracker:

Aitor Ortiz
Managing Director

Andrew Rathkopf
Senior Writer

Joe Ehrbar
Content Editor



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