payhawk

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E-BOOK

How to build your cashless business

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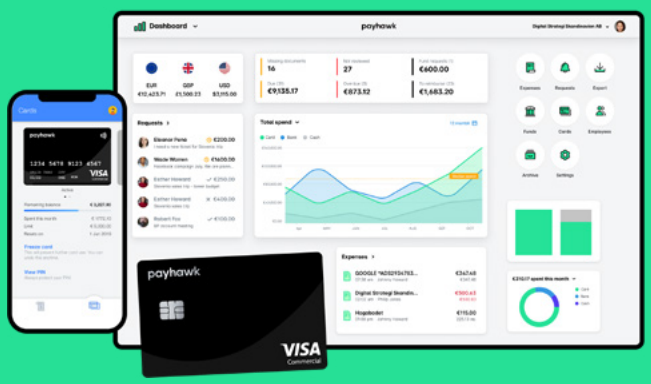
The easyest way to manage company finances

Payhawk combines credit cards, payments, expenses and cash into one integrated experience.



A cashless future?

The pressure's on when it comes to going cashless. And, it makes sense. Cashless businesses in cashless economies can be more efficient, straightforward, secure, and sustainable.

Digital payment has never been easier for consumers, but can the same be said for businesses? It's certainly going that way – and fast. New and continuously innovating technology has made going cashless a no-brainer for customers and vendors alike.

For most companies, cashless is going to be the way to do business. But, is the world ready?

Cashless economies in a nutshell

Across the globe, many governments are busy promoting cashless economies, especially since the pandemic began. Some experts even believe that the majority of the world's economy will be cashless **in less than five years**, led by Sweden, Canada, Hong Kong, Singapore, New Zealand, Japan and Australia[1].

But don't throw your wallet in the bin just yet. The European Central Bank (ECB) has made it clear that cash will always be available for financial inclusion purposes in the Eurozone. **Cash is the only means of payment that everyone can access.**

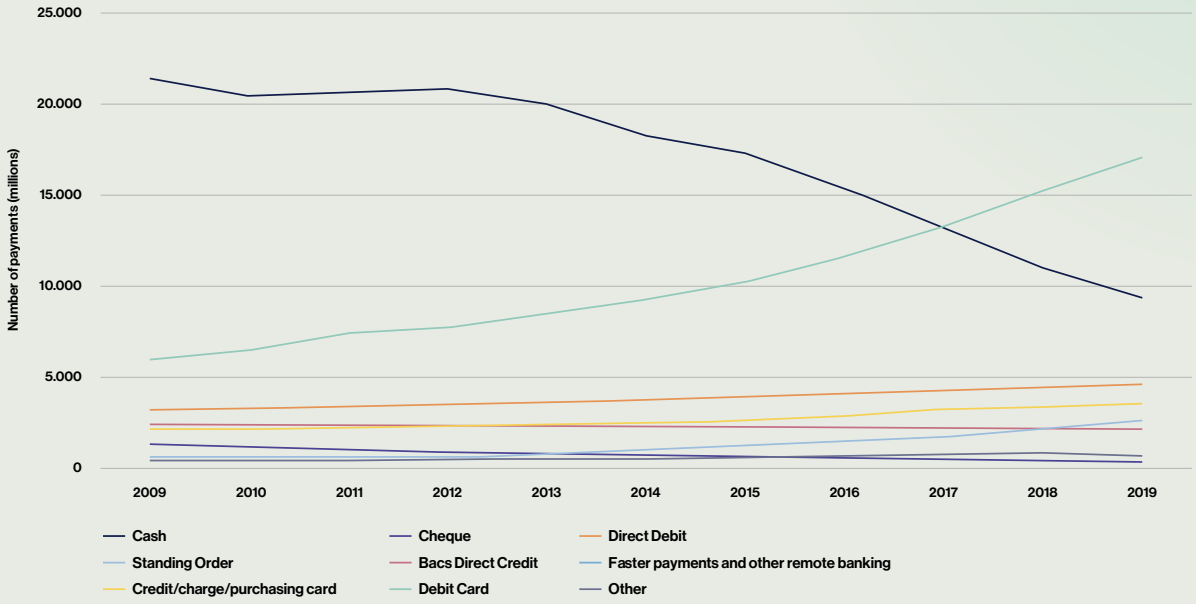
[1] James Andrews, 2021, Cashless Countries, Money.co.uk, accessed 6 October 2021.

In 2009, ECB surveyed[2] more than 40,000 respondents in 17 Euro area countries. It revealed that for peer to peer (P2P) and point of sale (POS) payments, **73% of people preferred cash** to non-cash means of payment. But, has the pandemic changed those numbers?

The numbers in the UK:

- 9 out of 10 people own a debit card
- 67% of people own a credit card
- Only 9% of transactions will be cash by 2028 according to LINK[3] predictions

Figure 1. UK payment volumes, 2009-2019 (millions)



(Source: UK Finance, June 2020, UK PAYMENT MARKETS SUMMARY 2020)

In Germany, however, Nur Bares ist Wahres is the equivalent to Cash is King. Until now. **According to a Euromonitor report[4], in 2020, card payments exceeded that of cash for the first time in history.** The pandemic wasn't the only factor to change the Germans' behaviour regarding card usage. The increase in privacy measures for card transactions was also crucial in driving this monumental change.

[2]ECB, 2020, Study on the payment attitudes of consumers in the euro area (SPACE), accessed 6 October 2021.

[3]George Nixon, 2019, Is a cashless society in Britain near? Banking data suggests just 9% of all payments will be cash by 2028, thisismoney.co.uk, accessed 7 October 2021.

[4]Euromonitor, 2020, Card to Exceed Cash Payment in Germany for the First Time in History, accessed 5 October 2021.

Meanwhile, Denmark, Sweden and Norway could be among the first European nations to have cashless economies. **In Sweden, only 9% of transactions are now cash-based[5].** Meanwhile, in France, Spain and Greece, the preferred payment method is still coins and notes.

Mobile payments

Cashless economies are only possible because of the mobile payment options available for consumers and businesses. **Since 2019, the transaction value of European digital and mobile payments has increased by over 30%[5]**, partially driven by smartphone adoption and growing 4G/5G connections in Europe.

The technology used in mobile payments differs depending on the POS, payment type, and whether it's b2c or b2b. The major types are:

- **Contactless card payments** (card tokenization) that are in your e-wallet, such as Google Pay, Apple Pay or Samsung Pay. As a consumer, you can easily connect these contactless payments to your personal card and pay on the fly. While for business purchases, you or your employees can operate in much the same way by using financial software, like Payhawk. Payhawk, for example, is integrated with contactless payment options so that employees can use their company card to pay for things via their phone and easily collect and input physical or digital receipts. Contactless card payments are safer than using physical cards as retailers don't have access to your bank account or credit card information
- **Mobile payment apps** such as PayPal, Paym or Bizum
- **Mobile banking apps** such as Revolut, N26, BNext or Barclays
- **Quick Response (QR)** payments: an alternative to entering card details at some e-commerce checkouts

There are also **Super Apps** which include mobile payments as part of a multi-function solution; these are mostly developed in Asia and include WeChat, AliPay and Kakao. This September, PayPal announced[7] the release of its Super App, including direct deposit, bill pay, a digital wallet, peer-to-peer payments, shopping tools, crypto and savings capabilities. As of 2021, the first European Super App is still in the making.

[5] Swedish Central Bank, 2020, Payments in Sweden, 2020, accessed 11 October 2021.

[6] Vijay Kanade, 2021, Europe to Witness a Significant Spike in Digital Payments, toolbox.com, accessed 4 October 2021.

[7] Grace Broadbent, 2021, PayPal's super app dreams come to fruition, setting it up for strong cross-promotion possibilities, businessinsider.com, accessed 4 October 2021.

Cashless consumer purchases

Square, an American digital payment provider, revealed that the number of its customers going cashless more than doubled in the **U.S., Australia, Canada, and the UK** from February 2020 to February 2021. Another Covid-19 after-effect may be, as many businesses relied on online orders and contactless payments like never before.

Governments are also interested in promoting cashless businesses to reduce the shadow economy. An IMF report[8] found that the **informal economy can account for as much as 30% of GDP** in some countries, including Greece and Italy. Costs of having an informal economy are labor market distortions and revenue loss from misreporting wages and output, among others.

Businesses across the globe are **becoming cashless to adapt to consumer preferences, digitize and gain control over all their expenses**. But what are all the benefits of becoming cashless?

Cashless business purchases

It's become very easy for consumers to rely on the convenience and security of cashless payments. So, why should it be any different for employees making payments in their line of work?

Many small businesses and start-ups are super technologically advanced when it comes to their own products and innovations. Yet, these same companies still have just one key to one drawer for petty cash. Not ideal in a growing team, a team that travels, or even a team of digital natives.

Businesses can empower their employees to make cashless payments in much the same way they would as consumers, with company cards and expense software. Financial technology companies like Payhawk give companies everything they need to let their employees pay by physical card, virtual card, or mobile, when on the go, as well as submit their expenses.

[8] Kelmason et al. 2019, Explaining the Shadow Economy in Europe: Size, Causes and Policy Options, IMF.

Whether buying team lunches, paying for taxis, or stocking up the milk in the company fridge, there are plenty of business-use cases that would be made simpler with digital payment.

But it's not just the little things. German auto retail store, A.T.U, moved to a cashless solution with Payhawk to help its 550 branches buy parts and machinery more efficiently, save costs, and streamline processes. Meanwhile, Luxembourg airline Luxair (page 6) eliminated cash amongst its tour guides in over 40 locations to centralize and control its spending.

How A.T.U digitized its operations

A.T.U is Germany's top professional chain of auto retail stores and workshops. Founded in 1985, A.T.U now has over 10,000 employees and operates around 550 branches around Germany and Austria, averaging annual sales of €1.3B.

The challenge

"Digital transformation is an important challenge for us. Just a year ago, we used to transport our invoices through Germany with two of our trucks," A.T.U CFO Sebastian Jarankowski explained. "A big problem was dealing with so-called external purchases, especially with over 500 branches and individual cash systems on-site. When buying parts from other companies in the sector, our branch managers would historically always reach for cash, which would generate a massive amount of paperwork. Our goals are to streamline processes and save on overhead costs."

"Our biggest challenge was to reduce cash expenses. We didn't have any other means of payment available, and we needed flexibility in the individual branches. At the same time, we have to control budgets and allow for a certain level of liquidity. **In Payhawk, we've found a solution that solves all those problems in our company**," Jarankowski continued.

The solution

“A.T.U operates a chain of auto retail stores and workshops. Our branch managers aren’t necessarily the most familiar with financial tools. In the beginning, we were worried about how our colleagues would cope with the new digital means of payment, receipt uploads, and the portal. We were wondering if the product adoption would mean lots of training and materials. But when we collected the cards at the end of the first test phase, we got the best feedback ever: **“Why are you taking our cards away? We don’t want to give them back,**” Jarankowski said.

“Payhawk is the solution we’ve been looking for. We’re reducing cash expenses to zero and creating a highly flexible, secure, and transparent working environment. Now we’re able to quickly scale our spend processes among hundreds of branch managers.”

How Luxair eliminated cash among its tour guides

Luxembourg airline, Luxair, has been active for over 50 years and flies to many major hubs. With a flight of 19 aircraft, Luxair operates in four aviation-related fields: passenger air transport, tour operations, airport services, and air freight handling.

The challenge

VP of Finance at Luxair, Tineke Van Maerken, explained before introducing Payhawk, the airline had manual cash registers for its tour guides in 40 destinations. The tour guides then each submitted an excel cash register with scanned ticket copies every month. The accounting team then had to manually enter all the information in the accounting system based on a paper scan of over 80 cash registers.

Before moving to Payhawk, Luxair employees had to pay their business-related expenses from their own personal bank account. Then, all receipts had to be stuck to a handmade expense order, copied twice, and then sent to the HR department to be reimbursed. It was a slow process, and the airline wanted to improve it.

Also, at this point, Luxair didn't have a digitalized overview of company spend per category or per employee. And data mining was cumbersome. The approval process was manual too, requiring an approver's signature via a scanned document or per email.

Luxair wanted to control its spend more easily and understand who was spending, how much, and where, so they decided to go cashless for internal controls.

The solution

Thanks to Payhawk, Luxair can now centrally manage its card limits and better control the company's spending overall. The airline has real-time info on what it's spent on its tour guides – and it successfully digitized its authorization process. Plus, it can now automatically create invaluable expense reports at the end of the month.

> "As an administrator, I can adapt the card limits instantaneously to suit the business needs. Every cardholder has a monthly limit — but unexpected expenses can occur beyond the limit too. The employee simply sends a request through the Payhawk app for additional funds, including an explanation, and I can instantly approve it, empowering our team on the ground,".

Why your business should go cashless

Safe

- Reduces the risk of theft and mismanagement
- Decreases the company's insurance price (as less cash in the business)

Efficient

- Saves time as counting and managing cash is very manual
- Helps you close your books quicker each month
- Decreases the chance of human error (involved in counting cash)
- Allows you to make strategic decisions faster with weekly projections – and have liquidity
- Avoids overdue payments

Transparent

- Enables transparency: all of your gains and losses are digital, which allows you to be 100% transparent. Transparency is essential for audits and other kinds of business scrutiny.

Compliant

- Automates the tax process in your business. Digital transactions help you file taxes in no time with low levels of error

Convenient

- Helps your employees to stay agile. They won't need to worry about carrying cash or running to the closest ATM

Go cashless: A checklist for your business

Tick through the boxes to check if you have everything in place to go cashless.

- [ ] **Can you eliminate company petty cash and provide company cards?**

Don't let your petty cash cause petty problems. Eliminate your petty cash with a company card dedicated to small expenditures. Or give your branches and stores company cards to make the payments they need.

- [ ] **Can you digitally reimburse your employees' expenses?**

Give your employees company cards that have real-time controls and integrated spend policies. That way, you can easily allow access to company funds and forget all the reports and reimbursements. Check out how much time this can save using our calculator.

- [ ] **Are there options for your suppliers to pay you without cash?**

Enable payments via accounting software and/or ERP integrations.
Here's how:

- Xero - watch the video here
- Quickbooks - read the article here
- SAP - download the guide here

If you don't have an ERP or accounting software, look into expense solutions that include invoice payment capabilities and integrations, such as Payhawk.

- [ ] **Do you understand the potential challenges?**

Your employees may be reluctant to learn how to use a new tool or process. However, in the case of A.T.U, the employees loved going cashless and preferred the user experience and efficiency of using company cards.
Cashless is not free. But with Payhawk, it's pretty fantastic value as the customer gets 3% cashback on every payment meaning the product pays for itself.

No more cash flying around your business: Sounds good, right? Book a demo and let us help your business go cashless.

Our story

Payhawk is the financial system of tomorrow that combines credit cards, payments, expenses, cash management and pre-accounting automation into one integrated experience. Payhawk was founded in 2018 and currently serves customers across 18 countries in Europe from its offices in London, Berlin, Barcelona and Sofia. Payhawk disrupts the expense management market by combining financial and software products into a single platform.

The product is available for any registered business in Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

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