



# Payment Method Guide

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Compare Wire Transfers, ACH, International ACH, Checks, Prepaid Card, and PayPal.

## Why You Need Multiple Global Payment Methods

Paper checks are ubiquitous to supplier payments, but they're far from adequate. They are slow, expensive, and highly susceptible to fraud. Thankfully, there are many other options for remitting to suppliers across the globe, from prepaid debit cards to international ACH, wire transfers, and more. Each has benefits and drawbacks that impact the satisfaction of your suppliers and the workload your finance and accounts payable teams face. The most optimal payment method depends on where the supplier is and their expectations.

But managing each payment method so it's secure, available, and reliable can be challenging. Tipalti estimates there are over 26,000 global payment rules for paying suppliers in other countries. Knowing the proper global method to use in a given situation is no small task.

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## How Tipalti Works with Global Payment Methods

When payees select a payment method during the onboarding process, Tipalti prompts payees to enter their account number and any unique requirements for their country of payment method of choice. Tipalti checks form fields to ensure the entries have the correct character count, format, and structure as required by that country. This reduces virtually all likelihood that payments will be rejected due to incorrect information. Tipalti allows the payee to receive their funds directly in their choice of currency (if available). Tipalti also offers the payee to choose certain payment thresholds so they can decide when a wire transfer is cost effective. Payers can also determine how much or if any fees are passed to the payee.

To streamline bank communications, Tipalti directs all payments at once through various payment method interfaces. The payer does not have to directly communicate with the bank(s) or access any banking portals for remittance. Funds are pushed into the payee's designated bank account. Should issues arise (such as the wrong account information or a frozen account), Tipalti stops payment and interprets and normalizes any banking transfer errors into standard, easy-to-understand error messages on how to correct the issue. If the payee can correct the condition, they are automatically sent a branded email on behalf of the payer with information for remedying the situation.

## Wire Transfers

Wire transfers are an interbank payment method. They are highly favored for their reliability and speed since they provide a direct connection from one bank account to another. Wire transfers are also well equipped to handle the vagaries of cross-border transactions.

However, wire transfers are the most expensive electronic method for remitting funds. There is usually a transaction fee for both the sender and receiver and there can be intermediary bank fees charged too. Also, should a payment fail, wire transfer failures can be more expensive to diagnose, often involving investigation and resubmission fees.

## Best Use Case

Wire transfers are best used with a payee who needs their money immediately or that is receiving a large amount of remittance. Because fees can range from \$20 to \$100, the amount of remittance should be a reasonable size.

## Worst Use Case

Wire transfers should be avoided when the payee or beneficiary does not require funds immediately or when the transfer cost is a meaningful proportion of the payment amount.

Also Known As	Benefits	Drawbacks	Requirements
<ul style="list-style-type: none"> <li>▪ “credit transfer”</li> <li>▪ “SWIFT”</li> <li>▪ “FedWire”</li> <li>▪ “remittance transfer”</li> </ul>	<ul style="list-style-type: none"> <li>▪ Immediate exchange and acknowledgement of transfer</li> <li>▪ Global coverage</li> <li>▪ Reliable</li> </ul>	<ul style="list-style-type: none"> <li>▪ Expensive and inconsistent sending and receiving fees (e.g. lifting and intermediary fees)</li> <li>▪ Routing rules differ for every country</li> <li>▪ Manual interface with bank</li> <li>▪ Not designed for paying large volume of payees</li> <li>▪ Limited traceability</li> <li>▪ Generally poor access to bank transfer APIs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Requires bank account and ABA routing information, including IBAN, BIC, or other local banking account information.</li> </ul>

## US ACH

Domestic ACH (automated clearinghouse) transfers are a convenient, reliable, inexpensive payment method. It requires knowledge of the payee’s bank account and ABA routing transit number (ABA RTN) – customarily available as the first set of digits on the bottom of paper checks and deposit slips. The second set of digits on the check is the account number.

In the United States, the Automated Clearing House (ACH) provides a cross-bank transfer network to clear and settle payments. It does so in batches, which can require several days for payments to clear each bank. In September 2016, NACHA (National Automated Clearinghouse Association) began rolling out a same day ACH for certain transactions that met specific requirements.

To manually execute a high volume of mass ACH payments, batched instructions may be able to be sent to the transmitting bank. This can involve a programmatic interface directly with the bank or a file upload with all account information, and an understanding of the bank’s communication protocols. In case of error, a series of return codes are sent by the ACH network to identify the issue.

## Best Use Case

Domestic ACH transfers are best used with a payee in the US who doesn’t require immediate access to funds, as clearing can take several days. It is also ideal for US-based payees that are cost conscious or for payment amounts that tend to be lower or more frequent.

## Worst Use Case

Domestic ACH should be avoided when the payee or beneficiary requires funds immediately or if they do not have a bank account that offers direct deposit. Additionally, domestic ACH is not available for anyone outside of the US.

Also Known As	Benefits	Drawbacks	Requirements
<ul style="list-style-type: none"> <li>▪ “automated clearing house”</li> <li>▪ “Mass ACH”</li> <li>▪ “direct deposit”</li> <li>▪ “EFT”</li> <li>▪ “electronic funds transfer”</li> <li>▪ “electronic check” or “echeck”</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cost effective</li> <li>▪ Convenient</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cannot be used to pay overseas</li> <li>▪ Requires at least one day to clear funds</li> <li>▪ Manual interface with bank</li> <li>▪ Not designed for paying mass volumes of payees</li> <li>▪ Generally poor access to bank transfer APIs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Requires bank account and ABA routing information.</li> </ul>



## Global ACH

International ACH (automated clearinghouse) is more of a concept, as there is no formal standard for ACH across multiple countries. Essentially international ACH attempts to leverage the existing ACH capabilities of a country's banks but do so from outside of that country to efficiently and cost-effectively execute cross-border payments.

International ACH can be a convenient, reliable, inexpensive global payment method if one is fully aware of the unique banking requirements of that country. It requires knowledge of the payee's bank account and ABA routing transit number (ABA RTN) equivalents – customarily available as the first set of digits on the bottom of paper checks and deposit slips. In addition, each country has its own unique requirements. For example, in Japan, the bank's name is required as part of the transaction, or in India, an Indian Financial System Code (IFSC) is required. In Europe, SEPA (Single Euro Payments Area) may be used.

To manually execute a high volume of global mass ACH payments, batched instructions may be able to be sent to the transmitting bank, which may or may not have an interface to specific countries. Additionally, if there is a processing error, a series of return codes are sent by the local banking network to identify the issue.

## Best Use Case

International ACH is best used when a payee is outside the US and there isn't a need for immediate access to funds, as clearing can take several days. It is also ideal for payees that are cost conscious, when the amounts tend to be lower, or payments are more frequent. It is also convenient for receiving funds in local currency (note the destination country must have established and supported rules for banking).

## Worst Use Case

For payees who reside in countries with limited banking infrastructure, international ACH methods are not an option. Also, for transactions that must be received immediately or within one day, consider other methods of remittance such as wire transfers or PayPal. International ACH methods may also not be welcome by suppliers who require paper checks as proof of payment.

Also Known As	Benefits	Drawbacks	Requirements
<ul style="list-style-type: none"> <li>▪ "global ACH"</li> <li>▪ "local bank transfer"</li> <li>▪ "eCheck"</li> <li>▪ "SEPA" (in Europe)</li> <li>▪ "BACS" (in UK)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inexpensive</li> <li>▪ Convenient</li> </ul>	<ul style="list-style-type: none"> <li>▪ Routing rules differ for every country</li> <li>▪ Requires several days to clear funds</li> <li>▪ Manual interface with bank</li> <li>▪ Not designed for paying large volume of payees</li> <li>▪ Poor support in countries with limited banking infrastructures</li> <li>▪ Generally poor access to bank transfer API</li> </ul>	<ul style="list-style-type: none"> <li>▪ Requires bank account and ABA routing information, including IBAN, BIC, or other local banking account information.</li> </ul>

## Paper Checks

Paper checks (paper cheques) are physical documents that instruct a bank to transfer a specific amount from the bank account of one party (the drawer) to another party (the payee). The payee can then cash the check or deposit it directly into their own bank account.

Funds are not withdrawn until the drawer's bank receives the check, determines the drawer has money in their account, and releases the amount to the payee. Usually a central entity acts as a medium for all the various banks to process these payments. In the United States, the Automated Clearing House (ACH) provides a cross-bank transfer network to clear and settle paper checks. It does so in batches, which can require several days for payments to clear each bank. The drawer must have funds available for the bank to release payment.

Because of the nature of mail, the paper check transaction process can take several days. Also, payments cannot be readily traced unless the whereabouts of the physical check are known.

To manually execute a high volume of paper checks, banks may offer print check services where payments can be uploaded to the transmitting bank. Another option is to print checks in house and mail them to payees directly.

## Best Use Case

Paper checks are best used with a payee who is unable or unwilling to provide bank routing information or other means of payment and primarily only a mailing address is available. It is also ideal for payees that are cost conscious and do not require funds immediately. In some countries, electronic forms of payment are not acceptable or are a poor cultural fit, so paper checks are used for remittance.

## Worst Use Case

Paper checks are not a good choice if the payee doesn't have a means to cash the check (e.g. a bank account or a third-party cash service). Additionally, paying with paper checks is suboptimal in countries where postal privacy, efficiency, and security are problems that may cause the check to be stolen or go missing. Most corporate AP departments want to reduce or eliminate check payments because of their high labor costs, inefficiencies, and the risk of fraud they introduce.

Also Known As	Benefits	Drawbacks	Requirements
<ul style="list-style-type: none"> <li>▪ "paper cheques"</li> <li>▪ "bank draft"</li> </ul>	<ul style="list-style-type: none"> <li>▪ Familiar form factor</li> <li>▪ "Delays" remittance / clearance</li> <li>▪ No direct transaction fee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Postal / mail service involvement</li> <li>▪ Cost and workload for physical printing and mailing</li> <li>▪ Lack of traceability</li> <li>▪ International mail issues</li> <li>▪ Multiple points of failure</li> <li>▪ Challenging reconciliation processes</li> <li>▪ High fraud risk</li> </ul>	<ul style="list-style-type: none"> <li>▪ Requires mailing address for payee / beneficiary (formats vary depending on country).</li> </ul>

## PayPal

Funds are drawn from the payer's account (usually via ACH) and loaded into their PayPal account. The payee can then use those funds directly to pay for goods and services that accept PayPal or transfer those funds to a bank account connected to PayPal.

PayPal acts as a clearinghouse between users, which also includes ensuring funds are transferred to suitable users with good standing. Funds are usually received immediately within minutes, but if there are issues, those funds may be held by PayPal.

To manually execute a high volume of PayPal instructions, PayPal requires a payer to establish a PayPal Business account and use PayPal Payouts for mass payments. Payers sending mass payments this way pay a transaction fee (plus a percentage of the transaction for international payments). For international payees, they may have to pay currency conversion and withdraw fees.

## Best Use Case

PayPal is very active in digital communities, including online marketplaces, crowdsourcing, and other on-demand and sharing economies. Most of those payees have PayPal accounts so transactions are normally low-friction. Most established, regulated countries have support for PayPal.

## Worst Use Case

For some communities and countries, PayPal is not a good fit, either because of reach (e.g. Pakistan) and banking issues, or because of a regulatory issue. Also, the transaction fees can be too expensive for many payees.

Also Known As	Benefits	Drawbacks	Requirements
<ul style="list-style-type: none"> <li>▪ "PYPL" – NASDAQ Stock Ticker</li> <li>▪ "PayPal Payouts" – Version of PayPal geared for mass payments</li> <li>▪ "PayPal ACH"</li> <li>▪ "PayPal ACH Transfer"</li> <li>▪ "PayPal ACH Debit"</li> <li>▪ "PayPal wire transfer"</li> </ul>	<ul style="list-style-type: none"> <li>▪ Known brand and market leader</li> <li>▪ Large adoption footprint</li> <li>▪ Offers multiple ways to extract money</li> </ul>	<ul style="list-style-type: none"> <li>▪ High percentage-based transaction fees</li> <li>▪ Unclear policies on holding of funds or misdirected funds</li> <li>▪ Few controls for when funds are sent incorrectly</li> <li>▪ Focused more on pay-in processing</li> <li>▪ Not all countries serviced</li> <li>▪ Not a popular service in all countries</li> <li>▪ Challenging reconciliation processes</li> <li>▪ \$20K limit per payment, can only send 5k payments at once</li> </ul>	<ul style="list-style-type: none"> <li>▪ Requires payer and payee set up a PayPal account using an email address.</li> </ul>

## Prepaid Debit Card

Prepaid debit cards are transactions that are conducted over a debit card provider network. Funds are drawn from the payer's managed Tipalti account and transmitted to the payee's debit card account.

The payee can then use those funds directly to pay for goods and services that accept the debit card (usually in a partnership with Visa or MasterCard). Funds are usually received immediately, but may be held by the debit card provider if there are issues.

In exchange for this service, the debit card provider may charge an annual fee to the payee plus a percentage if payees withdraw through ATM (automated teller machines).

## Best Use Case

Prepaid debit cards are popular in countries with limited banking infrastructure or unfavorable banking infrastructures. They also can be active in digital communities, such as online marketplaces, ad and affiliate networks, and crowdsourcing networks. Many of these payees have existing card accounts.

## Worst Use Case

Paying exclusively with prepaid debit cards is often not preferable when working with larger, more established partners. This would require them to create separate accounts with the provider and subject to those fees. In a B2B environment, prepaid debit cards create one more point of management for the payee.

Also Known As	Benefits	Drawbacks	Requirements
<ul style="list-style-type: none"> <li>▪ "cash card"</li> <li>▪ "debit card"</li> <li>▪ "prepaid card"</li> <li>▪ "Intercash"</li> <li>▪ "Payoneer"</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strong adoption in countries with limited banking infrastructures</li> <li>▪ Convenient for payees to use funds in daily transactions</li> </ul>	<ul style="list-style-type: none"> <li>▪ Requires unique account setup</li> <li>▪ Potential high annual fee for payee</li> <li>▪ Potential fees for ATM withdrawals</li> <li>▪ Uncertainty as to how funds are managed</li> <li>▪ Challenging reconciliation processes</li> <li>▪ Exempt from federal consumer protection laws that apply to bank debit cards</li> <li>▪ Limits for high transaction volumes and amounts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Requires payer and payee set up an account through prepaid debit card vendor (in some cases with an email address) and a mailing address (if they do not already own a card).</li> </ul>



# Comparing Global B2B Payment Methods

	Wire Transfers	Domestic ACH (US)	International ACH (non-US)	Paper Checks	Prepaid Debit Cards	PayPal
<b>Also Known As</b>	<ul style="list-style-type: none"> <li>“credit transfer”</li> <li>“SWIFT”</li> <li>“FedWire”</li> </ul>	<ul style="list-style-type: none"> <li>“automated clearing house”</li> <li>“direct deposit”</li> <li>“EFT”</li> <li>“electronic funds transfer”</li> </ul>	<ul style="list-style-type: none"> <li>“global ACH”</li> <li>“local bank transfer”</li> <li>“eCheck”</li> <li>“SEPA” (in Europe)</li> <li>“BACS” (in UK)</li> </ul>	<ul style="list-style-type: none"> <li>“paper cheques”</li> <li>“bank draft”</li> </ul>	<ul style="list-style-type: none"> <li>“cash card”</li> <li>“debit card”</li> <li>“prepaid card”</li> <li>“Intercash”</li> <li>“Payoneer”</li> </ul>	<ul style="list-style-type: none"> <li>“PP”</li> <li>“PYPL”</li> <li>“Mass Pay”</li> <li>“Paypal wire transfer”</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Immediate exchange and acknowledgement of transfer*</li> <li>Global coverage</li> <li>Reliable</li> </ul>	<ul style="list-style-type: none"> <li>Inexpensive</li> <li>Convenient</li> </ul>	<ul style="list-style-type: none"> <li>Inexpensive</li> <li>Convenient</li> </ul>	<ul style="list-style-type: none"> <li>Familiar form factor</li> <li>“Delays” remittance / clearance</li> <li>No direct transaction fee</li> </ul>	<ul style="list-style-type: none"> <li>Strong adoption in countries with limited banking infrastructures</li> <li>Convenient for payees to use funds in daily transactions</li> </ul>	<ul style="list-style-type: none"> <li>Known brand and market leader</li> <li>Large adoption footprint</li> <li>Offers multiple ways to extract money</li> </ul>
<b>Standard Drawbacks</b>	<ul style="list-style-type: none"> <li>Expensive and inconsistent sending and receiving fees (e.g. lifting fees)</li> <li>Routing rules differ for every country</li> <li>Manual interface with bank</li> <li>Not designed for paying large volume of payees</li> <li>Limited traceability</li> <li>Generally poor access to bank transfer APIs</li> </ul>	<ul style="list-style-type: none"> <li>Cannot be used to pay overseas</li> <li>Requires at least a day to clear funds</li> <li>Manual interface with bank</li> <li>Not designed for paying large volume of payees</li> <li>Generally poor access to bank transfer APIs</li> </ul>	<ul style="list-style-type: none"> <li>Routing rules differ for every country</li> <li>Requires several days to clear funds</li> <li>Manual interface with bank</li> <li>Not designed for paying large volume of payees</li> <li>Poor support in countries with limited banking infrastructures</li> <li>Generally poor access to bank transfer API</li> </ul>	<ul style="list-style-type: none"> <li>Postal / mail service involvement</li> <li>Cost and workload for physical printing and mailing</li> <li>Lack of traceability</li> <li>International mail issues</li> <li>Multiple points of failure</li> <li>Challenging reconciliation processes</li> <li>High fraud risk</li> </ul>	<ul style="list-style-type: none"> <li>Requires unique account setup</li> <li>Potential high annual fee for payee</li> <li>Potential fees for ATM withdrawals</li> <li>Uncertainty as to how funds are managed</li> <li>Challenging reconciliation processes</li> <li>Exempt from federal consumer protection laws that apply to bank debit cards</li> <li>Limits for high transaction volumes and amounts</li> </ul>	<ul style="list-style-type: none"> <li>High percentage-based transaction fees</li> <li>Not designed for paying large volume of payees</li> <li>Unclear policies on holding of funds or misdirected funds</li> <li>Few controls for when funds are sent incorrectly</li> <li>Focused more on pay-in processing</li> <li>Not all countries serviced</li> <li>Not a popular service in all countries</li> <li>Challenging reconciliation processes</li> <li>\$10K limit per payments</li> </ul>
<b>Unique Requirements</b>	Requires bank account and ABA routing information, including IBAN, BIC, or other local banking account information	Requires bank account and ABA routing information	Requires bank account and ABA routing information, including IBAN, BIC, or other local banking account information	Requires mailing address for payee / beneficiary (formats vary depending on country)	Requires payer and payee set up an account through prepaid debit card vendor (in some cases with an email address) and a mailing address (if they do not already own a card)	Requires payer and payee to set up an account using an email address
<b>Why a Payment Might Fail</b>	<ul style="list-style-type: none"> <li>Account information is incorrect</li> <li>Insufficient funds</li> </ul>	<ul style="list-style-type: none"> <li>Account information is incorrect</li> <li>Insufficient funds</li> </ul>	<ul style="list-style-type: none"> <li>Account information is incorrect</li> <li>Insufficient funds</li> </ul>	<ul style="list-style-type: none"> <li>Address information is incorrect</li> <li>Payee identity is in question</li> <li>Insufficient funds</li> </ul>	<ul style="list-style-type: none"> <li>Email address changes</li> <li>Wrong emails typed in</li> <li>Payee has multiple accounts</li> </ul>	<ul style="list-style-type: none"> <li>Email address changes</li> <li>Wrong emails typed in</li> <li>Payee has multiple accounts</li> </ul>
<b>When to Use</b>	Large value transactions where payee would like funds received quickly and is willing to incur costs and the fixed cost is negligible	To US located businesses and individuals with bank accounts who are cost conscious and do not require immediate remittance	To international businesses and individuals with bank accounts who are cost conscious and do not require immediate remittance	Payee is more comfortable with getting and depositing manual checks	Payee already has an existing prepaid debit card account or is located in a country where payment issues may happen	Payee has an existing account and prefers payment via PayPal

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[Click to learn more about International ACH](#)

[Click to learn more about Paper Checks](#)

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