

Are You Struggling with Paying Contractors?

How to Find the Right Technology Solution for Global Payments



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Contractor Payments in the Digital Age

The gig economy and online marketplaces are in full swing, propelling freelancers and contractors to new heights, and many industries are following in their footsteps. Freelancing allows people to work on their terms, which is why millions of contractors are flooding larger companies to provide their talent and services.

Brands know contractors are instrumental in selling their products. Without them, companies struggle to keep up in today's fast-moving, digital environment.

Managing payments is far more demanding than just writing and mailing out paper checks. Establishing a modern, reliable payments process early in a company's lifecycle provides a competitive advantage in an unpredictable market.



The Pain Points of Manual Contractor Payments

When a company manually deploys mass global payments, they need help with managing their contractor workforce effectively. The turnover is high—contractors can exit at any time—and they will—especially when they're not paid effectively.

An inefficient payments process can hinder a business's reputation and can even prevent new freelancers from working with them. Partner attraction wanes, and companies struggle to scale their operations.

The following pain points are the usual issues with manual global payments:



Manual Partner Onboarding

Manually onboarding partners decelerates on-demand services due to hours spent keying in data, validating tax forms, verifying and collecting freelancer information, and logging into different bank portals to issue payments. Tedious onboarding processes delay payouts, directly impacting the partnership between a brand and its contractors.



Tax Compliance

Without the right tax information, obtaining W-8 and W-9 series forms, VAT ID tax forms, or submission-ready 1099 and 1042-S reports is fervid and confusing. By the time audit season rolls around, the stress amplifies due to missing tax documents that the contractor never provided.



Strained Partner Relations

Contractors provide brands with a service. They put their time and hard work into these projects and want to be paid efficiently for their services. They chose the freelance path because they want to work on their terms, and one of those terms is quick and reliable payments. They don't wait for payments—they find brands with reliable processes they can count on.



Fraud Risks

Payments fraud is highly prevalent in digital industries, and manual processes invite treacherous gaps in financial controls due to the human element involved. Relevant fraud risks, such as fake emails, account information, or contact details, are hard to uncover with the human eye. Keeping track of your network and potentially suspicious activity is challenging to manage as your company grows. And without visibility into your payments process, fraud risk is inevitable.

Why Manual Payments are Unreliable

Manual payments can be simple if you're paying out 10–20 contractors. But what about hundreds or even thousands of contractors? Without the right strategy in place, upset freelancers are checking their bank accounts and wondering, "will I ever get paid?"

Here are some of the added complexities per payment method:



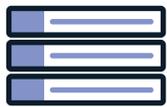
Paper Checks

Sending checks to the correct address with the correct details is prone to human error. When there is a kickback from checks or the address is wrong, you need to quickly fix the issue and ensure it gets to the right person.



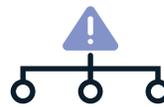
Wire Transfers

Wire transfers are high-dollar irreversible transactions that aren't particularly secure for senders. Wire transfers are prone to fraud, deepening the stakes of the payout.



ACH

ACH payments use direct payments from bank accounts and are more secure than wire transfers but require extensive data—such as bank details, physical addresses, email addresses, and social security and government-issued IDs. ACH is not always secure, especially when completed manually. The sender won't know for hours—if not days—if a transaction has been delivered, and fraudsters exploit this vulnerability.



PayPal

PayPal's payout capabilities are extensive, but not having the right tools to properly manage outgoing PayPal payments can lead to issues. PayPal is a popular payment method for freelancers, especially those with payouts of \$500 and under. Companies that offer multiple payment methods encounter a lot of conflict in handling PayPal when there is no robust process and team to handle higher volumes.



Prepaid Credit Card

Credit card overcharges can occur when a company mistakenly charges a credit card instead of adding funds to their account. Suppose the company charges the contractor a second time instead of issuing a refund. In that case, the discrepancy can cause two filed chargebacks—one for an incorrectly processed charge and one due to the original transaction that should have been refunded.

Chargebacks can rarely be reversed, even if the matter was quickly identified and fixed.

How Automation Improves Payment Inefficiencies

- Streamlines the global payments process**

Robust technology eliminates manual finance processes and allows growing companies to scale seamlessly. Your solution should simplify the end-to-end payments process. With a streamlined workflow, companies can easily manage freelancers, provide a better onboarding experience, and ensure all payments are secure.
- Deploys efficient payments to your contractors**

An automated payments solution instantly pays out global freelancers in their local currencies. Your system should leverage efficient payment methods like PayPal and Global ACH. Efficient payments are the gateway to attracting and retaining talent in an uncertain market.
- Improves network growth and partner relationships**

By ensuring freelancers are paid correctly, you have more room to add new contractors to your network. Plus, an automated solution provides a first-class, self-service experience for your partners.
- Improves tax compliance**

Automation collects tax details when a freelancer is onboarded, ensuring tax information is validated before a payout is processed. With tax season, businesses are instantly audit-ready.
- Reduces fraud**

An automated solution with comprehensive built-in risk tracking augments your fraud protection programs and proactively prevents fraud with detailed payee monitoring.

Building a Contractor Network—Choose Your Own Adventure

Over 50% of US workers are engaged in the gig economy, and that statistic is increasing. These contractors are a vital piece of today's business framework, which is why brands need to provide them with a top-tier experience.

Saving money and sticking to the budget should align with safeguarding strong partnerships. By implementing an automated technology solution that streamlines payments, your contractors are paid more efficiently, so they can continue to provide their skills to your growing brand.

Deliver Effortless Payments to Your Partners

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