The 2026 Distribution Payments Report

Why payments are costing distributors time, cash flow and customers.

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Your Business Your Way

Klipboard Money

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Introduction: Payments at breaking point

Payments have quietly transformed from a back-office task into one of the biggest levers of customer experience, operational efficiency, and business growth.

Customers want the frictionless and self-serve digital options they experience in their day-to-day purchases. Teams want fewer manual steps. Finance departments want cleaner reconciliation and faster payments. The companies that embrace modern, integrated payment journeys will gain an edge in loyalty, cash flow, and business scalability.

This report - based on a survey of over 1,000 distribution company employees and customers - explores how payments have reached breaking point, and how businesses can turn it around.

> *Distributors are adding payment channels and methods at pace – online, eCommerce, pay-by-link, instalments, and more – all to become the easiest to do business with. But the knock-on result is growing complexity, rising admin costs, and late payments becoming the norm.*
>
> **Lochan Sim**, VP Payments, Klipboard Money

Our findings show signs of a broken system:

99%
of distributors deal with late account payments

56%
of companies spend over six hours per week on manual payment admin

97%
employ at least one person dedicated to payments and credit control

81%
use two or more payment providers

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About the survey

The findings in this report are based on a survey of **distribution businesses and their customers** across the UK and US, supported by insights from customers and third-party research.

By surveying both sides of the transaction, the research highlights not only how distributors experience payment challenges, but how buyer expectations and behaviour contribute to - and can help resolve - those issues.

The Payments in Distribution Survey:

The Participants	636 **Distributors**	500 **Buyers**
Seniority	Manager and above	Primary decision maker and buyer
Industry / Spend	Building, Timber, Plumbing, Heating, Bathroom, Tiling 94% operate >1 branch	43% spend over £100k annually All spend over £10k

Survey was run by Censuswide – a member of the Market Research Society (MRS) and the British Polling Council (BPC), and a signatory of the Global Data Quality Pledge.

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Executive summary

Payments in distribution have reached a breaking point, shifting from a simple back-office task to a critical factor in customer experience and operational efficiency.

The industry is suffering from a broken system: **99% of distributors deal with late payments**.

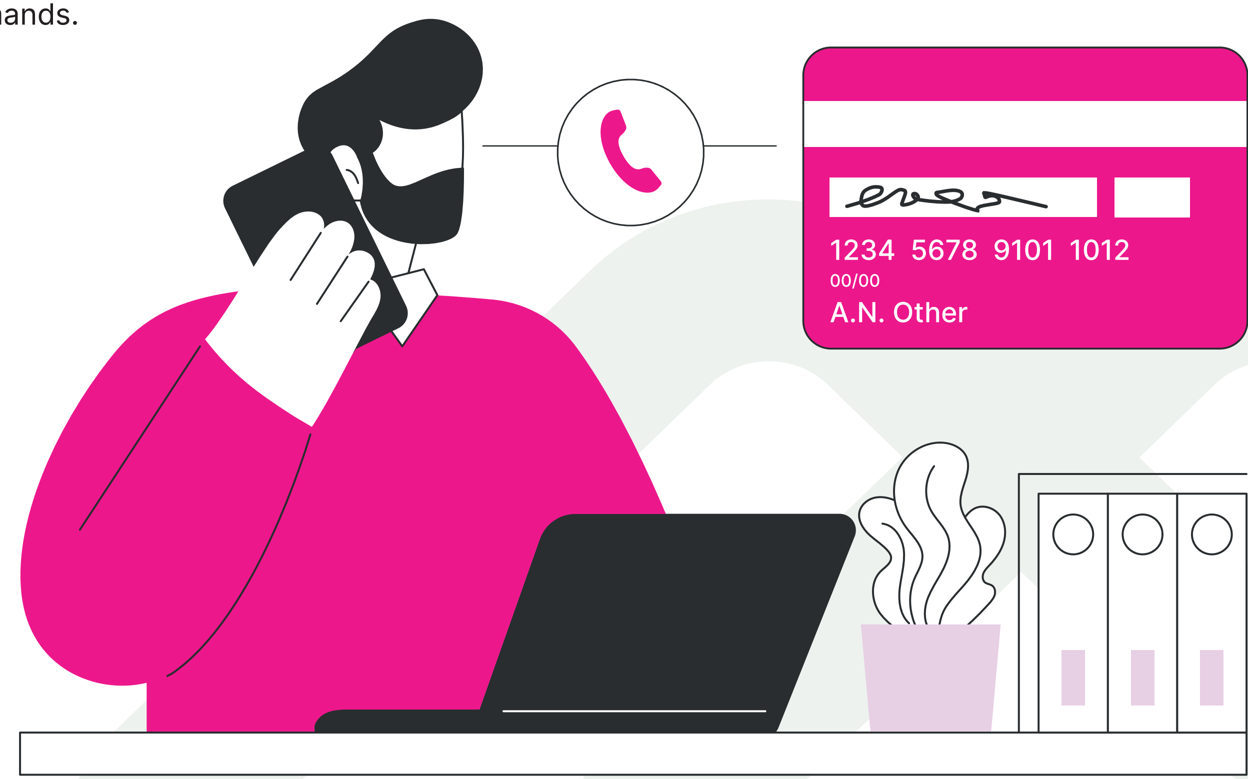
Operational bottlenecks are severe, with **55% of companies spending over six hours per week on manual payment admin**.

The root cause is “payment sprawl,” as **81% of businesses currently use two or more disconnected payment providers** to meet buyer demands.

While **95% of distributors believe offering multiple payment options drives customer loyalty**, this fragmentation ties up vital working capital and increases fraud risk.

Trade buyers want self-serve portals, 24/7 payment access, and digital flexibility.

To scale efficiently, distributors must consolidate their payment infrastructure and embed it directly into their core business management software.



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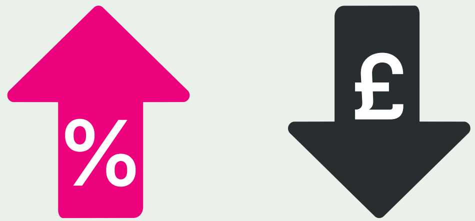
Payments have gone digital - and complexity has spiralled

Over the past five years, payment behaviour in distribution has shifted. **95% of distributors** report a move toward digital payment methods, with 56% reporting a massive shift.

Yet digitisation has not simplified payments. Traditional methods - cash, bank transfer, trade credit - remain firmly embedded, while newer options have been added alongside them.

Rather than replacing everything from the old processes, modern payment methods have increased the number of ways distributors need to accept, track, and reconcile payments.

Payment channels distributors expect to change the most in the next 5 years

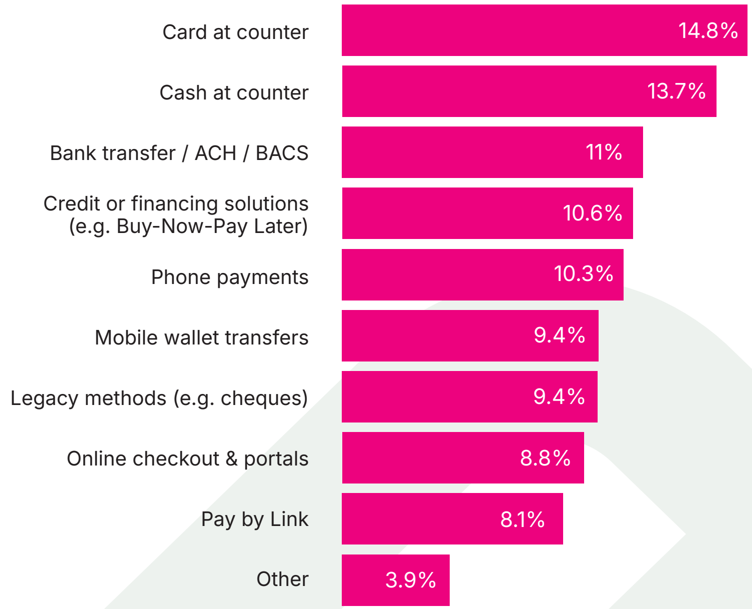


Credit or financing solutions, including **Buy Now Pay Later**

Cash

Looking ahead, distributors expect this complexity to persist. Even five years from now, most anticipate supporting a wide mix of traditional and digital payment methods. Cash may decline, and online and credit based payments may rise, but **few expect to consolidate the number of payment channels they support**.

In 5 years, what do you expect your revenue split by payment method to be?



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Payment sprawl: How customer choice became operational complexity

To meet customer expectations, distributors have steadily expanded the ways they take payment. Individually, each addition makes sense. Collectively, they create new problems.

Many distributors now operate with multiple, disconnected payment systems - one provider for trade counter payments, another for ecommerce, another for invoice settlement or finance. Each comes with its own contracts, reporting, settlement timelines and support processes.

To add to the complexity, these payment providers often don't integrate with business management software or accounting packages, have different settlement timing and support processes.

The result is a fractured customer experience that distributors have little control over. A buyer who pays by Amex at the trade counter may find their card declined online. A customer expecting Apple Pay or Google Pay on a distributor's eCommerce site may hit a dead end, not because of a strategic decision, but because the eCommerce payment provider simply does not support it.

Payment provider complexity matrix

Illustrative data — operational fragmentation across disconnected payment providers

	A Provider A	B Provider B	C Provider C
Settlement timing How quickly funds arrive	T + 2 days	T + 3-5 days	T + 2 days
Settlement amount Grosss vs. net of fees	Net of fees	Net + reserve held	Net of fees
ERP reconciliation Matching payments to invoices	API build required	API build required	Manual export
Support process Available contact channels	Email only	Chat only	Phone + email
POS/in-branch Counter & trade counter payments	3rd party terminal	Not supported	Native terminal
eCommerce/online Web checkout & pay by link	Native	Native	Plugin only

Straightforward | Partial/workaround needed | Not available/manual

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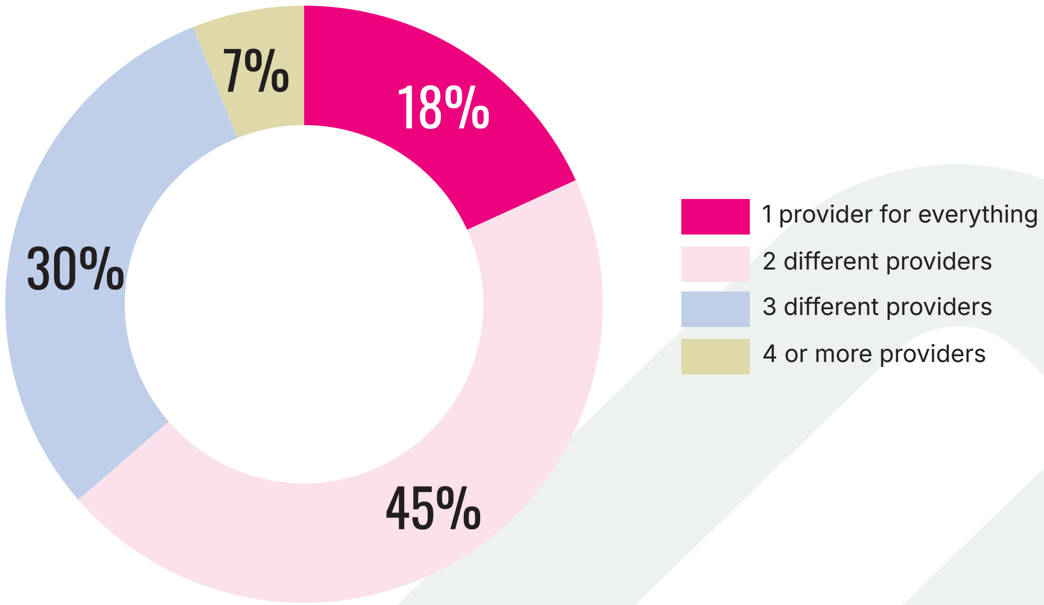
We refer to this as **payment sprawl**: the accumulation of multiple payment providers within a single business, each solving a specific problem but rarely designed to work together.

One leading UK timber and builders' merchant found itself in exactly this position. Unable to add Apple Pay, Google Pay or tokenisation to its eCommerce site due to its provider's limitations, the business was also accepting Amex through payment links, but not online, and inconsistently across depots. The same customer, paying in different ways, got a different experience each time.

Only **18% of distributors** now operate with a single payment provider, while more than a third manage **three or more payment systems**.

Most businesses arrived here gradually. New providers were added to meet customer demand, enable new channels, or increase sales. But each addition introduces more admin, more reconciliation effort, and more disconnected data.

How many different payment providers distributors use



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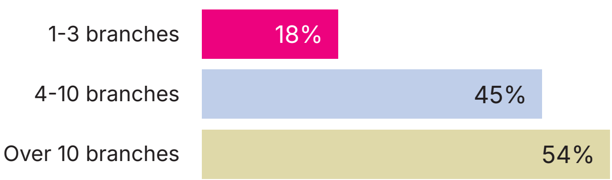
Business growth and payment sprawl

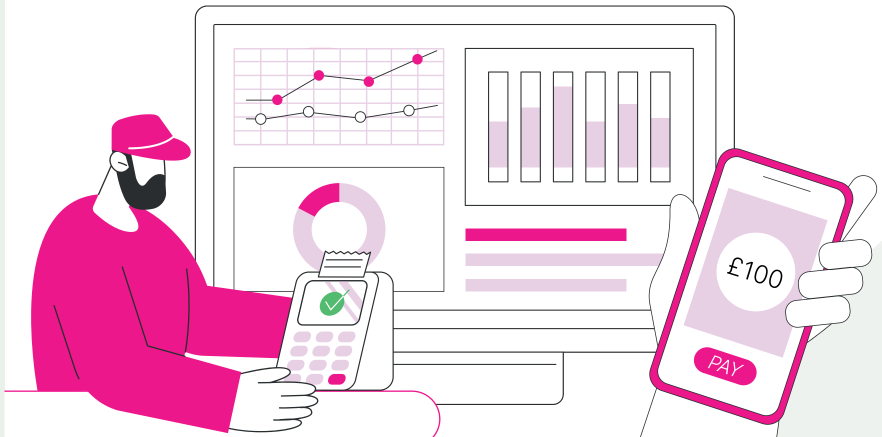
The research shows that as businesses grow, their payment sprawl grows too. Ambitious businesses are giving their customers greater payment flexibility, but are left managing payments across multiple disconnected systems.

This is shown in the survey: distributors with 10+ branches typically have three or more payment providers.

% of companies with 3 or more payment providers by branch count



The consequences are felt quickly: rising operational effort, reduced payment visibility, higher risk, and growing pressure on cash flow, and less happy customers.



Distributors' main payment pain points:

1. Security and fraud
Risks of phone payments, chargebacks and internal fraud
2. System disconnect
Payment data is totally separate from business management software
3. Admin and reconciliation
Wasting hours chasing invoices, matching receipts, statement errors

Top considerations when distributors add a new payment provider:

1. Admin effort
Amount of manual work needed to reconcile
2. Integration
Ability to link directly to our business management software
3. Speed of settlement
How fast the money hits our bank

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The growing admin burden of payments

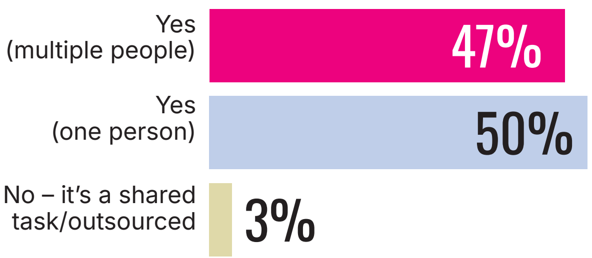
Payment administration has quietly become a core operational function in distribution.

Almost half of distributors now have **multiple staff members** involved in chasing payments, managing credit control and reconciling transactions. **Nearly all have at least one person dedicated to payment admin**.

What was once a low touch back office task is now a full-time job for multiple people - time that could otherwise be spent serving customers, managing stock, or driving growth.

As payment systems multiply, reconciliation becomes slower and more error prone. Finance teams are left stitching together information from card terminals, payment portals, bank statements and ERP records just to understand what has been paid and what hasn't.

Do you have staff members dedicated to payment admin?



Beyond reconciliation, fragmented payment systems create a hidden security burden. As fraud risks grow, from chargebacks to internal theft, some distributors are manually trawling through transaction records to spot suspicious behaviour across customers and staff alike. An integrated payment system would flag anomalies automatically, eliminating hours of manual investigation.

The admin pain behind payments

Collections and payment chasing roles consistently rank among the highest for workplace stress and burnout.

Source: American Psychological Association (APA), Work and Well Being Survey

Over 40% of UK workers say excessive administrative work reduces their job satisfaction.

Source: CIPD (Chartered Institute of Personnel and Development), Good Work Index

Nearly 60% of employees say they could save 6+ hours per week if repetitive admin tasks were automated.

Source: WorkMarket / ADP, The State of Work

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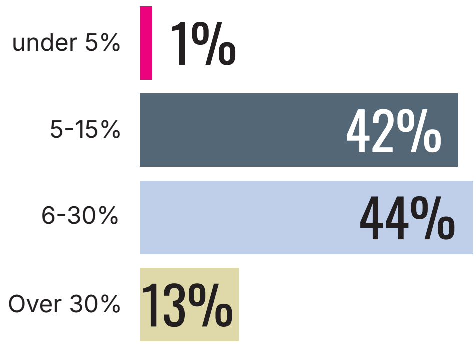
Late payments and cashflow crisis

Late payment has become the norm

As payment processes have grown more complex, delays and late payments have become a widespread problem in distribution.

Only **1% of distributors** report that almost all (under 5%) of their B2B invoices are paid on time. **More than half** say over 15% of invoices are paid late.

% of invoices that are paid late, for all surveyed companies



And for businesses with higher average order values, the problem intensifies. For companies with an average order value over £1000 in the UK and $1000 in the US, a quarter of our participants reported that over 30% of their invoices are paid past the agreed due date.

The business impact of late payments

Up to 50% of UK SME insolvencies are linked to cash-flow problems caused by late payment.

Source: UK Government – Department for Business & Trade (Prompt Payment / Late Payment research)

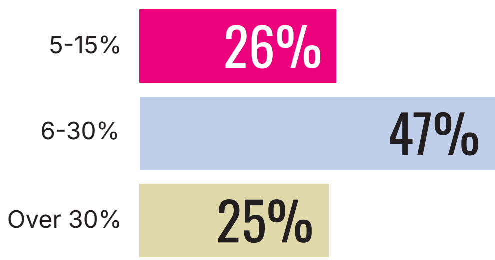
82% of small business failures in the US are due to cash flow problems.

Source: U.S. Bank study (widely cited in SBA and financial research)

UK B2B invoices are paid an average of ~18–22 days late

Source: Xero – Small Business Insights / Late Payments UK

% of invoices that are paid late, for companies with an average order value over £1,000/$1,000



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Cashflow impact

The cashflow impact of late invoices depends on your business turnover, the proportion of late payments, and how long they run overdue. To estimate the working capital tied up at any given moment, use the following formula:

$$\overset{\text{Annual revenue}}{\text{£10m}} \times \overset{\text{\% late invoices}}{27\%} \times \overset{\text{Average lateness (days)}}{\frac{20}{365}} = \textbf{£148k}$$

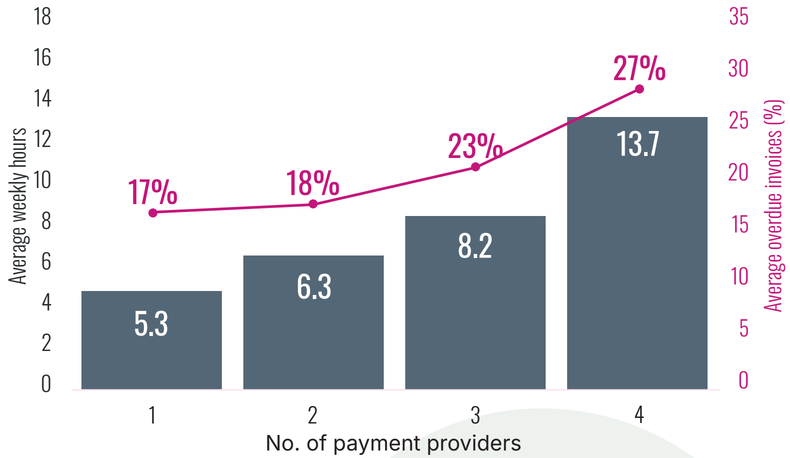
Meaning: For a building materials distributor turning over £10m, with 27% of invoices paid late by an average of 20 days, £148,000 of working capital is tied up in overdue receivables at any given moment - cash that could otherwise be funding a new delivery vehicle, opening a new branch, or investing in the technology to grow.

And for businesses that turn to borrowing to plug that gap, at a typical 8% cost of capital, those late payments carry an additional £11,800 annual cost - just to finance money you're already owed.

More payment providers mean more admin - and slower cash collection

The average company with four or more payment providers dedicates 71 working days each year purely to payment admin, while 27% of their payments are past due date at any point.

Average weekly hours spent on payment admin and average overdue invoices by no. of payments providers



Note: Payment admin refers to reconciliation, fixing errors and chasing invoices

When systems become fragmented, accuracy and efficiency suffer. So much time is taken reconciling payments and finding the source of errors that chasing payments becomes increasingly arduous, and late invoices often slip through the net.

Consolidating down to one or two payment providers across all channels - and embedding these directly into your ERP (or business management software) - materially reduces payment admin and shortens debtor days

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Why distributors accept the cost of complexity

Given the clear operational impact, why do distributors tolerate payment sprawl?

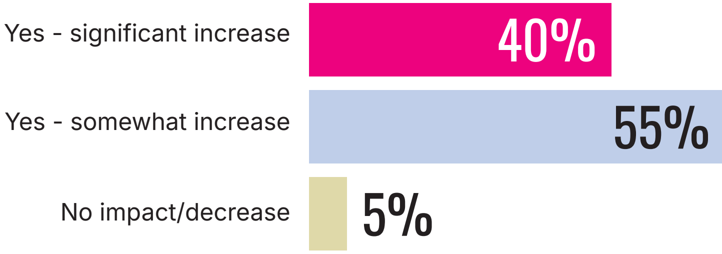
The answer is simple: **customer loyalty**.

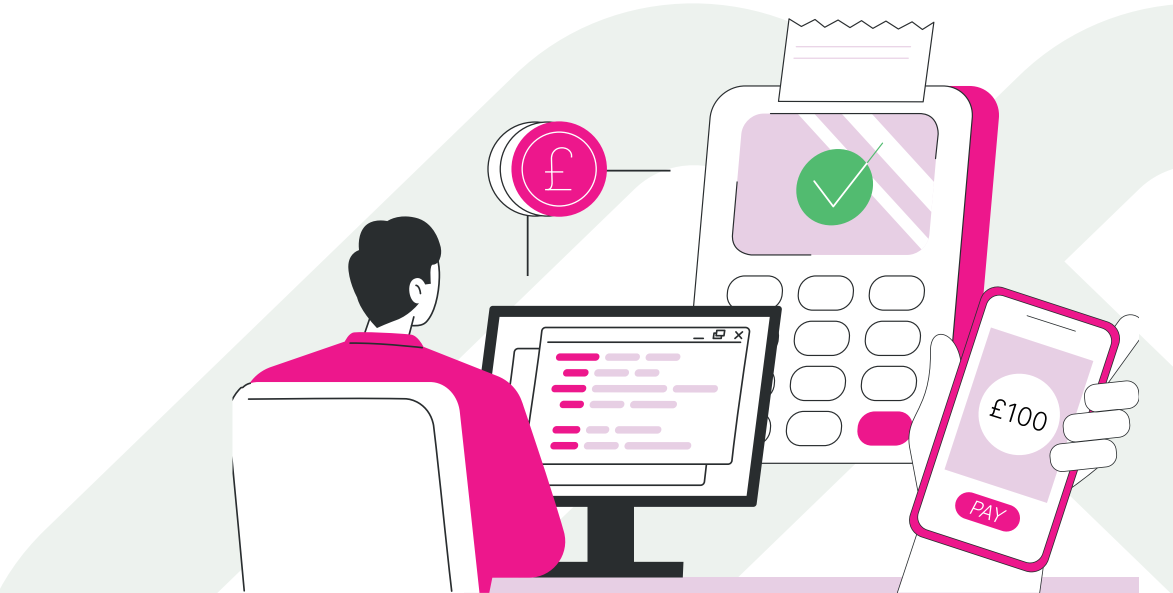
Distributors overwhelmingly believe that offering flexible payment options helps them retain customers and win more business, and the buyer data supports this view.

95% of distributors believe that offering more payment options will encourage greater customer loyalty

Rather than risk damaging relationships, many businesses accept higher admin costs and slower cash collection as the price of staying competitive.

Question: Would adding more payment options encourage customers to buy more from you instead of competitors?





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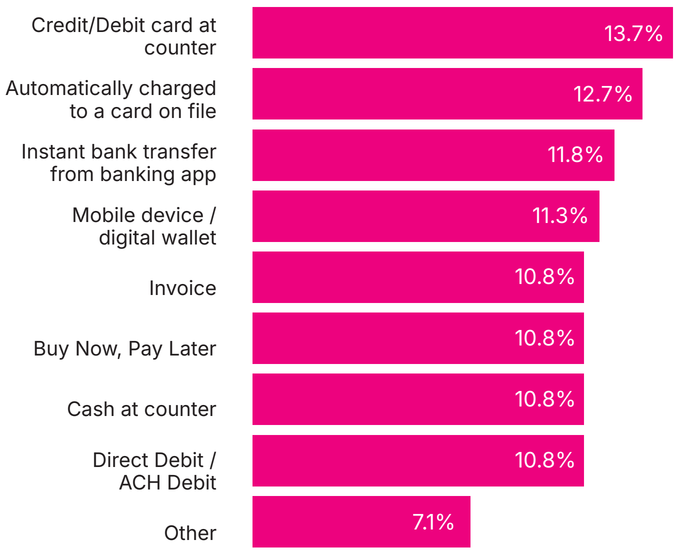
How customers want to pay

Our survey of 500 distribution company customers shows that buyers increasingly expect the same convenience they experience in their B2C transactions: digital payment options, The ability to pay at any time, clear records, and secure transactions.

While payment preferences are fragmented, **over a quarter would prefer to pay by card**, either at the counter, or charged to a card stored on file.

Customers' Preferred Payment Method

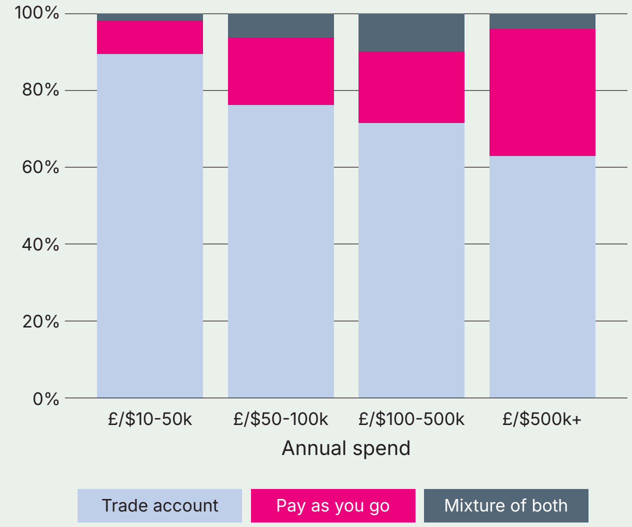


Buyers' top issues with payments

1. **Access**
   Not being able to pay or buy outside of 9-5 trading hours.
2. **Security**
   Worry about giving card numbers over the phone.
3. **Admin**
   Losing paper receipts and struggling with taxes.

In terms of paying by account or at the time of purchase, higher-spend customers demand more flexibility. Choice gives them speed, control, and visibility – benefits that traditional credit terms alone don't always deliver.

Higher spending buyers' demand more complexity



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Distributors are right to prioritise payment experience. Offering choice influences both where customers buy and how much they spend.

What would make buyers pay faster?

1 

Reminders

I'm busy, help remind me a bill is coming up.

2 

Self Serve

Provide a portal where I can log in to view balances and make payments.

3 

Incentives

Encourage me to pay early or on time.

Buyers are clear that late payment is often driven by friction rather than intent.

They say they pay faster when:

- they can see outstanding balances at any time, and are given SMS reminders before the due date
- payment is simple, even automated, and self service
- there are more payment options, so they can choose their preferred payment method
- incentives make early payment worthwhile

Ease, visibility and timing matter more than pressure. When paying is straightforward, customers are less likely to delay.

A self-service portal lets buyers view outstanding balances, choose their preferred payment method, and settle accounts at their convenience, directly addressing the top factors buyers say matter most. For LSK Supplies, enabling online ordering and account management through Klipboard has delivered measurable operational gains:

"Using Klipboard's eCommerce solution has made it easier for our customers to place orders online. It has helped us simplify the process and improve efficiency while keeping things straightforward for our team."

Ryan Caireley, Head of Operations – LSK Supplies Ltd

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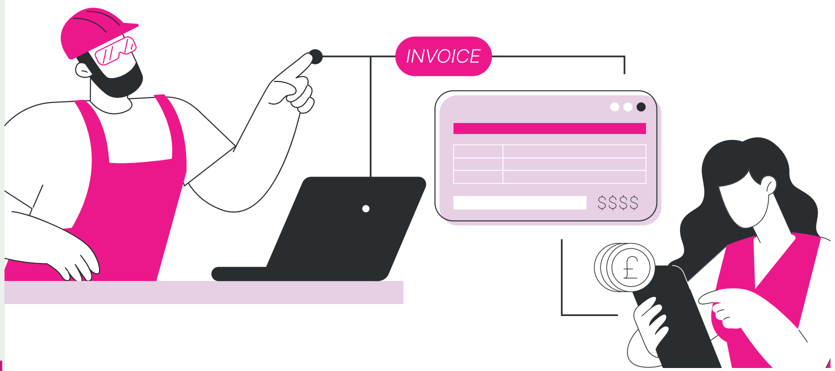
Simplifying payments

The core insight

As payments get more complex, visibility decreases, admin rises and debtor days stretch.

Simplifying payment infrastructure is not just an operational tidy up. It is a strategic lever for improving cash flow, reducing costs, strengthening customer relationships and enabling growth.



Where distributors go next

The most forward-thinking distributors are rethinking how payments fit into their wider operations. Rather than adding more tools, they are focused on:

- consolidating payment methods into fewer systems
- embedding payments into core business software
- giving customers flexible, low friction ways to pay
- automating reconciliation and follow up

This shift allows businesses to preserve customer choice **without absorbing unnecessary complexity**.

Solutions like Klipboard Money are built around payment simplicity - unifying multiple payment methods within a single, integrated workflow, reducing admin while improving visibility, cash flow and customer experience.

For distributors already making that shift, the results speak for themselves:

"Integrating Klipboard Money has given us 100% accuracy and 50% time savings. Pay-by-link is really handy for my customers; it's simple, secure and saves us transaction fees and monthly compliance costs. For a builders merchant, it's quite unique. It's a no-brainer."

Atlas Building Plastics

"Having our eCommerce platform and payments under one roof with Klipboard has made a huge difference. It's simple, secure and incredibly easy for our staff to manage. Klipboard eCommerce and Klipboard Money together give us a cleaner workflow, better visibility and a smoother experience for our customers."

Medway Builders Merchant

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About Klipboard Money

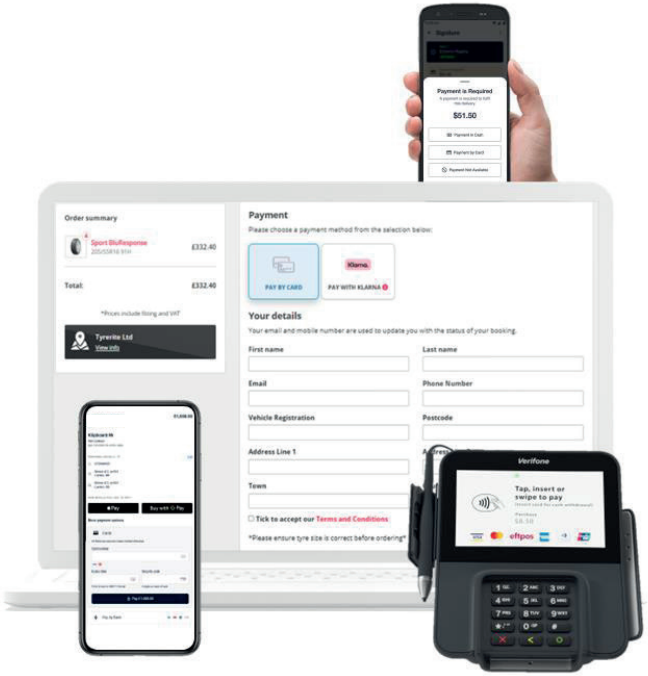
Simplify payments, across every channel, inside your business software

The only fully built-in payment solution helping you to grow with; One system. One view. One customer experience - connected across your business.

Fully integrated payment management – embedded payments throughout your Klipboard business management solutions.

One platform for all your payment needs – say goodbye to managing multiple suppliers and separate systems.

Industry leading payments offering – differentiate from your competition with the latest payment experiences, methods, anti-fraud tools and more.



For media enquiries please contact
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To talk to us about **Klipboard Money** or any of Klipboard's business management software, fill out our contact form **here**.

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Appendix: Survey methodology

This report is based on independent research conducted by Censuswide* between 13 March 2026 to 24 March 2026: a survey of 636 distribution businesses, and a parallel survey of 500 trade buyers across the UK and US who purchase from distributors. The distributor sample covers merchants across five sectors: builders merchants, timber merchants, plumbing & heating merchants, bathroom merchants, and tile merchants, spanning businesses of varying size and branch count, with respondents drawn from senior management and director-level roles. The buyer sample covers construction and trades professionals, including general builders, plumbers, electricians, roofers, carpenters, and facilities and procurement managers, who purchase from these merchants regularly.

All percentages are rounded to the nearest whole number. Where figures do not sum to 100%, this reflects rounding or multiple-response questions. Sub-group findings (for example by branch count or order value) are based on smaller sample sizes and should be treated as indicative.

This research was commissioned by Klipboard. The survey was designed to explore payment practices and challenges in the distribution sector; questions were not designed to predetermine findings in favour of any particular product or solution.

*Censuswide is a member of the Market Research Society (MRS) and the British Polling Council (BPC), and a signatory of the Global Data Quality Pledge. All research adheres to the MRS Code of Conduct and ESOMAR principles.