2023-2024

GROWTH CORPORATES WORKING CAPITAL INDEX

WHAT IS **A GROWTH CORPORATE?**

Often referred to as middle market companies, Growth Corporates have unique characteristics that distinguish them from their peers. As the name suggests, they are growing, but they are often underserved. Although most banks tend to classify them as businesses generating between $50 million and $1 billion in annual revenue, this report digs deeper to determine what differentiates businesses that help drive economies and why they need the right working capital solutions to fuel their steady growth. This report evaluates the working capital needs of Growth Corporates based on in-depth qualitative and quantitative research.

The **2023 Growth Corporates Working Capital Index**, a Visa report, examines the business conditions and working capital requirements of 873 CFOs and treasurers across five industry segments, five global regions and 23 countries. The sectors in this study include fleet and mobility, marketplaces, commercial travel, healthcare/medical and agriculture. Respondents hail from North America, Europe, the Asia-Pacific (APAC), Latin America and the Caribbean (LAC), and Central Europe, the Middle East and Africa (CEMEA). PYMNTS Intelligence, a leading global research and data analytics firm, designed and conducted the study between March 9 and June 12 as well as developed the methodology to analyze and produce the index's key findings.

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2023-2024

Growth Corporates Working Capital Index

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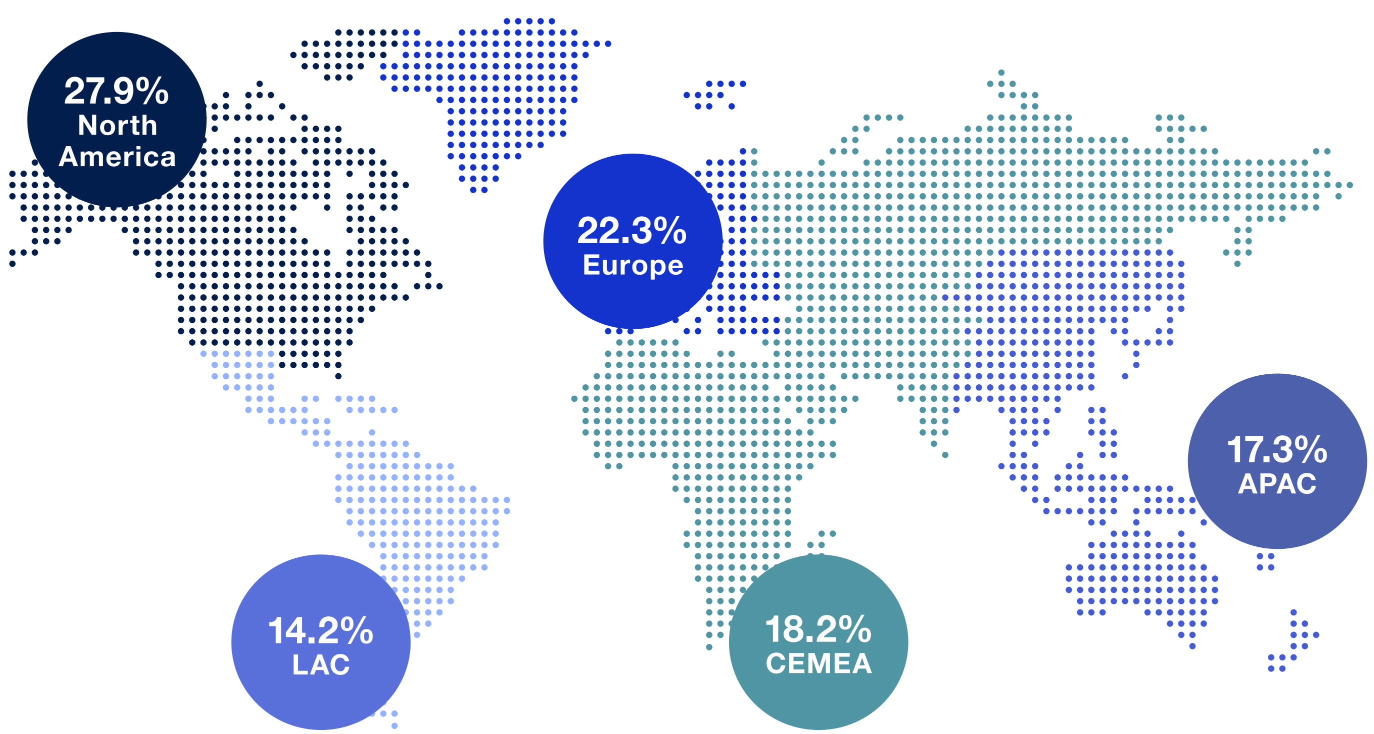
PREFACE

For most of the last decade, inflation and corresponding interest rates have been at all-time lows. The result has been an extended period of cheap capital that, among other things, distorted the typical buyer–supplier payment dynamic and the availability of and access to working capital solutions to manage cash flow gaps.

Share of growth corporates surveyed, by world region or country



Today's environment of higher interest rates, more expensive credit and tightened conditions change the return on investment of cash and tapping working capital solutions, assuming CFOs have that option. CFOs feel new pressure to contemplate the sources and uses of cash, weighing the cost and accessibility of capital needed to manage and grow businesses with the opportunity cost of using their own cash to organically fuel growth and manage supplier payments. This pressure comes while trying to accurately forecast payments from buyers navigating the same cash flow dynamics.

These decisions are particularly acute for the businesses Visa characterizes as Growth Corporates, organizations that have unique needs and capabilities but often fall through the cracks between small businesses and enterprises with their purpose-built solutions. They see the potential in embedding digital into business to scale and seek working capital solutions that help along that journey. Many Growth Corporate CFOs feel they have force-fit existing working capital options when needed — or go without.

HOW DOES UTILIZATION OF EXTERNAL WORKING CAPITAL SOLUTIONS **IMPACT GROWTH CORPORATES?**

873

CFOs WERE SURVEYED **ACROSS 23 COUNTRIES.**

The 2023 Growth Corporates Working Capital Index examines the business conditions and working capital requirements of 873 CFOs and treasurers across five industry segments, five global regions, and twenty-three countries.

In the first year of this annual research endeavor, we find that more Growth Corporates use working capital solutions to fund strategic growth initiatives than to cover unplanned cash flow shortfalls. Thirty-two percent of Growth Corporate CFOs used external working capital solutions for strategic growth purposes, to fund business expansion, buy inventory, upgrade legacy systems and other growth initiatives. Another 34% used it to cover expected cyclical shortfalls and manage seasonal gaps. By working capital solutions, we are referring to financing options such as working capital loans, corporate overdrafts, bank lines of credit, virtual cards and other ways that Growth Corporates access external capital.

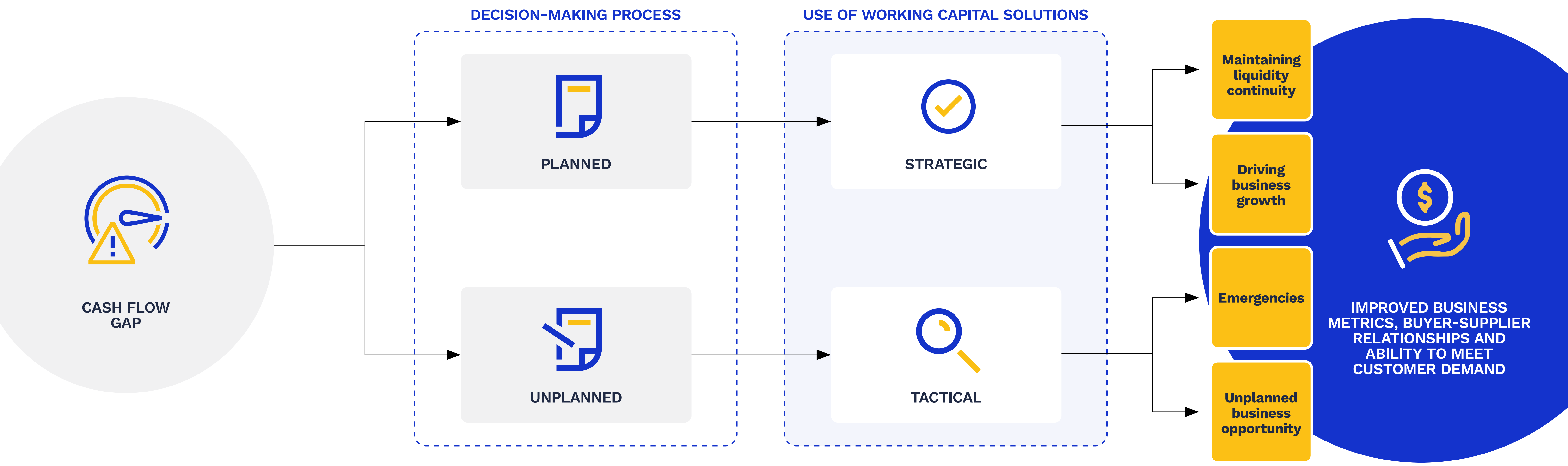
The index top performers, whose working capital operational efficiencies were twice those of the overall study sample, looked surprisingly different to what one might expect. The most efficient Growth Corporates have annual sales between $50 million and $250 million, are more prevalent in the marketplace sector and the LAC region and utilize virtual credit cards and working capital loans to support strategic business needs. Their operational efficiency saved these top performers, on average, $3.3 million annually when accounting for late fees, return on cash and other internal savings.

The firm that earned the highest score in the index used working capital and digital payments processes to their fullest potential — using it for strategic purposes, integrating more suppliers into their enterprise resource planning and payment systems and leveraging data to better predict upcoming shortfalls and financing needs.

The 2023 Growth Corporates Working Capital Index offers practical insight into how these CFOs balance the day-to-day requirements of the business with the cash flow requirements needed to survive, thrive and scale. One of the most valuable insights from this work is the need to better align working capital solutions of this important business segment with the needs and expectations of the CFOs who rely on them to grow their businesses. Growth Corporates are the companies out to break tradition and drive the digital economy forward. Status quo working capital solutions and processes may no longer deliver that outcome.

THE 7 THINGS WE LEARNED ABOUT GROWTH CORPORATES AND WORKING CAPITAL NEEDS

Growth Corporates accessed working capital solutions for tactical and strategic reasons. As a business tactic, CFOs used working capital to cover unexpected or unplanned expenses — or to take advantage of impromptu opportunities that could boost growth, such as accelerating payments to certain suppliers to accomplish time-sensitive business needs. As a strategic tool, CFOs used working capital to support the business through seasonal and expected cash shortfalls and expenses. Strategic users also employ external working capital to grow the business by carrying out planned investments, buying inventory or replacing legacy systems.



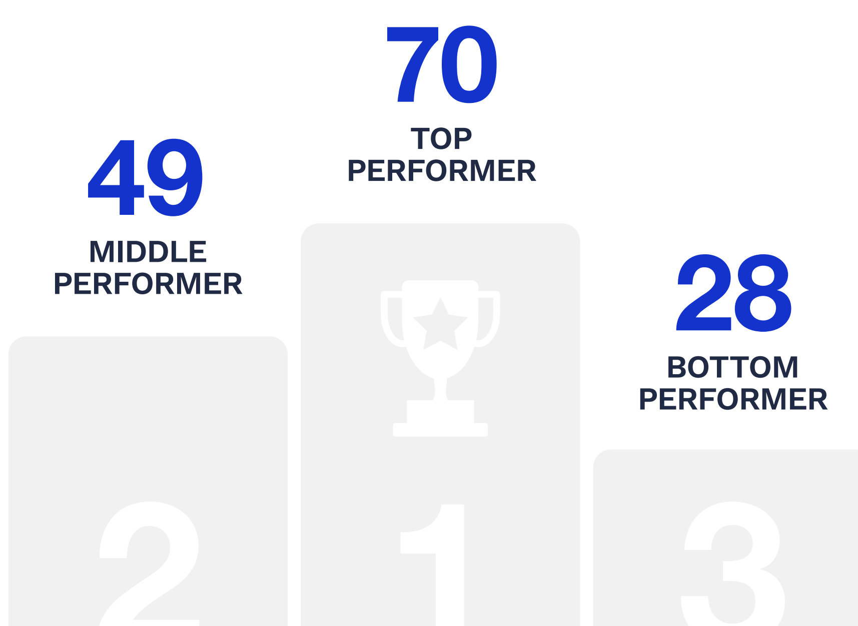
INDEX TOP PERFORMERS ARE AGILE AND SUPPLIER-CENTRIC

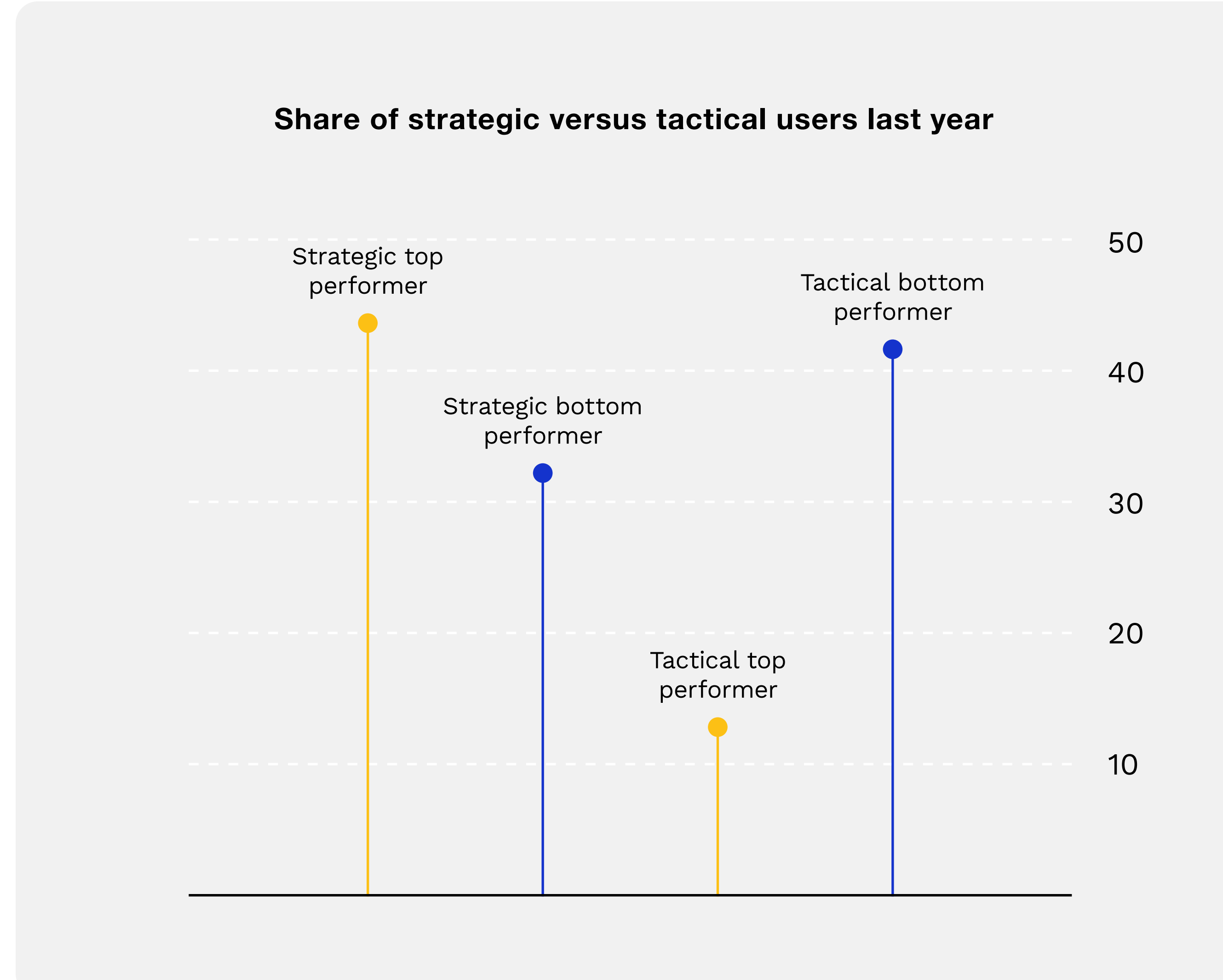
For more, see page 26.

Top performing Growth Corporates saved an average of $3.3 million annually by using working capital solutions in creative, strategic and supplier-centric ways.

Index score, by performance tier

Average index score: 49





The 2023 Growth Corporates Working Capital Index ranks firms on a scale from 0 to 100, with 100 representing the perfect ratio of operational efficiency with the use of working capital solutions. The average working capital index (WCI) score for the 873 CFOs studied is 49, indicative of the broader misalignment of sector needs with available working capital options and access to them. Top performers achieved an average WCI score of 70 — three times that of bottom performers — saving, on average, $3.3 million annually in interest and late fees, internal processing costs and supplier discounts for early payment.

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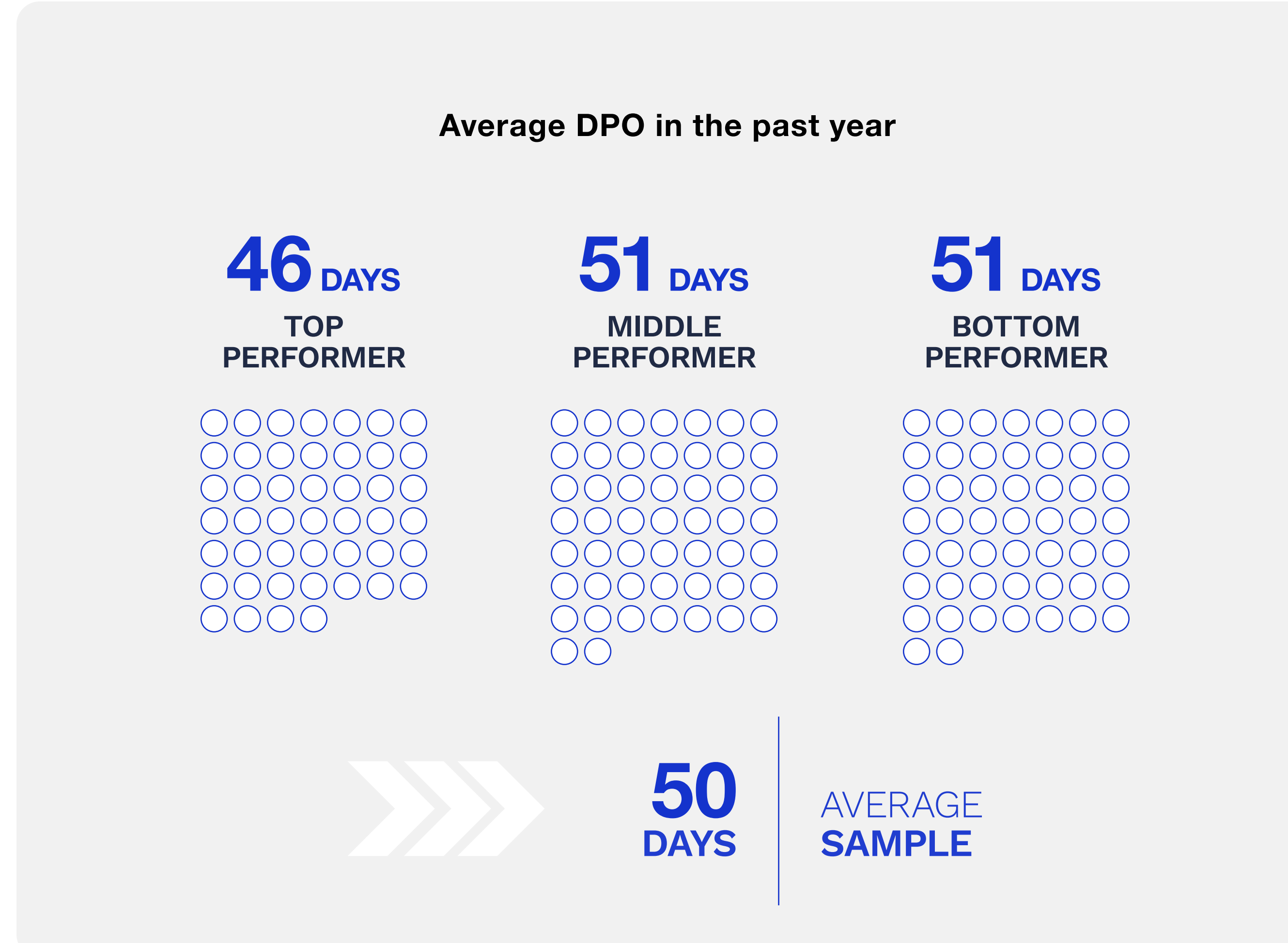
GROWTH CORPORATES ARE MORE STRATEGIC THAN TACTICAL

For more, see page 34.

Twice as many Growth Corporate CFOs used working capital solutions to fund strategic growth than used such solutions to fill unplanned cash flow gaps in the last 12 months.

How CFOs employ external working capital



Two-thirds of Growth Corporate CFOs who accessed external working capital in the last 12 months did so for strategic purposes: to cover planned cash flow gaps related to predictable business cycles or to invest in business growth, including funding systems upgrades, buying inventory at discounted prices and making investments. In doing so, these firms gained more operational efficiency than firms using working capital for tactical purposes to cover emergencies and unplanned opportunities, as measured by a 33% increased probability of DPO improvement, on average. Strategic users of external working capital were found in Europe and the agriculture sector and were most likely to have tapped unused corporate credit lines and working capital loans as needed.

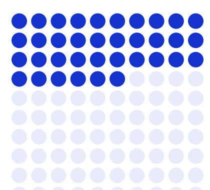
3

For more, see page 42.

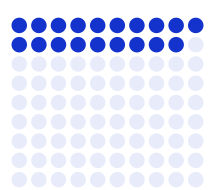
ACCESS AND USE CASES INFLUENCE WORKING CAPITAL SELECTION

Growth Corporate CFOs use working capital solutions that are available — not always what's optimal.

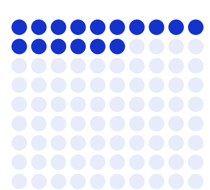
Solutions CFOs used



36% USED
WORKING CAPITAL LOANS

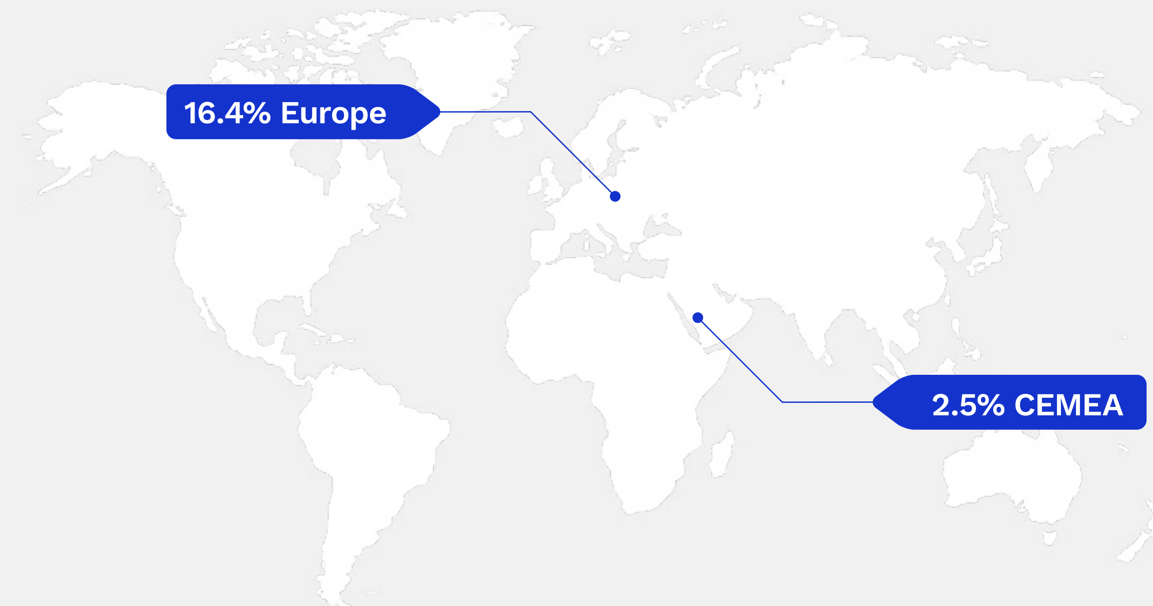


19% USED
BANK LINE OF CREDIT



16% USED
CORPORATE OVERDRAFTS

Share of Growth Corporates that used corporate overdraft in the past year as their most used solution



The gap between working capital solution relevance and working capital solution usage points to the broader need for a more diverse and accessible portfolio of solutions that align with the Growth Corporate's need for financing. Growth Corporate CFOs use working capital loans, bank lines of credit and corporate overdrafts even as top index performers say they will reduce their reliance on them next year: Just 14% of those likely to use working capital loans and 15% of those likely to use overdrafts as their most preferred solutions are top performers. Marketplace firms stood out for using third-party revolving credit facility solutions — a trend regionally found in North America and characteristic of their business needs, and CFOs in marketplaces and agriculture plan to triple their use of virtual cards next year. Commercial travel and agriculture firms used working capital loans and bank lines of credit most often last year — a potentially expensive way to fund short-term working capital needs for unplanned gaps.

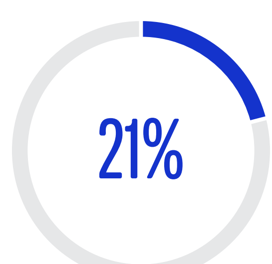
4

MINDSETS AND MARKET READINESS CREATE BARRIERS TO USING WORKING CAPITAL SOLUTIONS

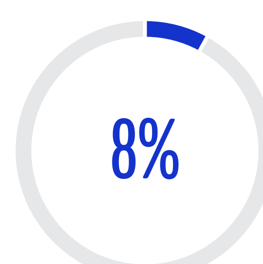
For more, see page 48.

Perceptions of working capital use, emerging markets and sector-specific conditions impede working capital access for 30% of Growth Corporates.

CFOs who did not access working capital solutions last year

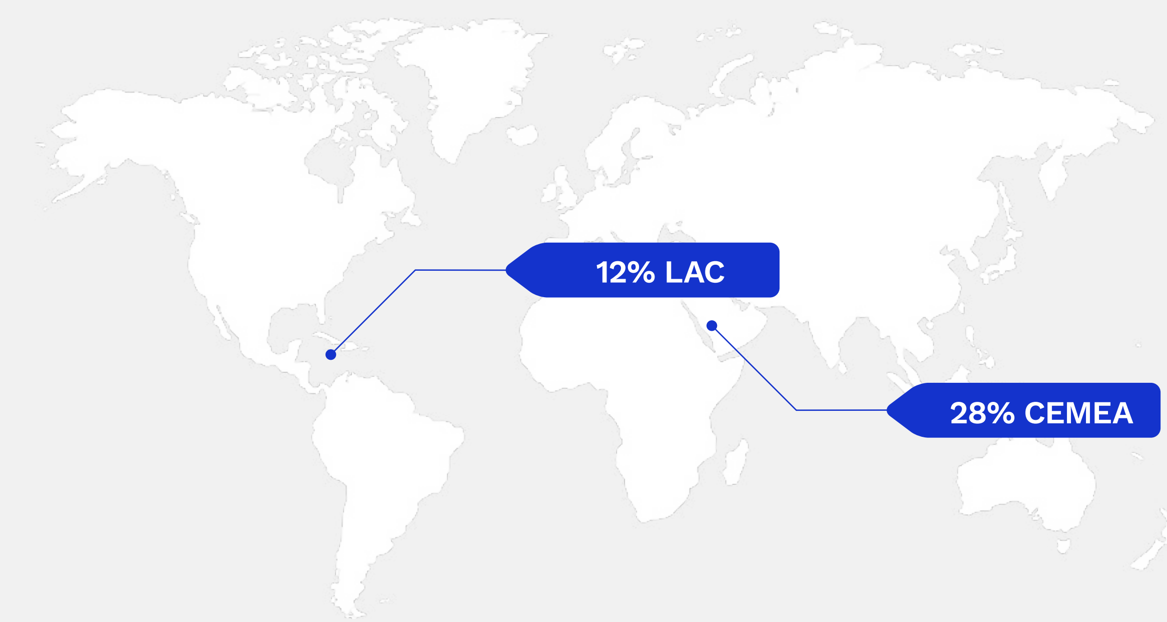


DID NOT NEED



COULD NOT USE

Share of firms that did not need to utilize working capital



The 3 in 10 firms that did not use any external working capital in the last 12 months were most likely to be found in CEMEA, North America and the healthcare/medical industry. Seventy percent of those CFOs did not tap into any external capital, citing lack of need and pointing to a perception of working capital use as a sign of an inefficiently run business. It's also possible that some of the aversion to tapping outside capital was influenced by the volatile macro global business dynamics of the last 12 months and CEO and board pressures to manage firm finances without tapping outside capital.

The 8% of CFOs who wanted to use working capital solutions but were unable to access were primarily concentrated in the CEMEA and APAC regions and attributed approval-related barriers, including eligibility criteria and lengthy application processes as the reasons for their lack of use.

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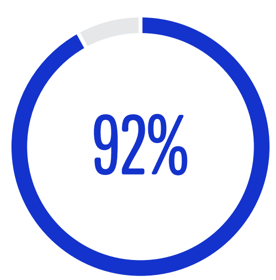
For more, see page 58.

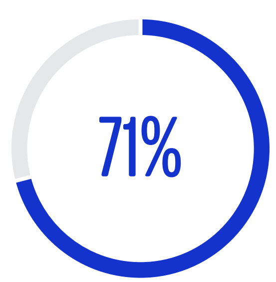
OPTIMISM RULES IN 2024

Nearly all Growth Corporate CFOs plan to increase their use of working capital solutions in the next year and double the average number of working capital solutions used.

Year-over-year utilization rates



PLAN TO USE EXTERNAL WORKING CAPITAL **IN 2024**



USED EXTERNAL WORKING CAPITAL **IN 2023**

Share that will use working capital solutions next year

96%	80%	85%
LAST YEAR'S USERS	DID NOT NEED TO USE LAST YEAR	COULD NOT USE LAST YEAR

Growth Corporate CFOs are shrugging off predictions of a global recession and expect easing credit conditions and improving business conditions in 2024. As such, 92% of Growth Corporate CFOs plan to use working capital solutions in the next 12 months, representing a 30% increase in working capital solution utilization.

The overall number of working capital solutions CFOs plan to use is expected to double. The largest increase is expected in sectors and regions that did not use working capital solutions at all or very much in the past year, including firms in CEMEA and the healthcare/medical sector.

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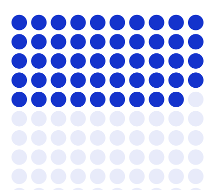
6 IN BANKERS AND FINTECHS CFOs TRUST

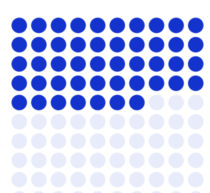
For more, see page 68.

Growth Corporate CFOs turn to bankers in developed economies and FinTechs in emerging markets as working capital solution advisers.

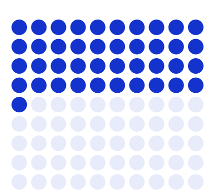
Share of CFOs, by most trusted source of advice



49% BANKERS

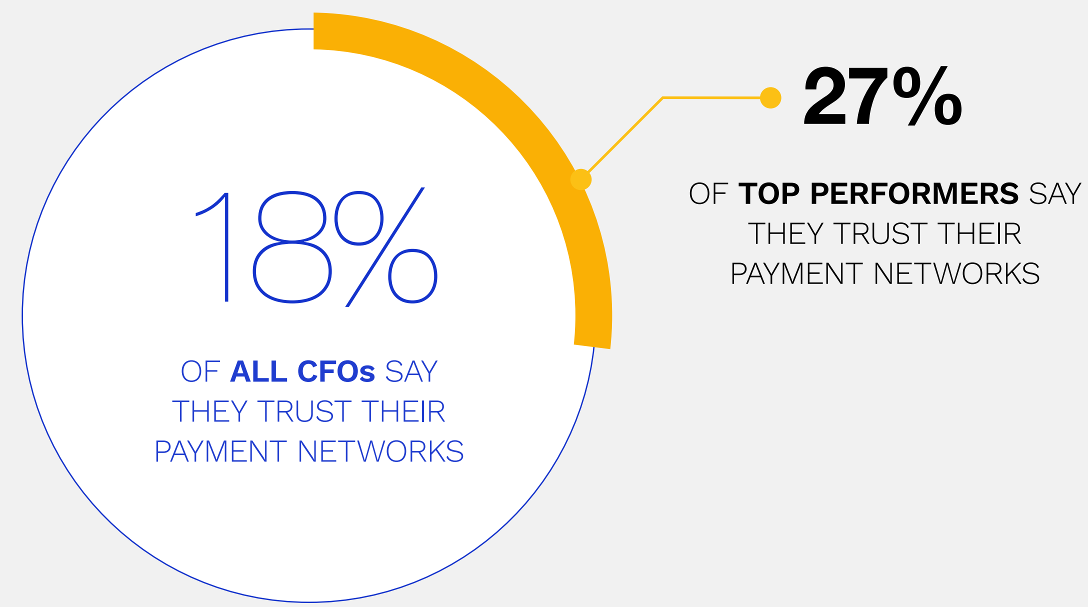


47% ACCOUNTANTS



41% WORKING CAPITAL CONSULTANTS

Trust in their payment networks



Growth Corporate CFOs turn to a diverse group of working capital advisers and solution providers. Although about half of all these CFOs consult with bankers, accountants and third-party advisers, many now turn to FinTechs and payment networks for solutions that offer a timelier decision process and on-demand access to capital as needed, with credit limits that support their strategic growth ambitions. We observe this trend within regions and industries, such as CEMEA and commercial travel, that seem to favor FinTech providers of working capital solutions for their ease of onboarding and access to funds that are unavailable from traditional sources. Top index performers are more likely to seek advice from their trading partners as well as payment networks.

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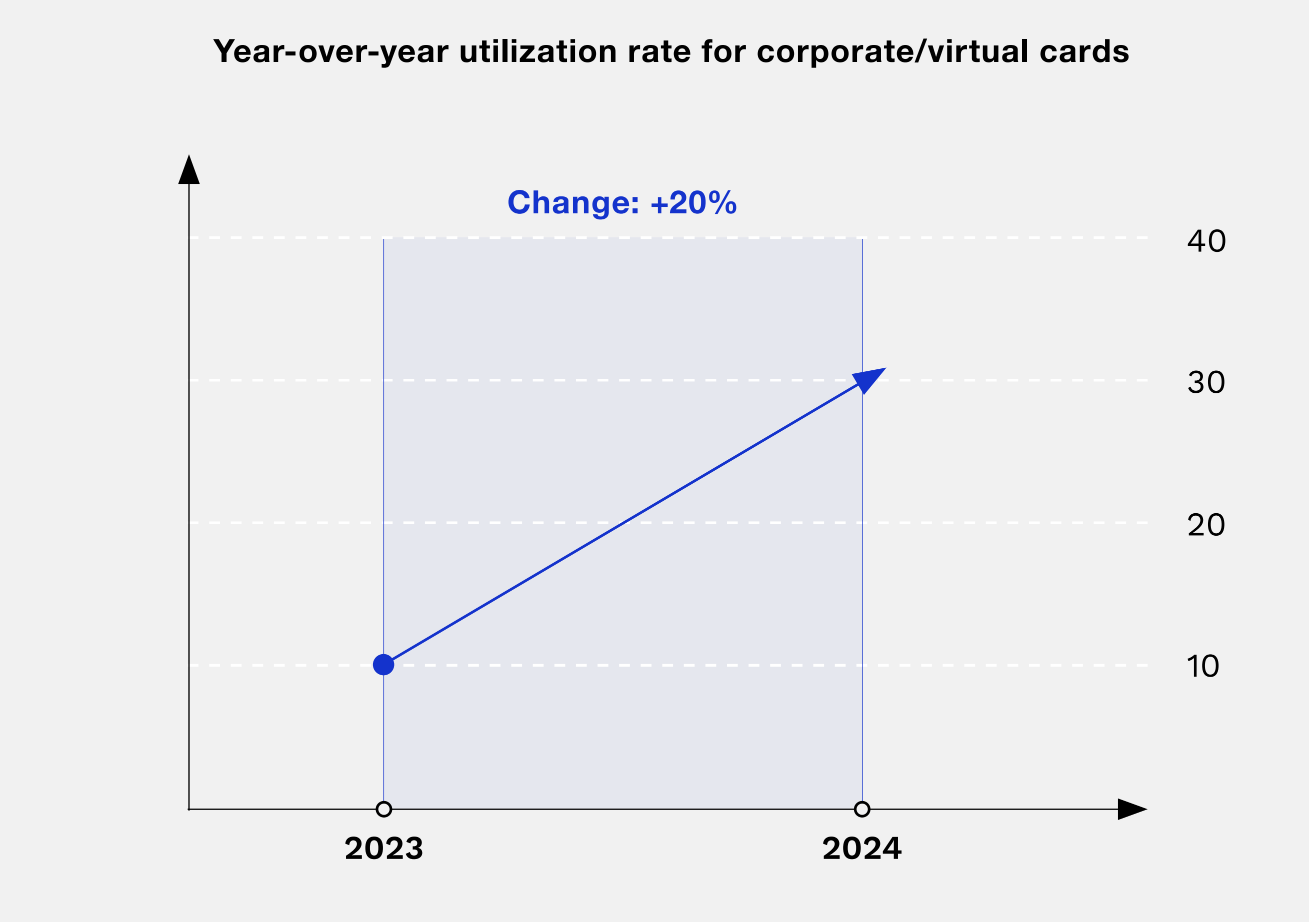
For more, see page 74.

VIRTUAL CARDS ARE BECOMING GROWTH CORPORATES' ALL-PURPOSE WORKING CAPITAL SOLUTION

More than two-thirds of Growth Corporate CFOs who used virtual cards view them as a versatile working capital option, and their use is expected to triple in 2024.



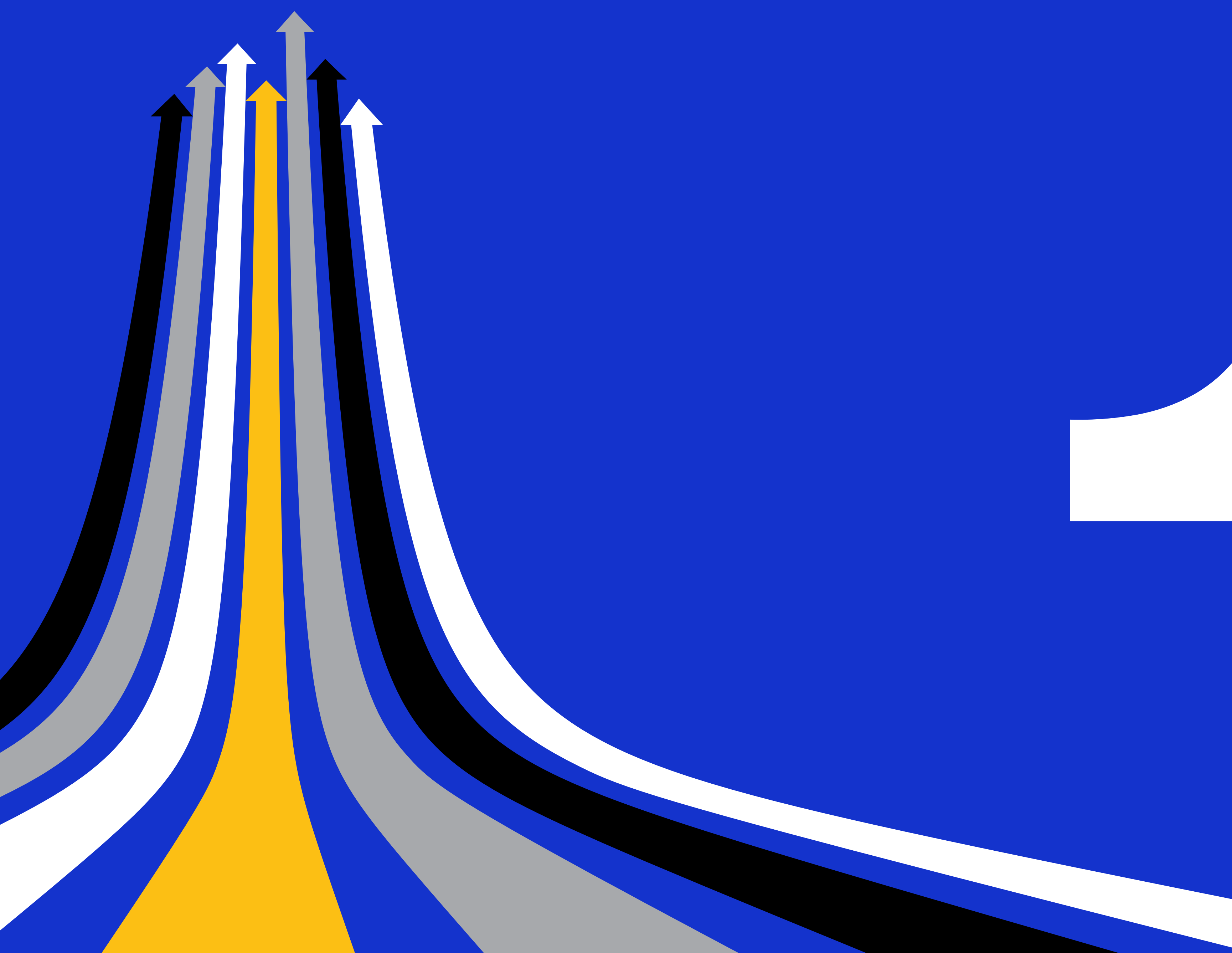
Primary reason for using virtual card solutions

37% USED FOR **STRATEGIC GROWTH INITIATIVES**

29% USED FOR **STRATEGIC CASH FLOW CONTINUITY**

30% USED AS **A TACTIC FOR EMERGENCIES**

Growth Corporate CFOs view these financing products as versatile — appropriate for growth-focused initiatives and to plug cash flow gaps as needed. Those who used them as a working capital option in the previous year show the greatest potential for operational efficiency improvements in 2024. CFOs who use virtual cards as a working capital option are strongly correlated to higher buyer–supplier payment integration, and many recognize their use for strategic capital deployment. At the same time, virtual cards' use as a working capital option is expected to triple next year, with the most substantial increase projected for marketplace firms and those operating in the LAC region.



ANALYSIS: INDEX TOP PERFORMERS

Top performing Growth Corporates saved an average of $3.3 million annually by using working capital solutions in creative, strategic and supplier-centric ways.

Top performers demonstrated efficiencies in improved DPO and are 34% more likely than bottom performers to have used external working capital for strategic purposes in the past year.

Growth Corporates scoring at the highest percentile have an average DPO of 46 days, while middle and bottom performers report about 50 to 51 days in DPO. By lowering DPO by five days, firms can save $3.3 million in accounts payable (AP) costs.[1]

The optimal DPO varies by industry, business strategy, seasonality and many other factors, however a lower DPO signifies that a growth corporate firm is better able to use payments to suppliers as a strategic tool in managing their cash flow, leading to improved credit worthiness, higher probability of accessing credit at more favorable rates and improved supplier relationships.

Top index performers also have cash conversion cycles (CCC) that are 14 days shorter and nine fewer days inventory outstanding (DIO).[2,3] Lower DPOs, lower DIOs and shorter cash conversion cycles increase investor confidence and fuel growth initiatives, such as expanding product lines, entering new markets or increasing production capacity without the need to wait for extended periods for cash to be generated organically.

[1] Based on calculations using the average revenue of the firms surveyed and their net profit margin.

[2] CCC takes account of how much time a firm needs to sell its inventory, how much time it takes to collect receivables and how much time it has to pay its bills. A shorter CCC indicates that a company can more quickly turn its investments into revenue.

[3] DIO is a financial metric that measures the average number of days it takes for a company to sell its entire inventory.

Other factors influencing a higher index score include superior buyer–supplier payment integration, better cash flow predictability and alignment of working capital solutions to maintain cash flow continuity or finance business growth.

Growth Corporate CFOs who use working capital solutions to fund scheduled business growth initiatives and who have 90% of suppliers integrated into their payment systems have a 67% higher probability of seeing improvements to their DPO than their counterparts using working capital for emergencies with no integrated suppliers.

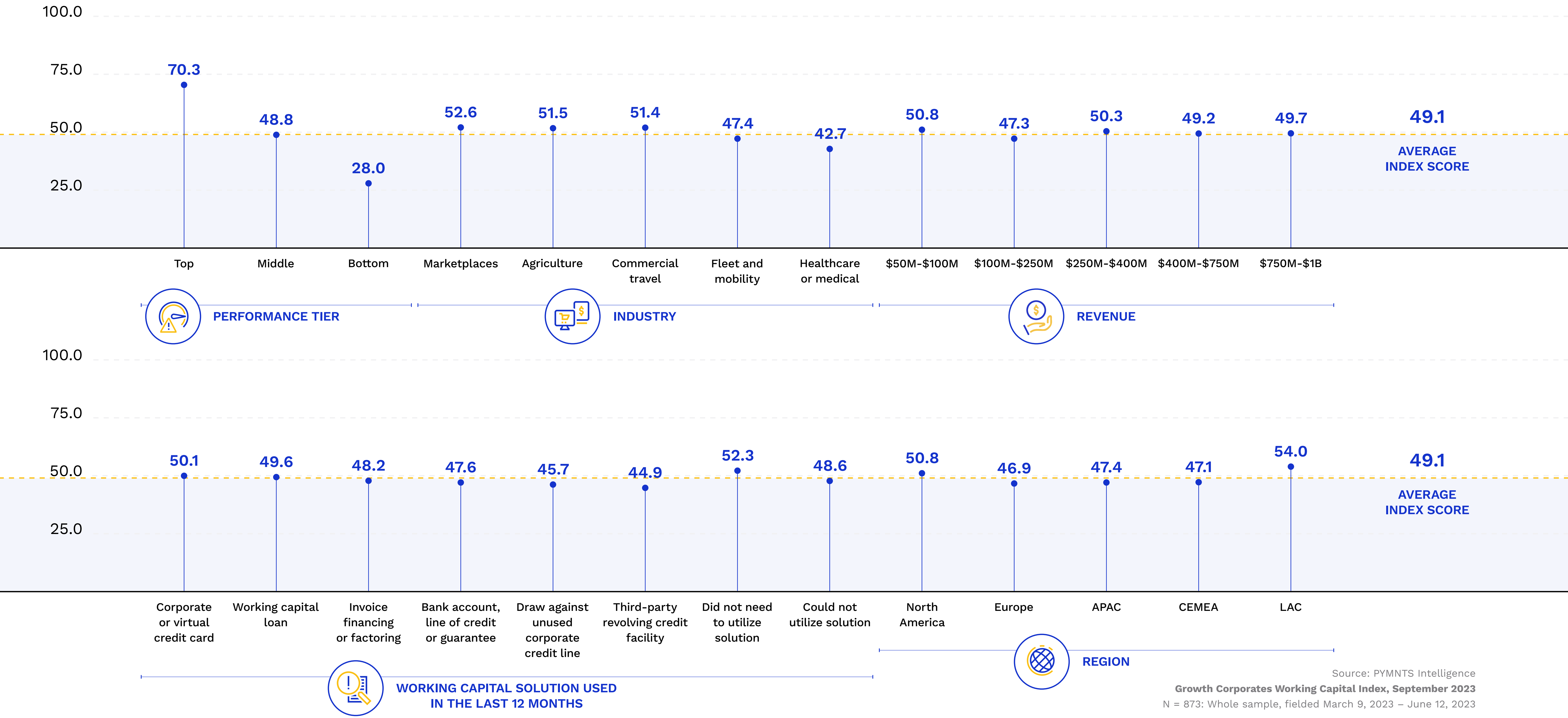
Even between two firms using working capital for strategic purposes, having all suppliers integrated into their ERP and billing systems increases the chances of improved DPO by 28%, compared to a firm using working capital for the same reason but without paying suppliers who are integrated into their systems.

One factor alone cannot set a firm apart as a top performer, and top-performing firms activate multiple strategies that correlate with improved DPOs. For example, a firm accessing working capital solutions that correlate with higher operational efficiency, such as corporate virtual card solutions and working capital loans, to invest in buying inventory from suppliers willing and ready to be integrated in their payment system is most likely to see compounding efficiency improvements to their DPO and the general smoothness of their operations.

FIGURE 1:

The Growth Corporate Working Capital Index

Average index score, by firm category



Source: PYMNTS Intelligence

Growth Corporates Working Capital Index, September 2023

N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

Marketplaces, agriculture and commercial travel Growth Corporate CFOs were more likely to score in the highest percentile of the index.

One-third of marketplaces experienced consistent financing needs in the past year, which provide predictability, facilitate the planned utilization of external working capital and correlate highly with improved DPOs. At this rate, marketplaces were six times more likely than their counterparts in the healthcare or medical sector — who scored lowest in the index — to be able to accurately predict their financing cycles.

Commercial travel gained points in the index for having the highest share of integrated suppliers at 49%, compared to 39% for healthcare firms. Payment integration between buyers and suppliers enhances operational efficiency by automating processes, accelerating payments, improving transparency, reducing errors and strengthening business relationships. As a result of these differences, 26% of commercial travel Growth Corporates scored in the top performance tier, compared to 4.8% among healthcare firms.

Firms in the fleet and mobility sector scored lower despite their use of working capital for strategic purposes, with those in the healthcare sector coming in a distant last place. This ranking suggests that the current portfolio of working capital solutions may no longer be suitable for companies operating in massive sectors of the global economy that are also undergoing rapid secular shifts, such as fleet with its transition to alternative fuel sources and soaring fuel and vehicle costs and healthcare with its shift to digital, forcing new models and payment flows across the insurer-to-patient-to-provider ecosystem.

Conversely, companies facing adverse conditions from the past few years are more likely to tactically utilize external working capital to remedy unexpected and emergency gaps.

These firms benefit from using financial solutions to plug gaps but do so as a defense tactic, hindering their ability to maximize these solutions' strategic potential and leading to lower efficiency returns. Firms with fewer integrated suppliers and those unable to foresee upcoming gaps are likelier to be in this group and tend to score lower on the index.

THE CHARACTERISTICS OF TOP PERFORMERS

AGILE

Top performers manage working capital needs by using several methods and practices, giving them the option to make investments when conditions are optimal.

METHODICAL

Top performers are more likely to use external working capital strategically, to reap the benefits of planned growth initiatives, than tactically, to cover unexpected shortfalls.

SUPPLIER-CENTRIC

Top performers are more likely to have a regular portfolio of the same suppliers integrated into their payment systems, pay a larger portion of invoices early and have better buyer–supplier relationships.

PREDICTABLE

Top performers' greater cash flow predictability leads to better use of external working capital financing that optimizes growth.

More telling is that 18% of Growth Corporate CFOs suboptimally use working capital, either through lack of access or a misalignment of the working capital solution to their sector's specific needs.

The Growth Corporates Working Capital Index ranks firms on a scale from 0 to 100, with 100 representing the perfect ratio of operational efficiency with the use of working capital solutions. The average score for the companies across the sectors and geographies studied is 49, which is largely indicative of the broader misalignment of sector need with available working capital options and access to them. Eighteen percent of growth corporates scored in the bottom percentile of the index. Bottom performers are most likely to be in CEMEA, in the healthcare/medical industry, to have fewer than one-quarter of suppliers integrated and to not seek advice when it comes to external working capital.

10%

OF CFOs TAPPED INTO **INVOICE FACTORING.**

WORKING CAPITAL SOLUTIONS

- **WORKING CAPITAL LOAN**
- **INVOICE FINANCING/ FACTORING**
- **OVERDRAFT FROM CORPORATE BANK ACCOUNT**
- **THIRD-PARTY REVOLVING CREDIT FACILITY**
- **BANK LINES OF CREDIT**
- **CORPORATE/ VIRTUAL CREDIT CARD**
- **DRAW AGAINST UNUSED CORPORATE CREDIT LINE**
- **LETTER OF CREDIT/ BANK GUARANTEE**

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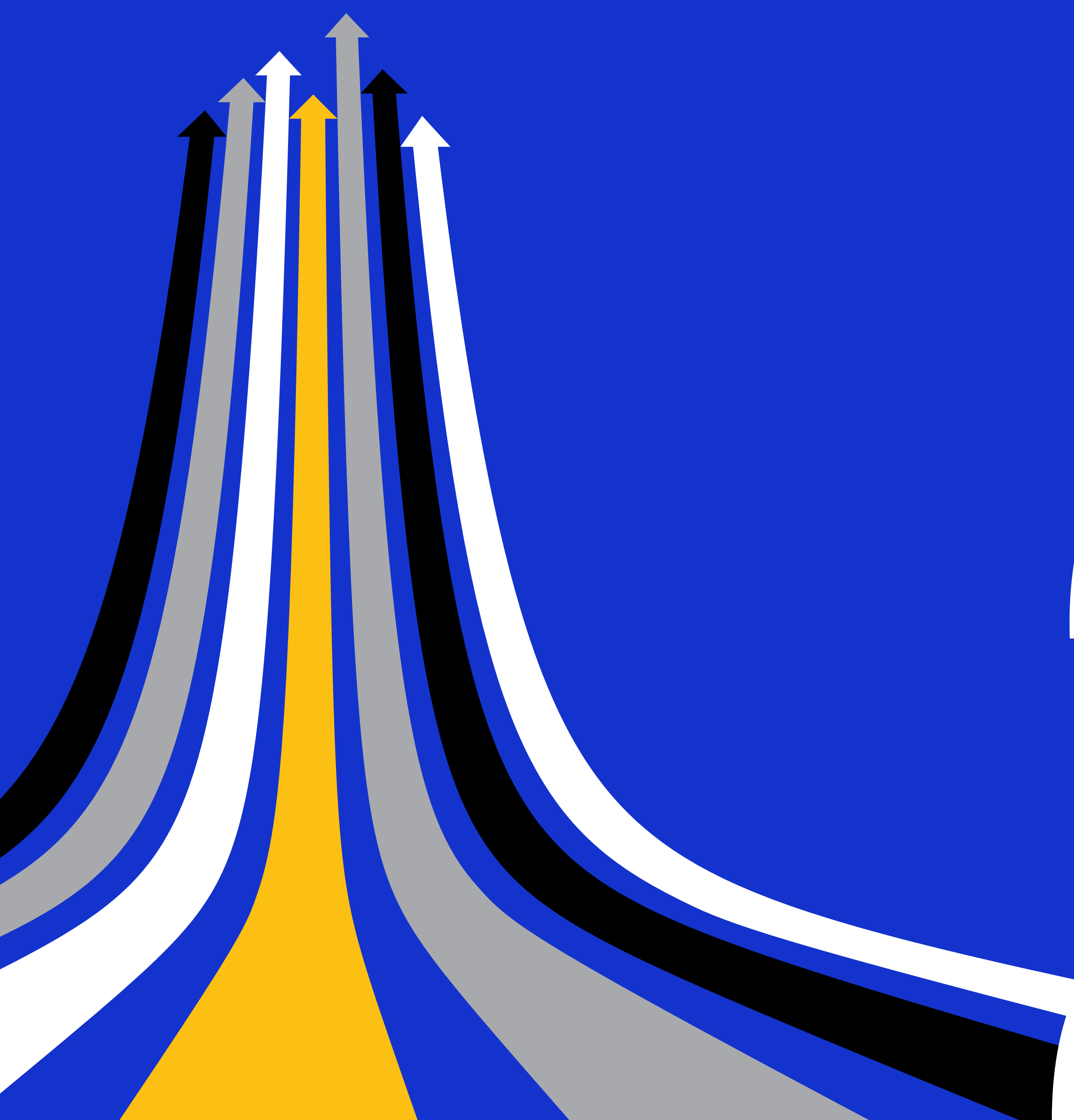
GROWTH CORPORATES WORKING CAPITAL INDEX



2

THE GROWTH CORPORATES WORKING CAPITAL SOLUTIONS **STATE OF PLAY 2023**

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Twice as many Growth Corporate CFOs used working capital solutions to fund strategic growth than to fill unplanned cash flow gaps in the last 12 months.

The use of working capital solutions falls into one of two categories: strategic, which allows firms to leverage new opportunities and to fund planned cash flow gaps due to predictable business cycles; or tactical, which allows firms to fill unexpected shocks to cash flow due to emergencies or negative business and to pursue unexpected growth opportunities.

7 IN 10

CFOs WHO USED EXTERNAL WORKING CAPITAL SAY THEY SAW **IMPROVED BUSINESS METRICS** AS A RESULT.

Two-thirds of Growth Corporate CFOs used working capital strategically, and 70% of this group saw improved business metrics as measured by lower DPO and higher working capital ratio, which is a measure of a firm's liquidity and reflects its capacity to meet payment obligations. Accessing working capital solutions for strategic growth purposes is associated with a 33% increase in the probability of improved DPO, compared to using it to cover unplanned cash flow shortfalls. Among strategic users, investing in growth is associated with a 9% increase in the likelihood of improved DPO, compared to using it for predictable cash flow–smoothing purposes.

What CFOs say about the benefits of accessing working capital solutions:

"During increased demand […], we utilized working capital solutions for **maintaining our inventory and keeping the growth rate higher.**"

"We managed to grab **better opportunities to fulfill consumers' demands** at a time that gives us a boost in business growth."

"[Working capital solutions] helped our organization **finance the marketing of new products.**"

68%

OF STRATEGIC GROWTH USERS WERE BETTER **ABLE TO MEET CUSTOMER DEMAND AND TAKE ADVANTAGE OF OPPORTUNITIES.**

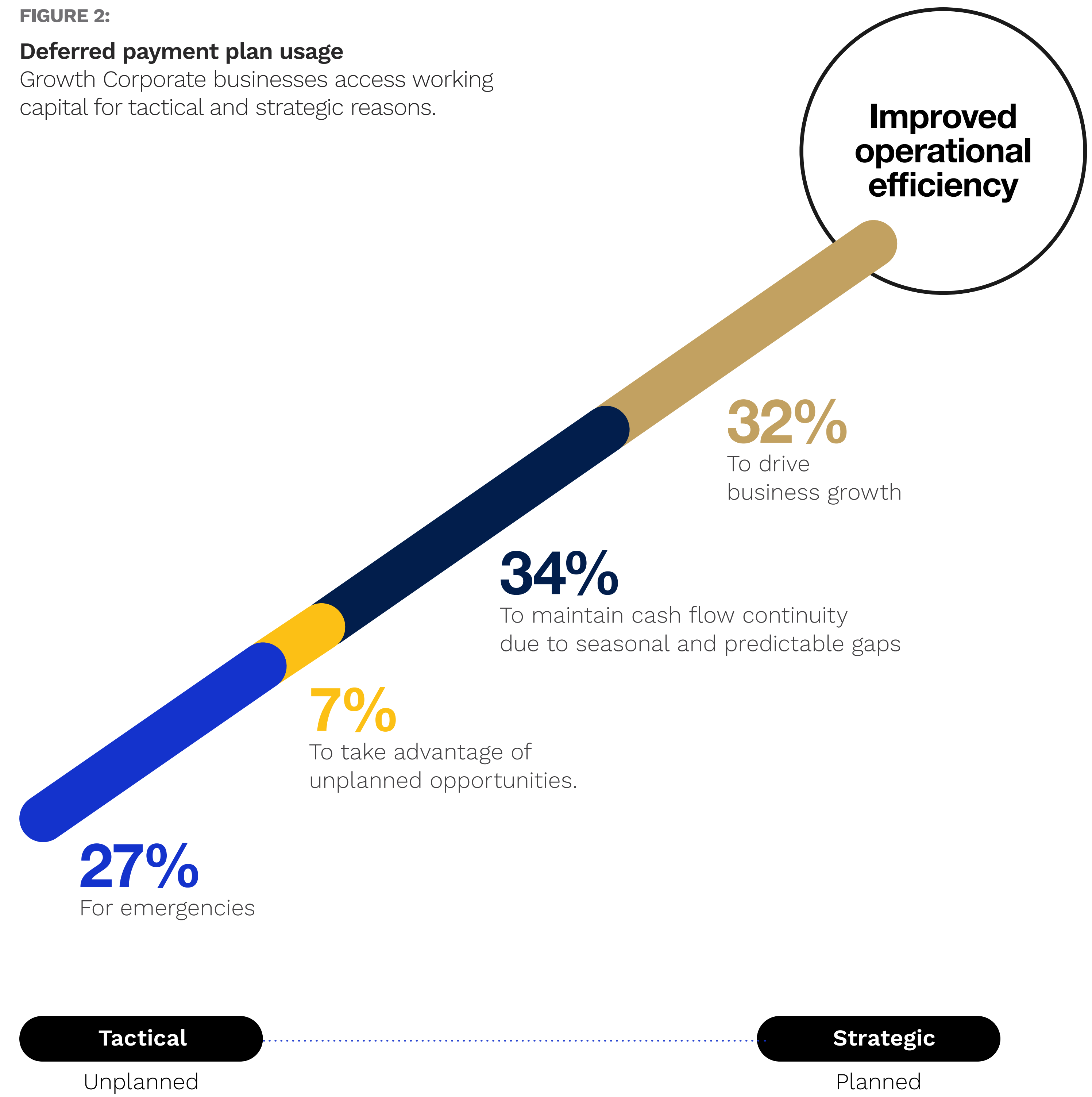
Sixty-nine percent also experienced improved buyer–supplier relationships; many were able to replace subpar suppliers at a higher rate than firms that could not access these solutions, suggesting that working capital solutions gave firms the flexibility to find suppliers that best meet their needs.

Additionally, 65% of firms using working capital solutions in the last 12 months reported they could better meet customer demand and take advantage of opportunities to expand their business when presented to them. Strategic, planned growth users are more likely than average to be in this group.

FIGURE 2:

Deferred payment plan usage

Growth Corporate businesses access working capital for tactical and strategic reasons.



Source: PYMNTS Intelligence

Growth Corporates Working Capital Index, September 2023

N = 622 : Respondents who have used working capital financing solutions, fielded March 9, 2023 – June 12, 2023

There are sector-specific differences why firms used working capital and how this relates to their overall index performance.

Fleet and mobility firms were most likely to use external working capital to support strategic growth. Marketplaces have the highest rate of access for emergencies or unplanned tactical use cases, even though it represents a small percentage of overall working capital use in the last 12 months. Agricultural firms and marketplaces used working capital to accommodate predictable liquidity shortfalls at higher rates than other firms. Providers of working capital solutions can benefit from soliciting information from CFOs on what motivates their use and cater products to better meet those needs.

FIGURE 3A:

Strategic and tactical working capital usage
Share of companies citing select reasons for using external working capital, by sector

	TACTICAL		STRATEGIC	
	Emergency	**Growth**	**Cash flow**	**Growth**
Fleet and mobility	28.4%	5.7%	18.0%	47.9%
Commercial travel	30.6%	7.8%	27.5%	34.2%
Healthcare or medical	27.0%	6.9%	35.4%	30.7%
Agriculture	21.1%	5.7%	45.7%	27.4%
Marketplaces	28.4%	8.8%	43.3%	19.5%

Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 622 : Respondents who have used working capital financing solutions, fielded March 9, 2023 – June 12, 2023

Regional differences in working capital use were less common, except in LAC and CEMEA.

The largest share of firms using working capital strategically for planned growth initiatives were those in the LAC region. Utilization in Europe is more evenly distributed across strategic and tactical use. Nearly 15% of Growth Corporates in CEMEA use working capital tactically to accelerate payment to strategic suppliers and other unplanned growth opportunities, more than doubling the corresponding share in any other region. These variations suggest that differences in financing needs tend to correlate more with industry than with region.[4]

FIGURE 3B:

Strategic and tactical working capital usage
Share of companies in each region citing select reasons for using external working capital

	TACTICAL		STRATEGIC	
	Emergency	**Growth**	**Cash flow**	**Growth**
LAC	29.9%	3.8%	24.8%	41.4%
Europe	24.0%	6.8%	29.3%	39.9%
CEMEA	25.4%	14.9%	30.7%	28.9%
APAC	28.8%	7.1%	35.9%	28.2%
North America	28.7%	5.8%	42.3%	23.2%

[4] For more detailed breakdowns by both industry and region, see Addendum Figure A.1.

Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 622 : Respondents who have used working capital financing solutions, fielded March 9, 2023 – June 12, 2023

3

HOW GROWTH CORPORATE CFOs **DEPLOY WORKING CAPITAL**

VISA

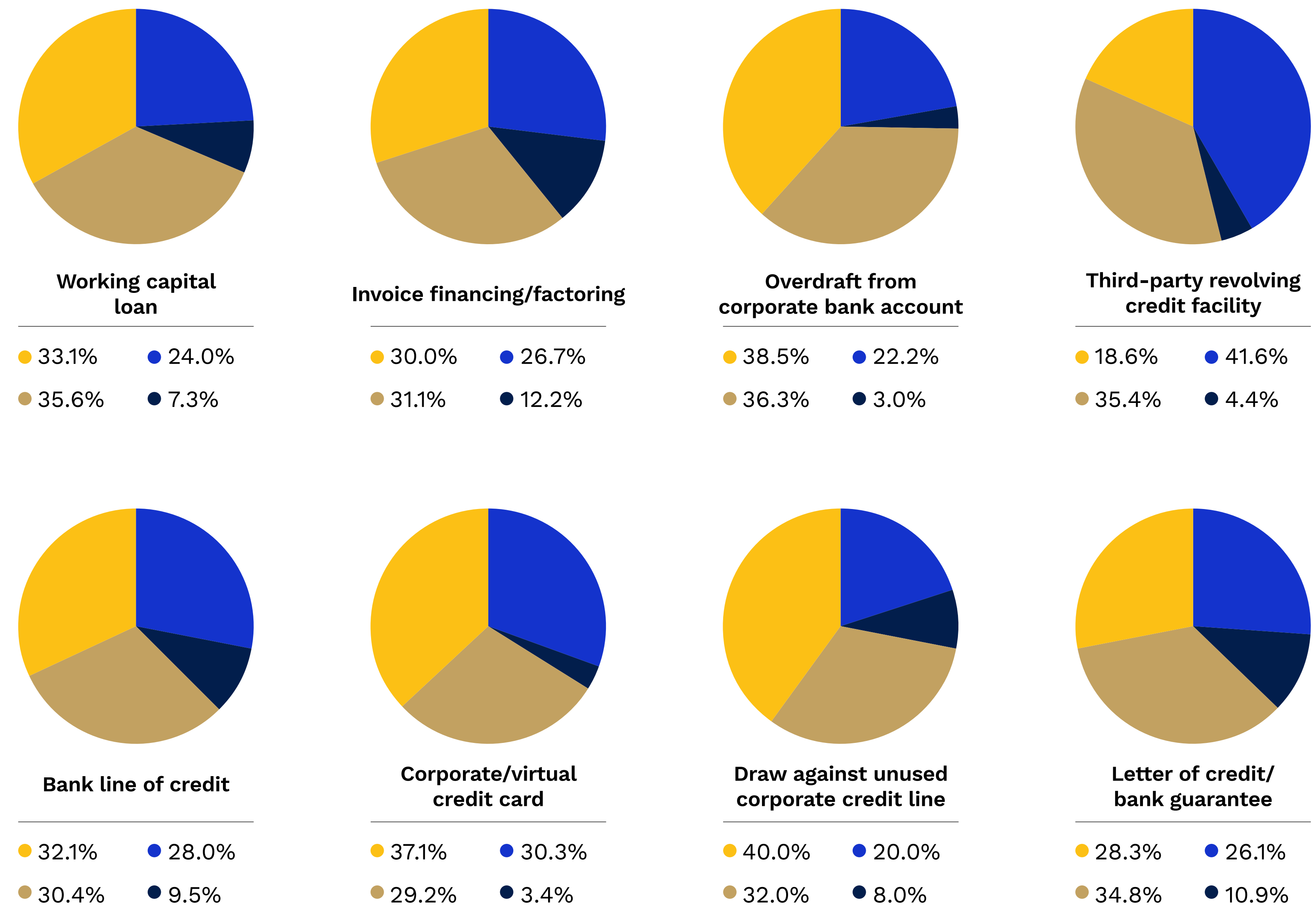
Growth Corporate CFOs use the working capital solutions that are available, not always what's optimal for their business.

Across all sectors and regions, third-party revolving credit facility solutions are used by 42% of Growth Corporate CFOs to support unplanned or emergency cash requirements. This solution is the least likely to be used for strategic growth reasons, and therefore correlates with lower index scores. Growth Corporates using this solution the most have an average score of 45, compared to those relying mostly on virtual cards, which have an average score of 50.

Unused corporate credit lines and overdrafts were most likely to be used to support planned growth initiatives, with more than 7 in 10 CFOs citing their use for planned expenses. Growth Corporates in larger revenue brackets are more likely to access virtual corporate card solutions for growth related investments; 62% of firms generating revenue between $750 million and $1 billion used this solution as a growth strategy, compared to 24% of firms in the $50 million to $250 million range.

FIGURE 4:

Strategic versus tactical utilization of working capital solutions
Share of CFOs citing select reasons as a primary driver for utilizing working capital solutions



- **STRATEGIC:** Growth
- **STRATEGIC:** Cash flow
- **TACTICAL:** Emergency
- **TACTICAL:** Growth

Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 622 : Respondents who have used working capital financing solutions, fielded March 9, 2023 – June 12, 2023

Regional differences reflect both the access and availability constraints of the working capital solutions for Growth Corporates.

Working capital loans and overdrafts from corporate bank accounts are the solutions most used by nearly 50% of firms in Europe — a potentially expensive form of credit for unplanned needs. Similarly, letters of credit and invoice factoring are most used by Growth Corporates in LAC. Firms generating annual revenues from $250 million to $750 million used working capital loans the most, while firms in the $750 million to $1 billion bracket relied more on bank lines of credit, overdrafts and corporate or virtual card solutions. Companies in the $50 million to $250 million range had the highest utilization of bank lines of credit, third-party revolving credit facilities and invoice financing/factoring.

FIGURE 5:

Regional variation in working capital use

Share of firms that primarily used select working capital solutions from 2022 to 2023, by region

	Draw against unused corporate credit line	Letter of credit/bank guarantee	Corporate/virtual credit card	Invoice financing/factoring	Third-party revolving credit facility	Overdraft from corporate bank account	Bank line of credit	Working capital loan
SAMPLE	1%	3%	5%	5%	8%	10%	12%	28%
NORTH AMERICA	.4%	5%	3%	6%	11%	9%	9%	28%
EUROPE	3%	3%	5%	4%	5%	16%	12%	32%
APAC	0%	2%	6%	3%	5%	8%	13%	29%
CEMEA	2%	1%	6%	3%	8%	3%	11%	25%
LAC	1%	5%	7%	11%	11%	11%	14%	25%

Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

2023-2024

GROWTH CORPORATES WORKING CAPITAL INDEX

4

THE IMPACT OF **INDUSTRY DYNAMICS AND CULTURAL NORMS** ON WORKING CAPITAL USAGE

Perceptions of working capital use, market maturity and sector-specific conditions impede working capital access for many Growth Corporates.

Roughly 3 in 10 firms did not access any external financing in the last 12 months, with most firms citing the same reason: 71% did not see the need and were most likely to be in the CEMEA region and healthcare industry.

80%

OF GROWTH CORPORATE CFOs WHO DID NOT NEED TO USE EXTERNAL WORKING CAPITAL IN THE LAST 12 MONTHS **PLAN TO DO SO IN 2024.**

There are two ways to interpret this finding: these Growth Corporates had sufficient internal working capital to meet their cash flow needs and support strategic initiatives, or the use of working capital solutions is regarded as a sign of an inefficient business that needs external sources of capital to meet their business obligations. An analysis of the open-ended responses as to why working capital wasn't needed confirms this misperception.

"**We have smartly planned our taxes and finances,** which is why we never had to use any working capital loans."

"We ensure **the inventories are managed properly** and unnecessary expenditures are reduced."

This is a mindset that could have been unduly influenced by the unusually volatile macro-economic conditions and cost of accessing capital and pressure from the CEO and board to forgo using outside capital.

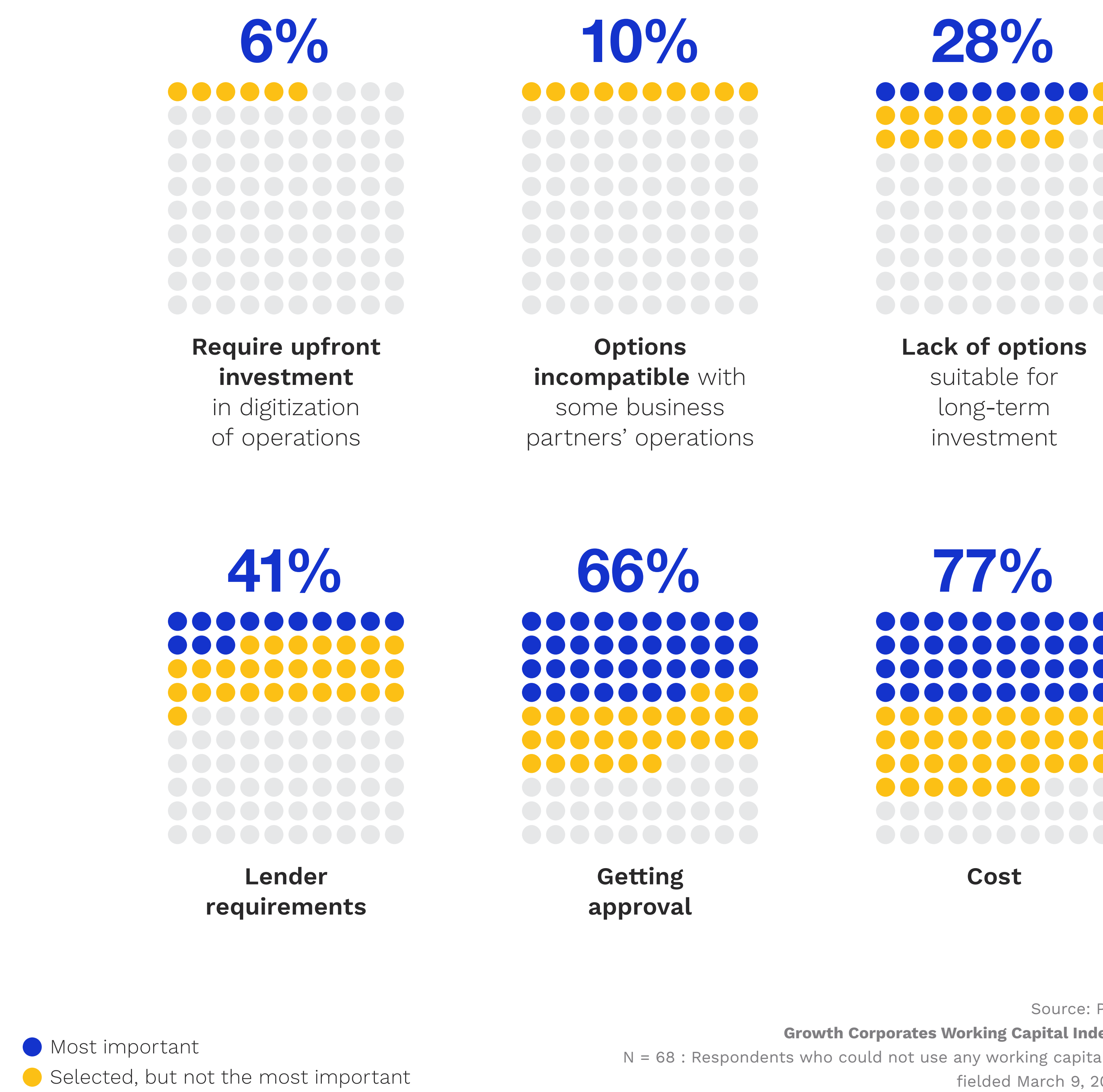
Seventy-seven percent of CFOs unable to access external working capital in the past year cited cost as an important factor.

Only 8.1% of Growth Corporates said they were unable to access external working capital despite needing it, with most of those firms located in the emerging markets in the CEMEA and APAC regions and particularly for firms generating $50 million to $250 million in annual revenue. The cost of capital and lengthy approval processes were the main barriers to accessing working capital.

By industry vertical, firms unable to access working capital last year were more likely to be found among marketplaces and healthcare companies, with more than one-third of Growth Corporate CFOs citing lengthy decision cycles or the high cost of capital as the main obstacles to accessing working capital solutions.

FIGURE 6:

Why CFOs could not use working capital solutions last year
Share of CFOs unable to use working capital solutions who cited select reasons as important



Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 68 : Respondents who could not use any working capital financing solution, fielded March 9, 2023 – June 12, 2023

The use and availability of working capital solutions reflect business maturity and industry dynamics, with fleet and mobility firms using commercial cards, and marketplaces utilizing revolving credit facilities and working capital loans.

The most widely used external working capital solutions are also the more traditional sources of external working capital for Growth Corporates. It is unsurprising that working capital loans and bank lines of credit are the predominant source of external funding for 40% of Growth Corporate CFOs (28% working capital loans and 12% bank lines of credit); these are what most financial institutions offer and have for decades.

That may also help to explain the lesser use of virtual cards in the last 12 months for sectors other than fleet and mobility, which has companies that have been using commercial card products to manage driver and supplier spend for decades. The predominant use of virtual cards among Growth Corporates across all sectors is related to specific spend management initiatives, which is a core element of the fleet and mobility firms' use of cash and external working capital.

One of the biggest impediments to using external working capital solutions is the speed to decision, owing to the greater number of risk management parameters of traditional providers of working capital solutions, and the credit limits borrowers can secure.

These more traditional approaches may force Growth Corporates to force-fit their business requirements for a more dynamic, on-demand source of external capital to solutions and methods that may be out of sync with the rapid pace of business expansion in the sectors in which they operate.

For example, Growth Corporates in need of working capital to fund unplanned or unexpected cash flow gaps used solutions such as bank overdrafts or established lines of credit due to the nature of the need and the lack of other timely sources of external capital in the last 12 months.

40%

OF GROWTH CORPORATE CFOs **USED WORKING CAPITAL LOANS AND BANK LINES OF CREDIT THE MOST.**

FIGURE 7:

Working capital across industries

Share of firms that primarily used select working capital solutions in 2022–2023, by sector

	Draw against unused corporate credit line	Letter of credit/bank guarantee	Third-party revolving credit facility	Corporate/ virtual credit card	Invoice financing/ factoring	Overdraft from corporate bank account	Bank line of credit	Working capital loan
SAMPLE	1%	3%	8%	5%	15%	10%	12%	28%
HEALTHCARE OR MEDICAL	3%	4%	1%	3%	5%	16%	10%	23%
COMMERCIAL TRAVEL	1%	4%	9%	9%	9%	16%	13%	23%
FLEET AND MOBILITY	2%	5%	15%	19%	15%	16%	10%	32%
MARKETPLACES	1%	4%	12%	4%	2%	3%	12%	32%
AGRICULTURE	0%	5%	11%	2%	6%	5%	21%	30%

Source: PYMNTS Intelligence

Growth Corporates Working Capital Index, September 2023

N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

2023-2024

GROWTH CORPORATES WORKING CAPITAL INDEX

5

THE GROWTH CORPORATES **2024 WORKING CAPITAL OUTLOOK**

Nearly all Growth Corporate CFOs plan to increase the use of working capital solutions in the next 12 months and double the average number of working capital solutions used.

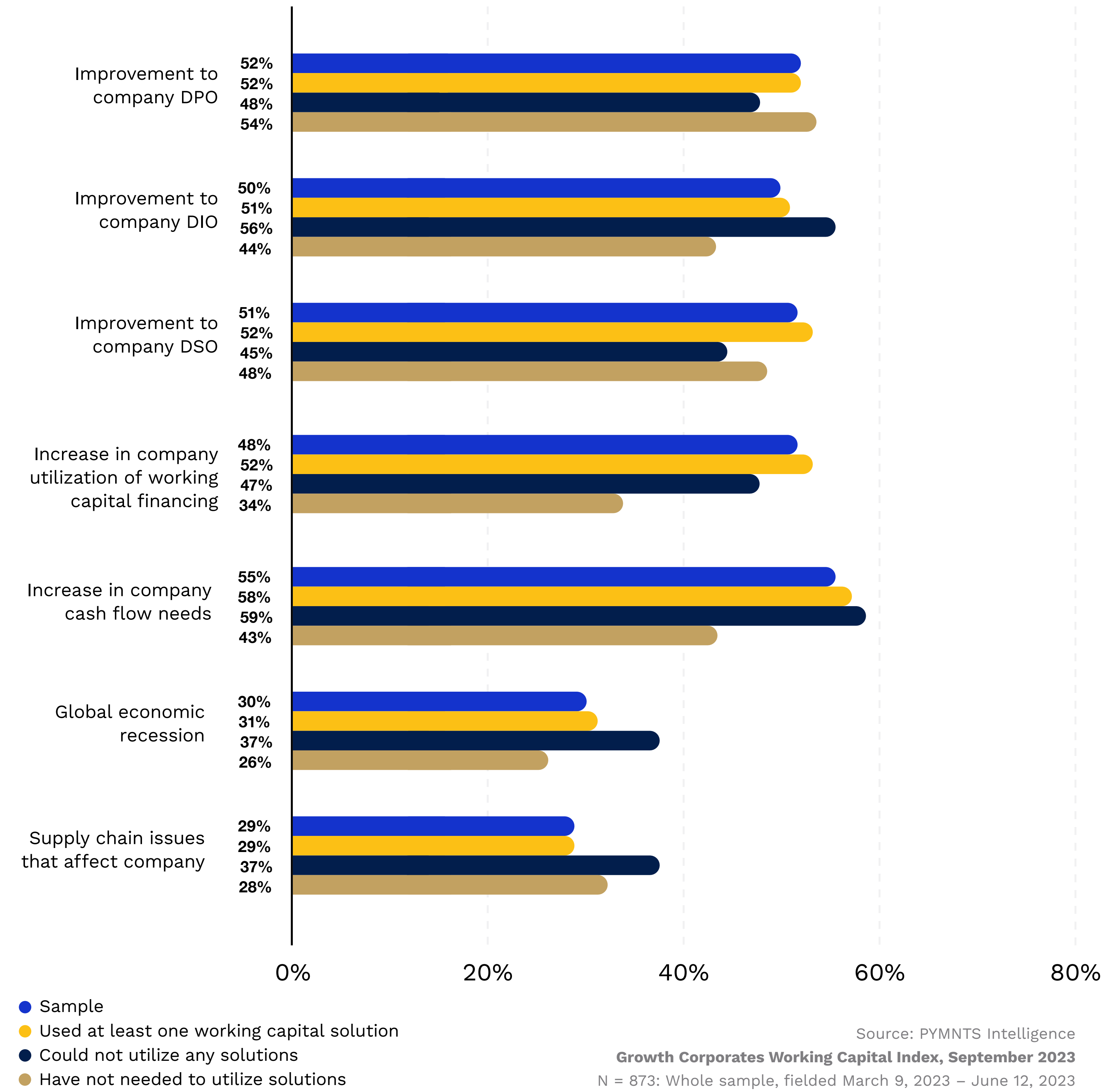
CFOs expect more stable market conditions in 2024 and seem less concerned about an upcoming recession or supply chain frictions than in years past. They also expect business conditions to improve across the board, with improvements to both their days sales outstanding and DPO for next year.

For that reason, CFOs are focused less on using working capital solutions to fill unforeseen cash flow gaps due to late payments or one-off issues that would otherwise impact working capital needs and more interested in expanding their use of working capital solutions to fund more strategic investments.

NEXT YEAR'S STRATEGIC USERS PLAN TO ACCESS EXTERNAL WORKING CAPITAL **TO INVEST IN COMPANY ASSETS, BUY INVENTORY AND AUTOMATE LEGACY SYSTEMS.**

FIGURE 8:

Why CFOs expect working capital use to rise in 2024
Share of companies citing changes highly likely to occur in the next 12 months



Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

Marketplaces are expecting an industry-leading 30% rise in working capital solutions usage next year.

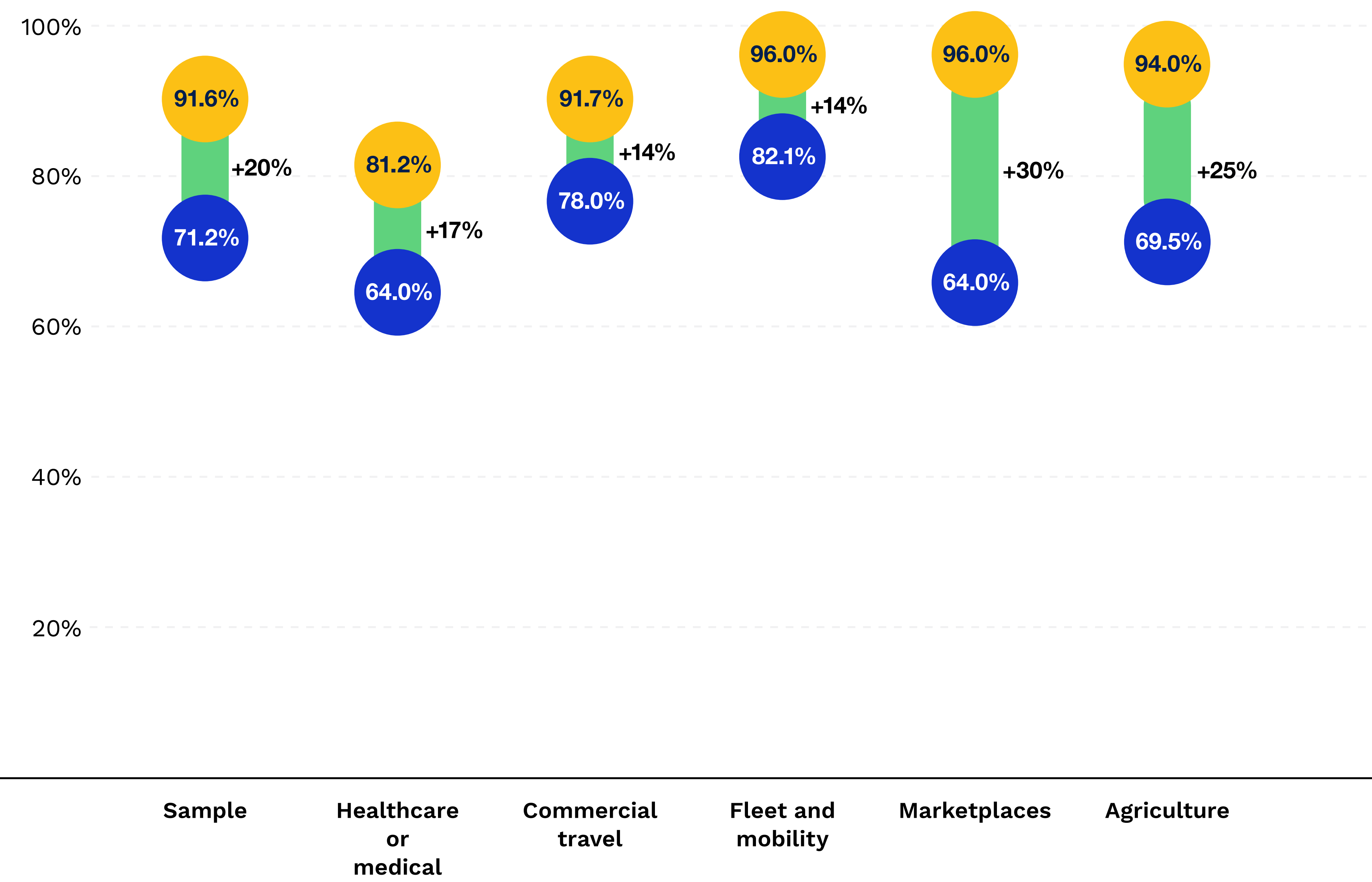
Similarly, 80% of Growth Corporates that did not use working capital solutions last year and 85% that could not use them plan to increase their use of working capital financing — mostly for strategic growth initiatives.

Firms that used external financing last year and improved their operational efficiency as a result plan to be the largest users of external working capital solutions in 2024. Growth Corporate CFOs plan to use twice as many working capital solutions in the next 12 months, largely because they expect improved prospects for securing credit due to stronger business performance and a more stable macro-economic environment.

FIGURE 9:

Anticipated growth

Expected growth in working capital solutions' use, by industry



Source: PYMNTS Intelligence

Growth Corporates Working Capital Index, September 2023

N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

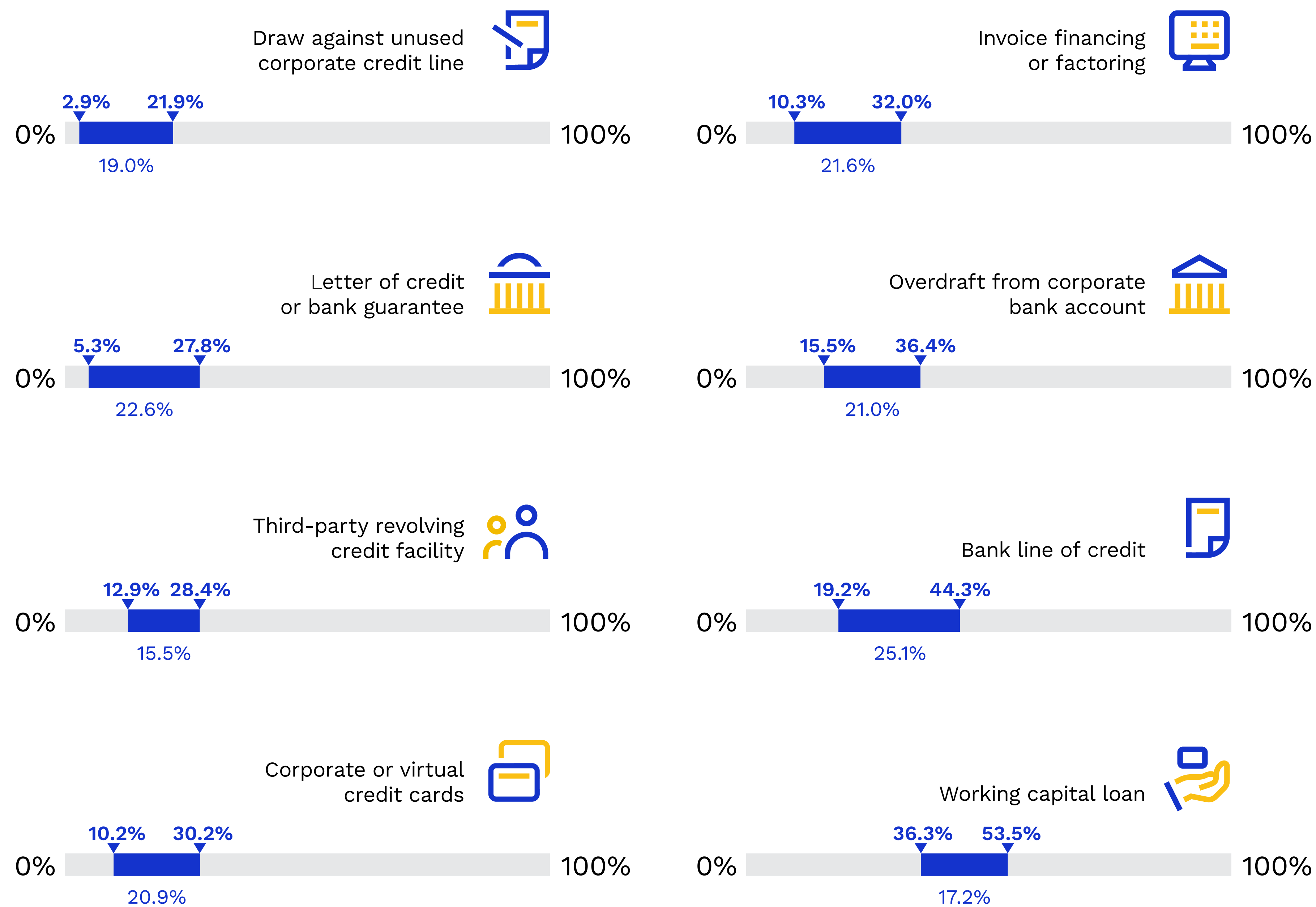
The working capital solutions poised for the largest increase in use are nontraditional sources of external working capital for strategic growth: virtual cards (3x), pooled use of virtual card lines (7x), and invoice financing/ factoring (3x), especially by companies operating in the marketplace, agriculture and healthcare sectors.

Invoice financing/factoring will grow the most among firms in commercial travel operating out of North America and healthcare firms in Europe, while corporate virtual card solutions will see utilization rise the most in CEMEA for most segments, mirroring the emerging innovation landscape of the region. The use of working capital solutions is expected to grow the most among firms in the APAC region (50%), Europe (42%) and LAC (31%).

FIGURE 10:

Working capital solutions that will be most in demand

Share of companies using select types of working capital solutions, last year versus next year



Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

Top Growth Corporate Working Capital Index performers plan to increase their use of working capital to drive growth.

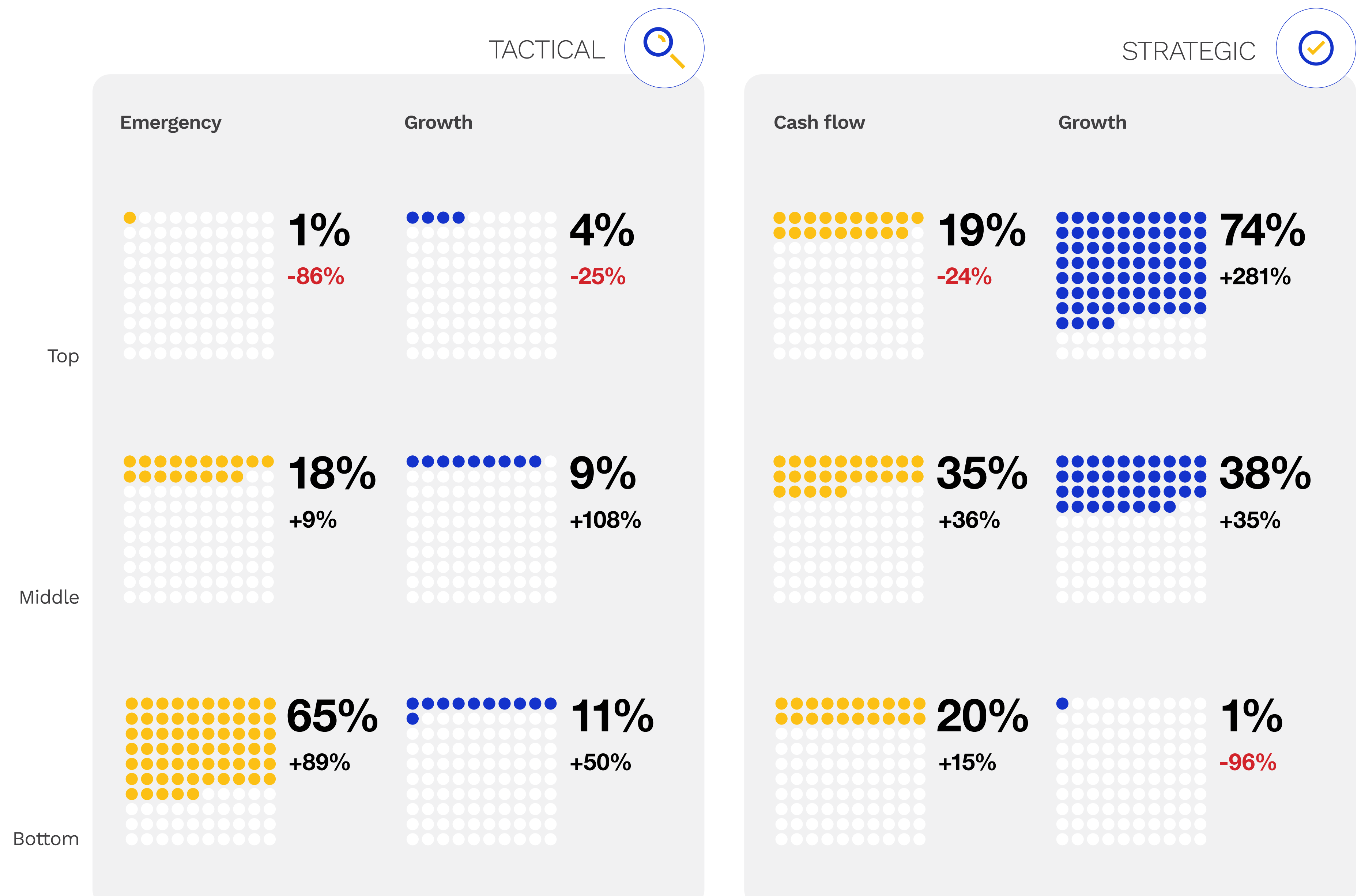
Three-quarters of index top performers plan to use working capital to drive strategic growth in the next 12 months, with the share of top performers using it for planned growth expected to almost triple.

By contrast, two-thirds of bottom performers expect they will need to use working capital solutions tactically to cover emergency and unplanned expenses. Growth corporates struggling to see operational efficiency returns to their external working capital utilization are over-represented among firms that do not seek advice on working capital from anyone.

Almost one-third of bottom performers say they do not seek advice from anyone when deciding whether to access external working capital and which option is best. Not seeking advice on external working capital solutions can result in poor decision-making, inefficient financing, missed opportunities and potential risks.

FIGURE 11:

The strategic use of working capital solutions is on the rise
Share of companies planning to use working capital solutions next year and percentage change from last year, by reason for using and index performance tier



Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

6

WHO GROWTH CORPORATES TURN TO FOR WORKING CAPITAL SOLUTIONS

Growth Corporate CFOs turn to bankers in developed economies and Big Tech firms in emerging markets as working capital solution advisers.

Growth Corporate CFOs seek advice and solutions from the working capital adviser most accessible to them. Bankers are the most popular sources of financing advice in LAC, where 49% of CFOs cite bankers as their go-to adviser, and among Growth Corporates generating $50 million to $250 million, at 51%. Another 30% asked their current corporate bank contact.

We also observe that top performing Growth Corporates seek advice from a diverse group of advisers, including payment networks, their supplier networks and FinTechs. The operational efficiencies gained from using a mix of working capital solutions also gives them more of an ability to explore nontraditional sources of advice and relevant options.

TOP PERFORMERS

More likely to **trust payment networks** for advice

27%

of top performers trust payment networks, compared to 18% for the average firm

TOP PERFORMERS

More likely to **ask suppliers and buyers** for advice

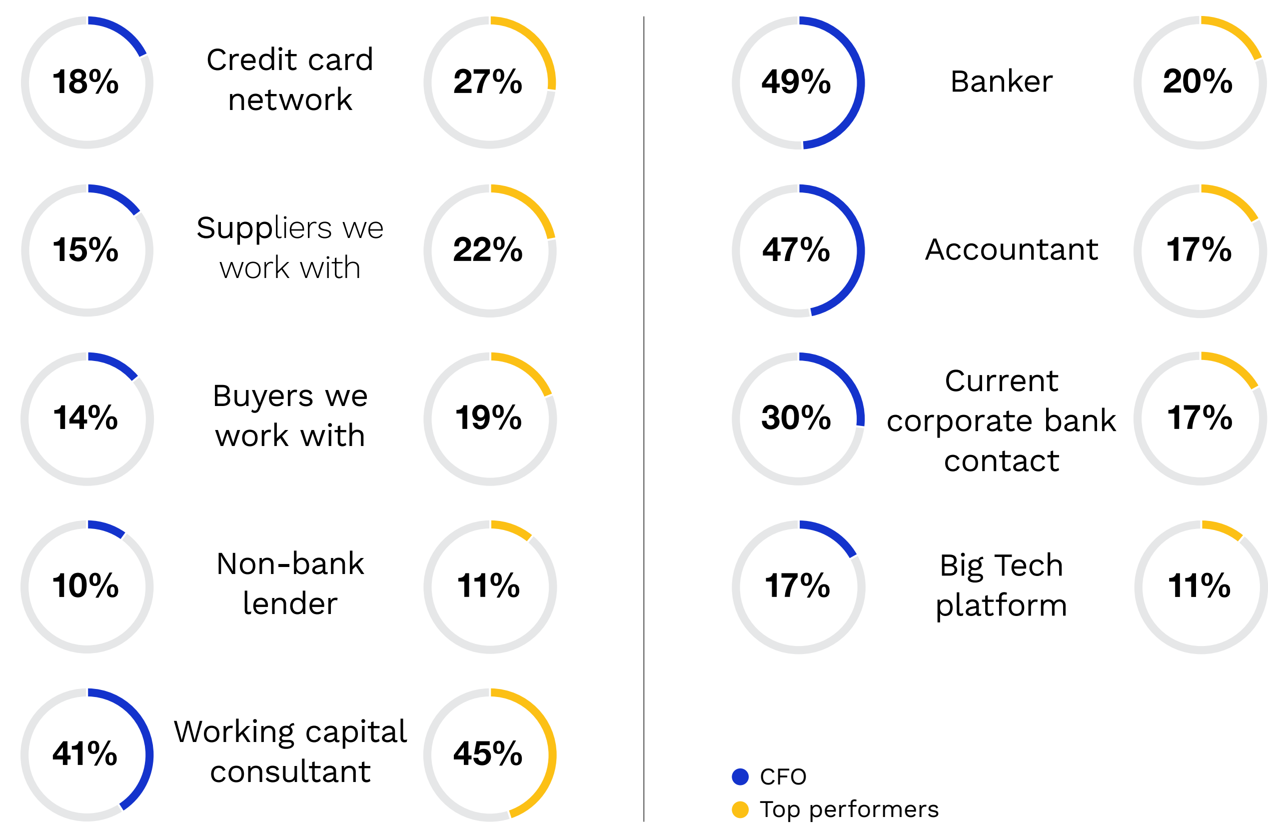
22%

of top performers seek advice from their vendor networks, compared to 15% for the average firm

FIGURE 12:

Who top-performing CFOs trust for advice on external financing

Share of CFOs and top performers who trust select sources for working capital advice



Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

Accountants are most trusted in North America, with 47% of CFOs talking to them first about their external working capital needs.

By contrast, nearly one in three CFOs in CEMEA seek advice from FinTechs, compared to 14% in North America, because their needs for working capital solutions are inconsistent with what they can obtain from more traditional providers such as bankers.

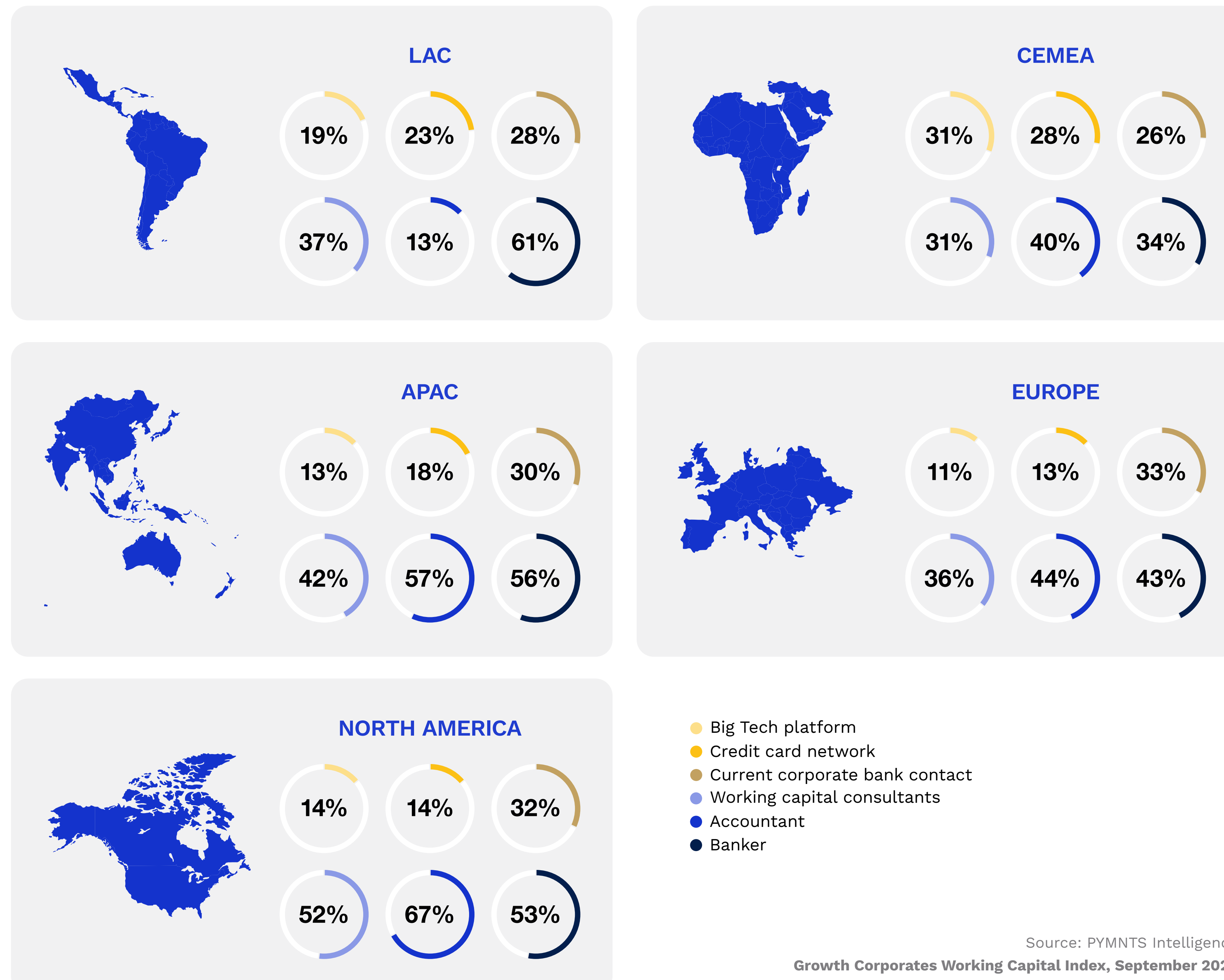
CEMEA is also a region where emergency use of working capital solutions was most common in the past year, pointing to a potentially underserved market looking for alternative and innovative solutions to their cash flow problems.

Professional advisers such as accountants and working capital consultants are more popular in North America and the APAC region.

FIGURE 13:

Adviser choice around the globe

Share of firms that identified their most common working capital solutions adviser, by region.



Source: PYMNTS Intelligence

Growth Corporates Working Capital Index, September 2023

N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

2023-2024

GROWTH CORPORATES WORKING CAPITAL INDEX

7

THE GROWTH OF **NONTRADITIONAL WORKING CAPITAL ALTERNATIVES**

More than two-thirds of Growth Corporate CFOs view virtual card solutions as their most versatile working capital option.

The use of corporate cards for making commercial payments has hovered around 20% for the last decade, with the most predominant use of them — both plastic and virtual — to support spend management programs for travel and expense and a fraction of the 20% of commercial payments classified as unplanned tail spend. A big barrier to an increased use of commercial cards is receiver resistance over the cost of accepting a commercial card payment.

As capital has become more expensive across the board, however, and cards have developed a more flexible interchange fee model, Growth Corporate CFOs are further considering using virtual cards for both planned/strategic and unplanned/tactical spend.

Although nearly half of the Growth Corporates that did not use commercial cards last year cited cost as the main reason, these firms expect to triple their use of this working capital option for strategic and tactical use cases.

Commercial cards are most popular with firms planning to use them to fund growth initiatives and those with the highest rate of supplier payment integration. This is especially true for fleet and fuel cards, which are essential for managing fleet operations, offering centralized payment systems that streamline fuel and maintenance expenses, transaction tracking and driver spending monitoring.

FIGURE 14:

Use of working capital solutions

Share of firms citing their most used working capital solution last year, by reasons for using next year, financing needs and AP metrics

	Reason to use the solutions over the next 12 months				Will not use working capital solutions	Variance of financial needs over the year			AP metrics	
	PLANNED Growth	PLANNED Cash flow	UNPLANNED Growth	UNPLANNED Emergency		Constant	Seasonal	Unpredictable	Portion of suppliers directly intergrated	Portion of AP paid early
SAMPLE AVERAGE	**38.0%**	**29.0%**	**8.5%**	**23.1%**	**1.4%**	**19.7%**	**56.0%**	**24.3%**	**41.9%**	**30.5%**
• Corporate or virtual credit card	**41.9%**	23.3%	7.0%	27.9%	0.0%	14.0%	62.8%	23.3%	**48.4%**	27.3%
• Working capital loan	41.2%	**35.9%**	9.0%	13.5%	0.4%	10.6%	67.3%	22.0%	41.0%	31.0%
• Invoice financing or factoring	32.6%	28.3%	19.6%	19.6%	0.0%	15.2%	54.3%	**30.4%**	41.7%	**34.2%**
• Bank account, line of credit or guarantee	35.1%	33.6%	4.7%	26.5%	0.0%	12.3%	62.1%	25.6%	42.1%	28.3%
• Draw against unused corporate credit line	30.0%	30.0%	10.0%	30.0%	0.0%	10.0%	**70.0%**	20.0%	42.0%	23.0%
• Third-party revolving credit facility	23.9%	29.9%	4.5%	**41.8%**	0.0%	20.9%	56.7%	22.4%	34.8%	33.2%

Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

GROWTH CORPORATE CFO PRIORITIES

Higher credit limits are the most important feature for the large group of Growth Corporates looking to working capital for strategic growth investments, at 13%, and those using it to maintain cash flow continuity, at 25%. Security features are the most important consideration for 23% of Growth Corporates using working capital solutions for emergencies.

For those seeking to make the most of unexpected growth opportunities, such as marketplace Growth Corporates or those in CEMEA, tracking payments to the receiver is important. One of the features cited most often among CFOs tapping into working capital solutions for these unexpected tactical moves is tracking, at 18%.

Aligning product terms such as repayment with AP and accounts receivable cycles, expanding incentives and educating CFOs on the benefits of accessing external financing to drive business growth can help providers of working capital solutions benefit from the coming conditions. CFOs favored products that grant them added flexibility to make partial repayment or those with a 60-day repayment period.

FIGURE 15:

CFO considerations

Share of CFOs identifying the most important feature they consider when selecting working capital financing solutions, by reason for using the solution next year

	TACTICAL		STRATEGIC	
	Emergency	Growth	Cash flow	Growth
COST	**7.0%**	**13.6%**	**8.7%**	**11.8%**
• Low cost	6.3%	6.8%	7.2%	7.5%
• Cost of acceptance	0.6%	6.8%	1.4%	4.2%
ELIGIBILITY	**8.2%**	**13.6%**	**9.6%**	**15.1%**
• Broad eligibility	4.4%	6.8%	5.8%	10.8%
• No or low collateral	3.8%	6.8%	3.8%	4.2%
SECURITY FEATURES	22.8%	11.4%	12.0%	11.8%
EASY TO APPLY	7.0%	0.0%	13.0%	10.4%
HIGHER CREDIT LIMITS	15.8%	20.5%	25.0%	13.2%
TRACKING	**9.5%**	**18.2%**	**8.7%**	**7.1%**
• Payment tracking	5.7%	15.9%	5.3%	4.7%
• Buyer–supplier process tracking integration	3.8%	2.3%	3.4%	2.4%

Source: PYMNTS Intelligence

Growth Corporates Working Capital Index, September 2023

N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

CONCLUSION

The Growth Corporates in this study operate in industry sectors that account for 25% of global GDP and are at the forefront of using new technologies, data and payments to accelerate the digital transformation of their own businesses as well as the verticals in which they operate. These 873 CFOs represent an important microcosm of how finance leaders inside those sectors are using and would like to use working capital to fuel their growth.

What we find is a Growth Corporate that uses working capital to position their companies for growth, take advantage of opportunities as they arise, create stronger trading partner relationships and become part of a more vibrant Growth Corporate business ecosystem.

We also find that the strategic alignment of working capital solutions to operational efficiencies gained is lacking for all but the top performing firms.

For traditional working capital solutions and the traditional processes for how capital is underwritten, limits are allocated, and onboarding appears out of sync with businesses that operate at digital speeds. There is an opportunity for traditional providers of working capital solutions to become as agile and dynamic as the Growth Corporates they would like to serve.

That will require an understanding of Growth Corporate CFOs' challenges, their criteria for selecting working capital solutions, how they use them and who they trust to advise them.

Although their needs vary by sector and location, trends emerged: cost, approval processes and negative perceptions of working capital held some Growth Corporates back, but better projected credit conditions and understanding of the multiple strategic and tactical values of deploying working capital have set the stage for increased utilization in the year to come.

Overall, Growth Corporates using corporate/virtual credit cards in the last 12 months as a working capital solution have the highest probability of achieving the greatest potential for efficiency improvements. The use of this option correlates with better supplier integration, among other efficiencies, and is expected to triple next year.

Looking ahead, we see a more confident Growth Corporate CFO who plans to increase use of working capital solutions across all segments in 2024. Nearly all of them — 92% — plan to access external working capital in the next 12 months. The largest increase in usage among industry verticals will come from marketplaces with the largest regional increases found in the CEMEA region.

"As CFOs work to balance the day-to-day requirements of their business with cash flow requirements, the impact of today's higher interest rate environment is influencing how working capital is managed.

While recent economic data has proven the economy is remarkably resilient so far, credit conditions are tightening and the labor market is softening. The big picture points to a slowdown in gross domestic product growth.

These shifts will have important implications as corporates look to adjust working capital strategies going forward. Reports like the Working Capital Index provide invaluable insights into how Growth Corporates are responding and can respond to turbulent market conditions and navigate working capital challenges amidst numerous habit-shifting transformations across the business and consumer landscapes."

WAYNE BEST
Chief Economist, Visa

VISA

SURVEY AND INDEX METHODOLOGY

The 2023 Growth Corporates Working Capital Index, a Visa report done in collaboration with PYMNTS Intelligence, is based on a survey of 873 CFOs and treasurers across five industry segments, five global regions and 23 countries between March 9 and June 12.

The questionnaire included 38 questions on business metrics, utilization of external working capital, plans for the coming year, perceptions of future macro-economic conditions, and other survey concepts. The survey was administered via phone interview with verified CFOs and treasurers of companies operating within the selected segments: agriculture, marketplaces, commercial travel, fleet and mobility and healthcare/medical.

Participants, who were unaware of who was sponsoring or conducting the study, were anonymous to the analysts who aggregated their responses into summary statistics for analysis. See Addendum Figures for details on how the sample is distributed across countries, regions, revenue bands, industries and other characteristics.

PYMNTS Intelligence used regression analysis to identify the key performance indicators that have the greatest influence on firms' operational efficiency as it relates to using external working capital solutions compared to cash generated by operations — particularly, reductions to DPO. The regression identifies factors that are associated with a higher probability of reduced DPO, including using working capital for strategic reasons, having better cash flow predictability, integrating more suppliers into payment systems, and paying suppliers earlier than due.

Based on how well a firm combines these characteristics, they were assigned a score ranging from 0 to 100, with a higher score indicating a higher propensity for reduced DPO within the next 12 months. The firms scoring in the top and bottom 20% of the index were then classified in the respective top and bottom performance tiers.

ADDENDUM

FIGURE A.1:

Strategic or tactical utilization of external working capital solutions from 2022 to 2023

Breakdown of reasons for using external working capital last year, by region and industry segment

Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 622 : Respondents who have used working capital financing solutions, fielded March 9, 2023 – June 12, 2023

	Healthcare	Commercial travel	Fleet and mobility	Marketplaces	Agriculture
SAMPLE					
STRATEGIC	**66.1%**	**61.7%**	**65.9%**	**62.8%**	**73.1%**
• Growth	30.7%	34.2%	47.9%	19.5%	27.4%
• Cash flow	35.4%	27.5%	18.0%	43.3%	45.7%
TACTICAL	**33.9%**	**38.3%**	**34.1%**	**37.2%**	**26.9%**
• Growth	6.9%	7.8%	5.7%	8.8%	5.7%
• Emergency	27.0%	30.6%	28.4%	28.4%	21.1%
NORTH AMERICA					
STRATEGIC	**64.0%**	**58.1%**	**72.9%**	**59.5%**	**84.2%**
• Growth	30.0%	9.7%	50.0%	14.3%	21.1%
• Cash flow	34.0%	48.4%	22.9%	45.2%	63.2%
TACTICAL	**36.0%**	**41.9%**	**27.1%**	**40.5%**	**15.8%**
• Growth	2.0%	9.7%	2.1%	9.5%	0.0%
• Emergency	34.0%	32.3%	25.0%	31.0%	15.8%
EUROPE					
STRATEGIC	**69.4%**	**63.5%**	**66.7%**	—	**82.9%**
• Growth	36.1%	38.1%	49.4%	—	29.3%
• Cash flow	33.3%	25.4%	17.2%	—	53.7%
TACTICAL	**30.6%**	**36.5%**	**33.3%**	—	**17.1%**
• Growth	8.3%	6.3%	4.6%	—	9.8%
• Emergency	22.2%	30.2%	28.7%	—	7.3%

	Healthcare	Commercial travel	Fleet and mobility	Marketplaces	Agriculture
APAC					
STRATEGIC	**60.4%**	**56.8%**	—	**70.4%**	—
• Growth	20.8%	37.8%	—	28.2%	—
• Cash flow	39.6%	18.9%	—	42.3%	—
TACTICAL	**39.6%**	**43.2%**	—	**29.6%**	—
• Growth	8.3%	8.1%	—	5.6%	—
• Emergency	31.3%	35.1%	—	23.9%	—
CEMEA					
STRATEGIC	**73.7%**	**51.7%**	**52.0%**	**55.6%**	**69.6%**
• Growth	36.8%	31.0%	20.0%	22.2%	34.8%
• Cash flow	36.8%	20.7%	32.0%	33.3%	34.8%
TACTICAL	**26.3%**	**48.3%**	**48.0%**	**44.4%**	**30.4%**
• Growth	10.5%	17.2%	20.0%	16.7%	8.7%
• Emergency	15.8%	31.0%	28.0%	27.8%	21.7%
LAC					
STRATEGIC	—	**75.9%**	**64.7%**	—	**63.0%**
• Growth	—	48.5%	56.9%	—	27.4%
• Cash flow	—	27.3%	7.8%	—	35.6%
TACTICAL	—	**24.2%**	**35.3%**	—	**37.0%**
• Growth	—	0.0%	3.9%	—	5.5%
• Emergency	—	24.2%	31.4%	—	31.5%

FIGURE A.2:

Strategic or tactical utilization of external working capital solutions in 2024

Breakdown of reasons for using external working capital next year, by region and industry segment

Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 622 : Respondents who have used working capital financing solutions, fielded March 9, 2023 – June 12, 2023

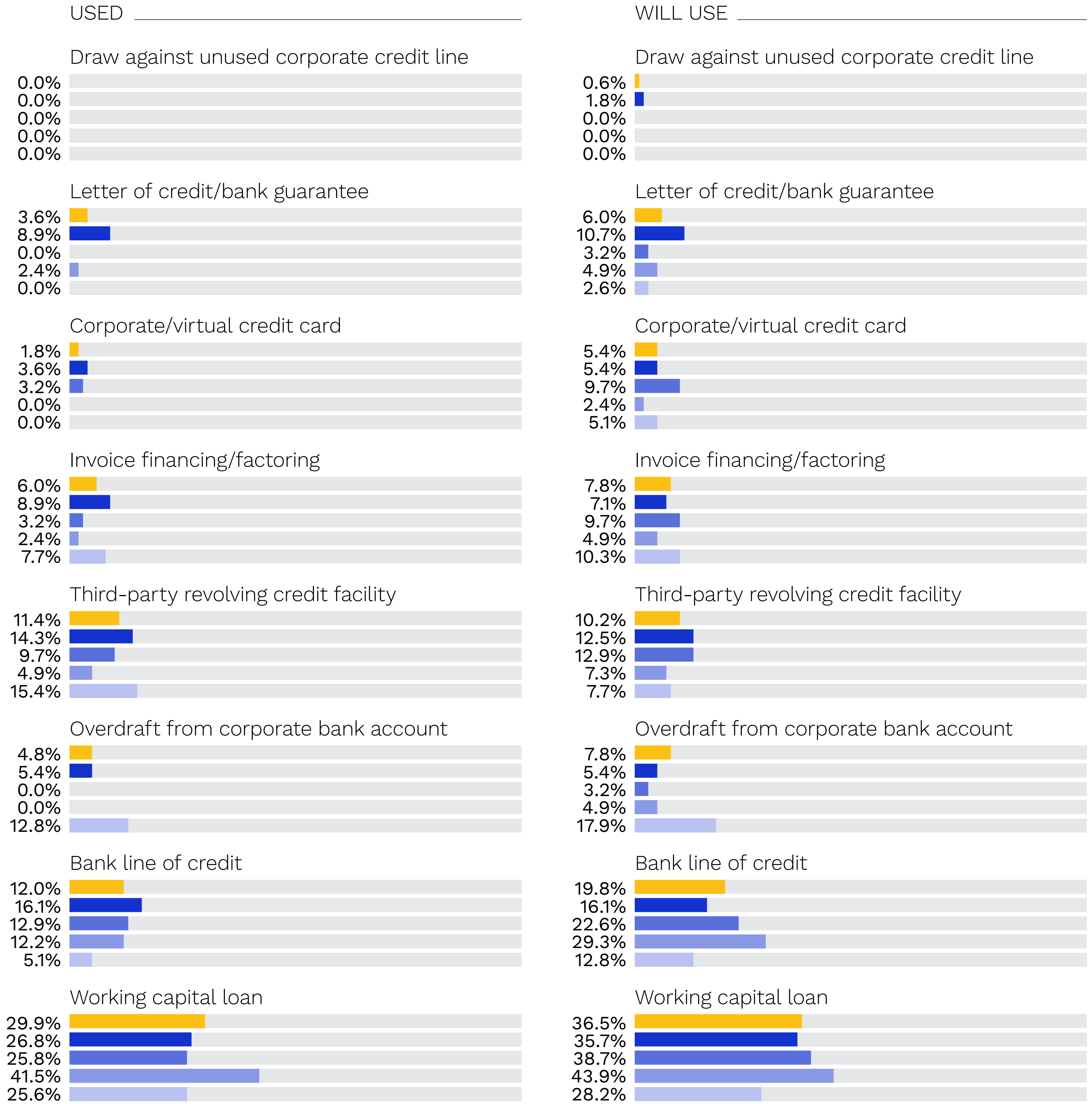
	Healthcare	Commercial travel	Fleet and mobility	Marketplaces	Agriculture
SAMPLE					
STRATEGIC	**66.9%**	**68.2%**	**69.7%**	**70.5%**	**72.6%**
• Growth	33.8%	37.0%	49.0%	39.4%	36.3%
• Cash flow	33.1%	31.2%	20.7%	31.1%	36.3%
TACTICAL	**33.1%**	**31.8%**	**30.3%**	**29.5%**	**27.4%**
• Growth	10.6%	8.4%	4.8%	8.8%	8.3%
• Emergency	22.5%	23.4%	25.5%	20.7%	19.1%
NORTH AMERICA					
STRATEGIC	**67.4%**	**57.7%**	**76.9%**	**69.2%**	**63.6%**
• Growth	32.6%	7.7%	50.0%	29.7%	15.2%
• Cash flow	34.9%	50.0%	26.9%	39.6%	48.5%
TACTICAL	**32.6%**	**42.3%**	**23.1%**	**30.8%**	**36.4%**
• Growth	11.6%	15.4%	0.0%	6.6%	9.1%
• Emergency	20.9%	26.9%	23.1%	24.2%	27.3%
EUROPE					
STRATEGIC	**68.3%**	**62.2%**	**58.7%**	—	**75.0%**
• Growth	36.7%	27.0%	34.8%	—	45.0%
• Cash flow	31.7%	35.1%	23.9%	—	30.0%
TACTICAL	**31.7%**	**37.8%**	**41.3%**	—	**25.0%**
• Growth	10.0%	5.4%	6.5%	—	10.0%
• Emergency	21.7%	32.4%	34.8%	—	15.0%

	Healthcare	Commercial travel	Fleet and mobility	Marketplaces	Agriculture
APAC					
STRATEGIC	**66.7%**	**72.7%**	—	**72.6%**	—
• Growth	25.0%	45.5%	—	47.9%	—
• Cash flow	41.7%	27.3%	—	24.7%	—
TACTICAL	**33.3%**	**27.3%**	—	**27.4%**	—
• Growth	11.1%	4.5%	—	9.6%	—
• Emergency	22.2%	22.7%	—	17.8%	—
CEMEA					
STRATEGIC	**58.3%**	**75.0%**	**74.4%**	**69.0%**	**74.2%**
• Growth	50.0%	52.8%	53.5%	48.3%	38.7%
• Cash flow	8.3%	22.2%	20.9%	20.7%	35.5%
TACTICAL	**41.7%**	**25.0%**	**25.6%**	**31.0%**	**25.8%**
• Growth	8.3%	13.9%	4.7%	13.8%	6.5%
• Emergency	33.3%	11.1%	20.9%	17.2%	19.4%
LAC					
STRATEGIC	—	**72.7%**	**73.3%**	—	**75.5%**
• Growth	—	48.5%	63.3%	—	41.5%
• Cash flow	—	24.2%	10.0%	—	34.0%
TACTICAL	—	**27.3%**	**26.7%**	—	**24.5%**
• Growth	—	3.0%	6.7%	—	7.5%
• Emergency	—	24.2%	20.0%	—	17.0%

FIGURE A.3:

Working capital solution utilization in agriculture from 2022 to 2023 and in 2024

Most used working capital solution from 2022 to 2023 and in 2024 for firms in agriculture — share of companies that used select working capital solutions the most in the last year, by region



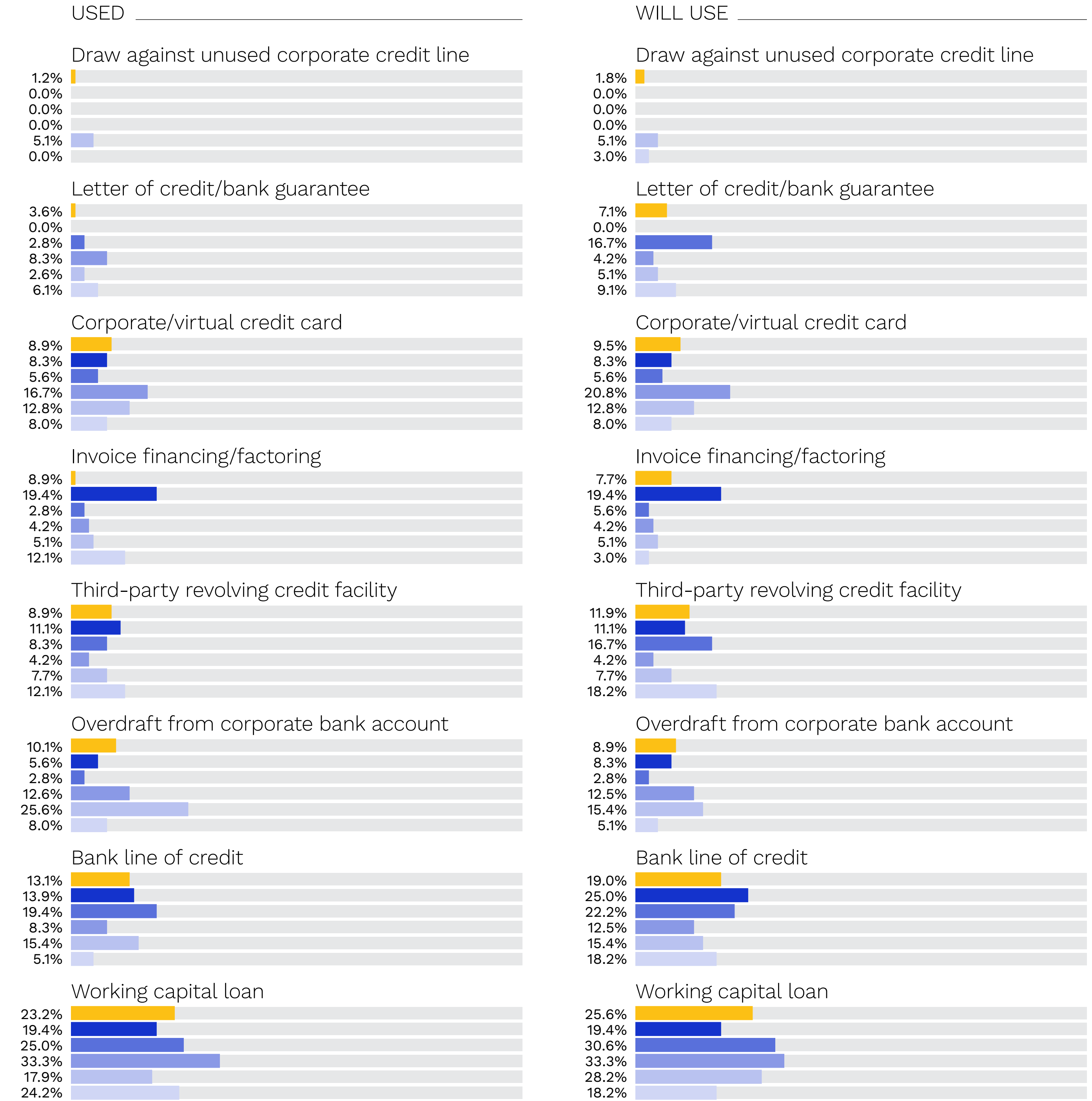
Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

- Sample
- LAC
- CEMEA
- Europe
- North America

FIGURE A.4:

Working capital solution utilization in commercial travel from 2022 to 2023 and in 2024

Most used working capital solution from 2022 to 2023 and in 2024 for firms in commercial travel — share of companies that used select working capital solutions the most in the last year, by region



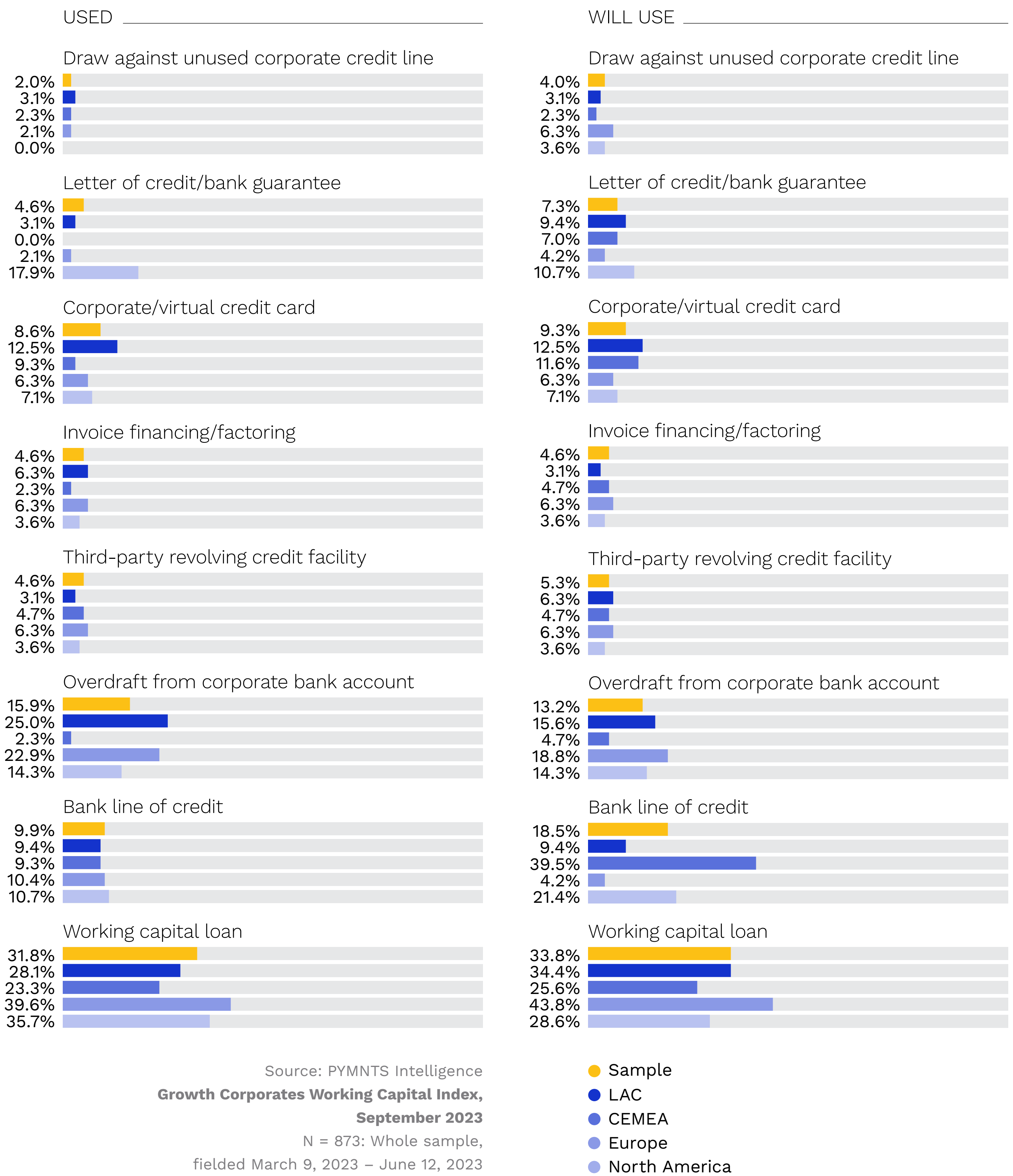
Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

- Sample
- LAC
- CEMEA
- APAC
- Europe
- North America

FIGURE A.5:

Working capital solution utilization in fleet and mobility from 2022 to 2023 and in 2024

Most used working capital solution from 2022 to 2023 and in 2024 for firms in fleet and mobility — share of companies that used select working capital solutions the most in the last year, by region

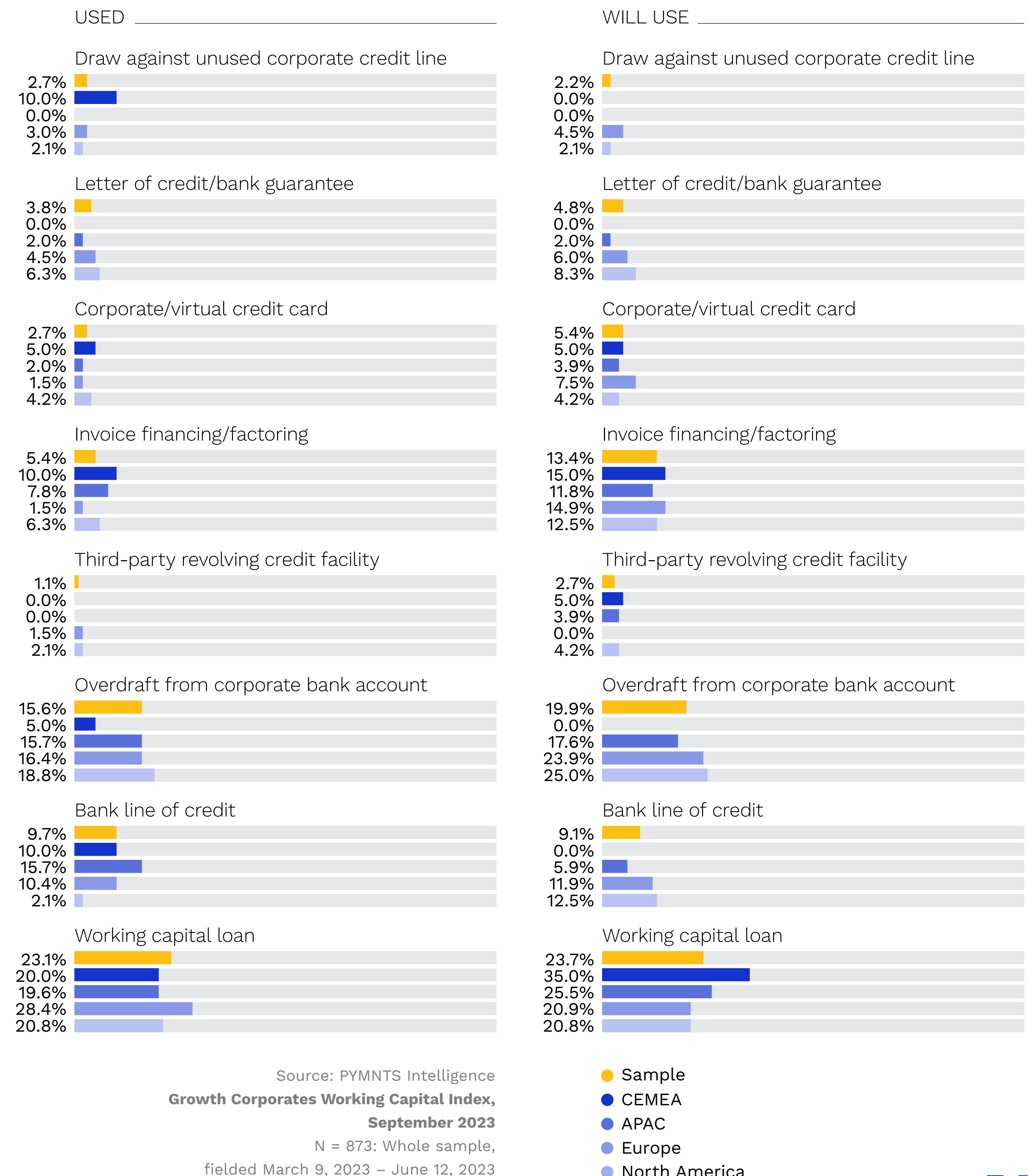


Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample,
fielded March 9, 2023 – June 12, 2023

FIGURE A.6:

Working capital solution utilization in healthcare from 2022 to 2023 and in 2024

Most used working capital solution from 2022 to 2023 and in 2024 for firms in healthcare — share of companies that used select working capital solutions the most in the last year, by region

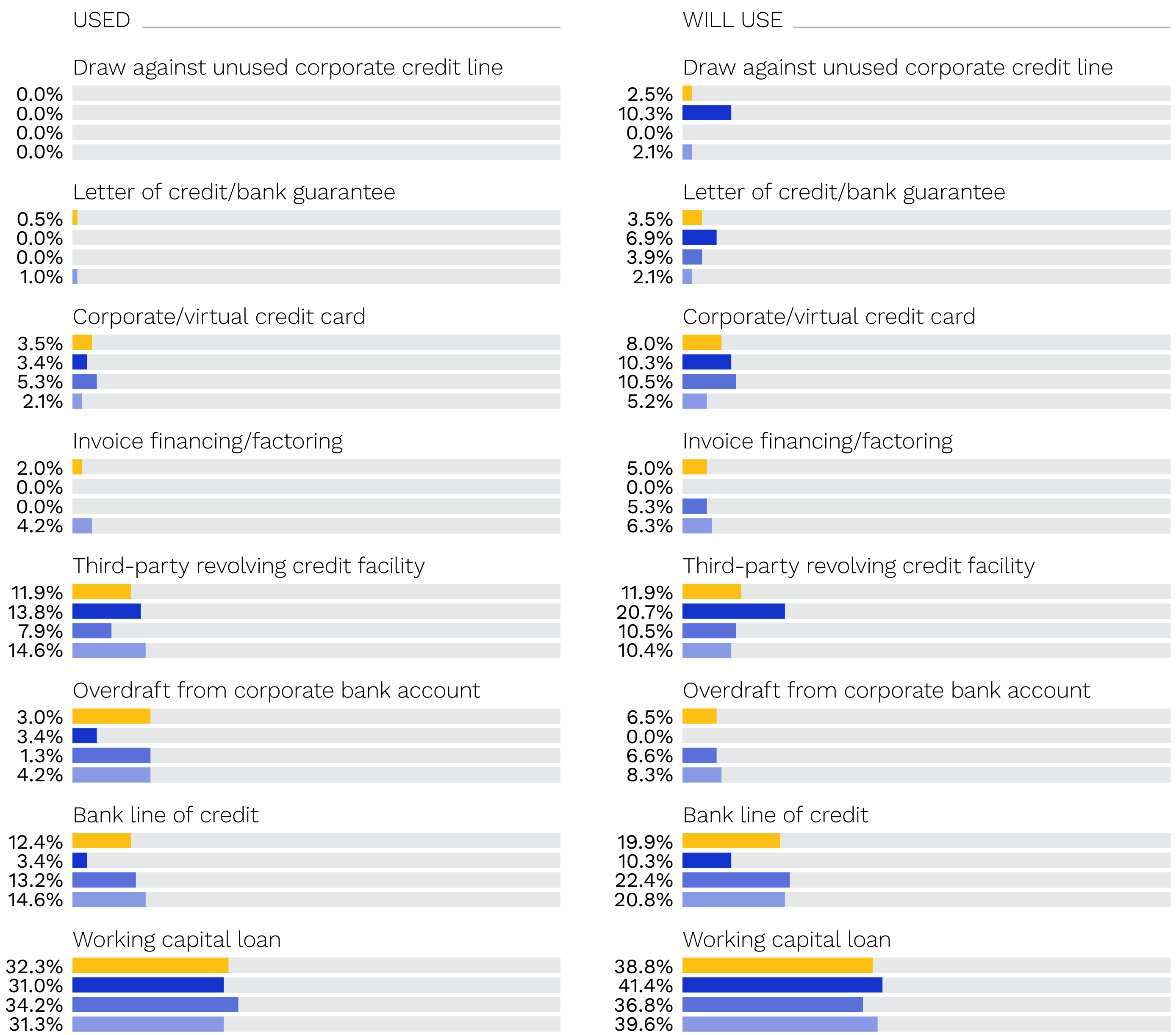


Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample,
fielded March 9, 2023 – June 12, 2023

FIGURE A.7:

Working capital solution utilization in marketplaces from 2022 to 2023 and in 2024

Most used working capital solution from 2022 to 2023 and in 2024 for marketplaces — share of companies that used select working capital solutions the most in the last year, by region



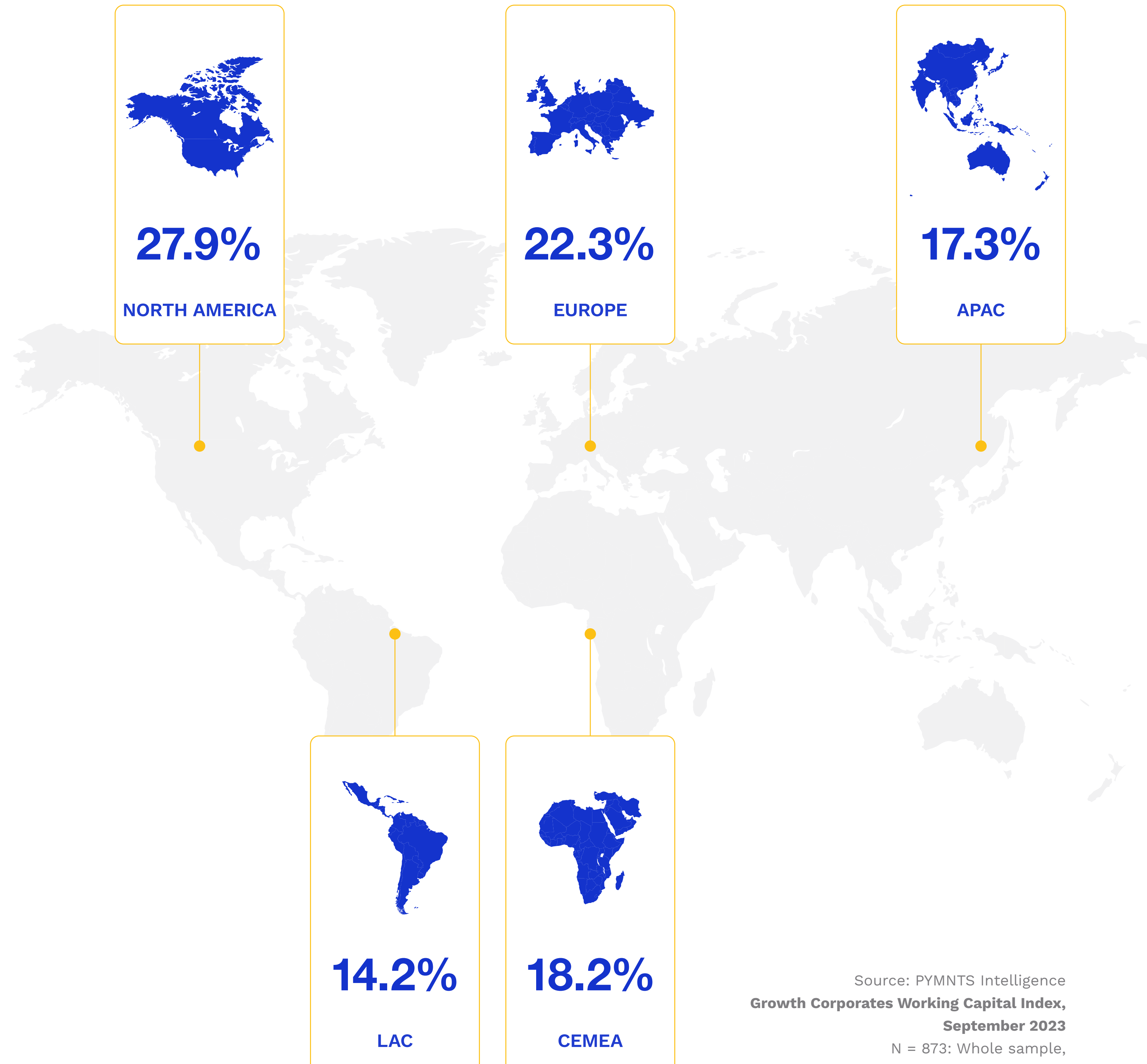
Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

- Sample
- CEMEA
- APAC
- North America

FIGURE A.8:

Survey overview — regions

Distribution in the share of responses within respective groups, by region

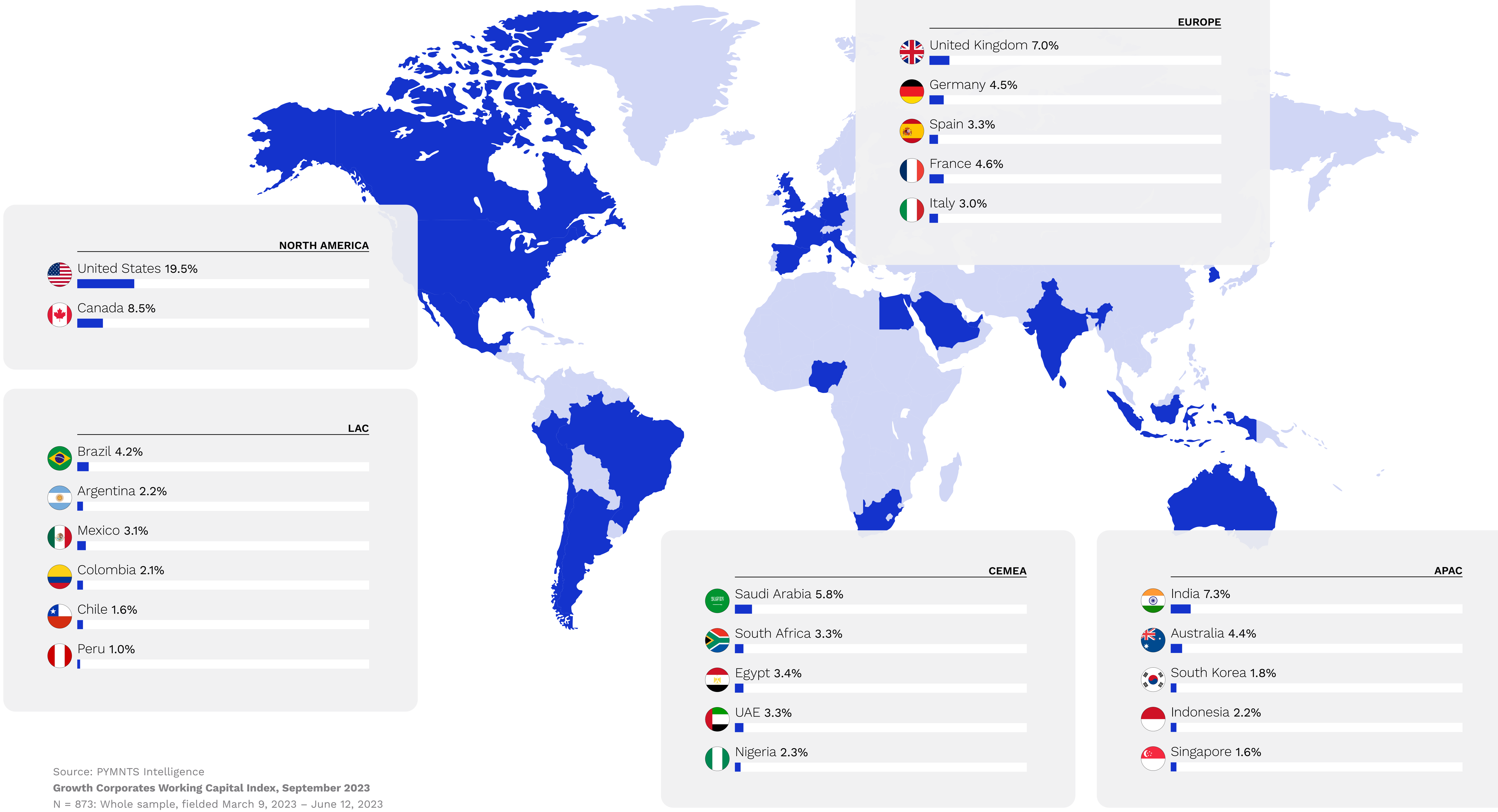


Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

FIGURE A.9:

Survey overview — countries

Distribution in the share of responses within respective groups, by country



Source: PYMNTS Intelligence

Growth Corporates Working Capital Index, September 2023

N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

FIGURE A.10:

Survey overview — finances and industry

Distribution in the share of responses within respective groups, by specific financial points and industry

REVENUE

$750M - $1B	$400M - $750M	$250M - $400M	$50M - $250M
15.2%	23.7%	19.9%	41.1%

TYPE OF CUSTOMER

More B2C than B2B	Half B2C and half B2B	More B2B than B2C	All B2B
33.6%	15.1%	23.4%	27.9%

FREQUENCY OF CASH FLOW SHORTAGES

At least weekly	About once per month	About once every quarter	Once or twice throughout the year	This has not occurred in the last 12 months
0.0%	2.4%	25.4%	48.3%	23.8%

DESTINATION OF SALES

More offshore than local	Half local and half offshore	More local than offshore
10.1%	20.6%	69.3%

INDUSTRY SEGMENT

Marketplaces	Healthcare or medical	Agriculture	Commercial travel	Fleet and mobility
23.0%	21.3%	19.1%	19.2%	17.3%

Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, September 2023
N = 873: Whole sample, fielded March 9, 2023 – June 12, 2023

ABOUT

Visa Inc. (NYSE: V) is the world's leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network — enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world and is capable of handling more than 65,000 transaction messages a second. The company's relentless focus on innovation is a catalyst for the rapid growth of digital commerce on any device, for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce. For more information, visit www.visa.com, https://usa.visa.com/solutions/visa-business-solutions.html and Visa Commercial Solutions: Overview | LinkedIn.

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 multi-lingual 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.

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