

2023-2024

GROWTH CORPORATES WORKING CAPITAL INDEX

Fleet and Mobility Edition

VISA

An isometric illustration showing a variety of electric vehicles (EVs) and their charging stations. In the foreground, a white scooter is plugged into a charging station. Next to it is a white sedan, followed by a white van, and a large white box truck. Each vehicle is connected to a corresponding charging station by a yellow cable. The background features faint, light blue outlines of more vehicles, including a bus and another truck, suggesting a larger fleet or mobility network.



WHAT IS A GROWTH CORPORATE?

The **2023-2024 Growth Corporates Working Capital Index: Fleet and Mobility Edition** examines the working capital needs of 151 Growth Corporates in Central Europe, the Middle East, and Africa (CEMEA); Europe; Latin America and the Caribbean (LAC); and North America. Visa commissioned PYMNTS Intelligence to conduct the research and produce the report, and its underlying survey was conducted by telephone between March 9, 2023, and June 12, 2023. This report analyzes the working capital needs of fleet and mobility Growth Corporates — firms generating between \$50 million and \$1 billion in annual revenues that fit between standard small business and enterprise categorizations. The analysis details the working capital solutions available to Growth Corporates, their preferred use of this capital, their 2024 plans, and the impact these solutions could ultimately have on their operational efficiency and business performance.



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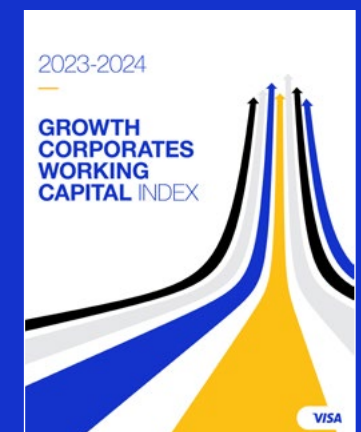
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EXECUTIVE SUMMARY

A challenging market environment — underlined by uncertain economic conditions and persistent inflation — has made working capital solutions a crucial part of business decisions across sectors and regions. After all, access to working capital enables companies of all types to avoid disturbances in their operations in the short term and power growth for the long term.

For fleet and mobility Growth Corporates, optimism reigns even more than it does in other segments.¹ Strategic planning and the ongoing organizational process to prioritize efforts and effectively allocate resources has become these firms' priority in navigating the tail end of a recent consolidation push that caters to their unique market structure — a structure that, for the most part, is constant and seasonal. Top and middle-tier performers in this industry need working capital solutions in more predictable ways, such as constantly requiring financing or needing it during certain times in the year, whereas bottom performers have more unpredictable financing needs.

The 2023–2024 Growth Corporates Working Capital Index (WCI) separated firms into top, middle and bottom performers. The WCI identifies key performance indicators that exert the most influence on firms' operational efficiency as it relates to using external working capital

¹ In this report series, Growth Corporates are firms generating between \$50 million and \$1 billion in annual revenue and represent tomorrow's corporate juggernauts.

solutions, such as reduction in days payable outstanding (DPO).² Top performers target their working capital use within these parameters, but low performing companies use it less efficiently: in a tactical way to handle unexpected scenarios rather than in a strategic manner. All top performers in the study needed working capital solutions constantly and seasonally, compared to only 34% of bottom performers. Two-thirds of bottom performers needed external financing unpredictably — and less efficiently.

WHAT WE LEARNED:

- 1. Seasonal liquidity shortfalls, investment in assets and upgrading legacy systems were priorities for two-thirds of companies in this industry when using working capital solutions.**
- 2. Top performers in the fleet and mobility sector have 26% lower DPOs than bottom performers because they are more likely to know when their next liquidity shortfall will arise, enabling them to strategize how to best deploy external working capital.**
- 3. Fleet and mobility Growth Corporates plan to increase their use of working capital solutions in 2024 — and their optimistic economic outlook means that many new working capital users are expected.**
- 4. Despite a perceived ceiling on virtual card use in Europe and Latin America and the Caribbean (LAC), Growth Corporates in North America and Central Europe, the Middle East and Africa (CEMEA) are poised to drive the use of this solution twofold this year.**

² For the Growth Corporates Working Capital Index, 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. The regression identifies factors that are associated with a higher probability of reduced DPO. Reduction to DPO is chosen as a measure of improved operational efficiency due to its connection to a firm's ability to pay suppliers and settle its debts, which is directly impacted by access to capital — an ability facilitated by access to external financing. Based on how well a firm combines these characteristics, they are assigned a score ranging from zero 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.

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**GROWTH
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PART I:
**WORKING
CAPITAL AND
THE DRIVE
TOWARD
GROWTH**

Two-thirds of Growth Corporates in the industry utilized working capital solutions to cover seasonal liquidity shortfalls, invest in assets and upgrade legacy systems.

As the fleet and mobility segment finds itself at the end of a consolidation process that started in 2021, working capital solutions have helped the sector’s companies push for growth.³ Fleet and mobility companies have opted to focus on growth and run with it, as these firms both were most likely to use a working capital solution and used more solutions, on average, than any other segment studied. This drive for expansion has resulted in tangible, region-specific patterns in both developed and emerging markets. LAC Growth Corporates, for example, use financing for strategic growth at an above average rate (57%), followed by North America, at 50%, and Europe, at 49%. As for Growth Corporates based in CEMEA, financing was most likely used for tactical reasons, at 48%; the region’s firms were least likely to deploy working capital for strategic growth, at only 20%.

The maturity of markets around the world and their level of linkage to international financial markets also figures prominently in how companies in different regions use external financing. Data illustrates differences in regional economic structures that underpin how fleet and mobility Growth

³ Placek, M. Number of transportation and logistics merger and acquisition deals in the world from the first half of 2026 to the second half of 2022, by sector. Statista. 2023. <https://www.statista.com/statistics/720068/mergers-and-acquisitions-transportation-logistics-industry-worldwide/>. Accessed January 2024.

FIGURE 1:

Why firms used working capital solutions last year

Breakdown of strategic and tactical utilization of working capital solutions last year, share of firms by region

	TACTICAL			STRATEGIC		
	Emergency	Growth	TOTAL	Cash flow	Growth	TOTAL
SAMPLE	28.4%	5.7%	34.1%	18.0%	47.9%	65.9%
• LAC	31.4%	3.9%	35.3%	7.8%	56.9%	64.7%
• Europe	28.7%	4.6%	33.3%	17.2%	49.4%	66.7%
• CEMEA	28.0%	20.0%	48.0%	32.0%	20.0%	52.0%
• North America	25.0%	2.1%	27.1%	22.9%	50.0%	72.9%

Source: PYMNTS Intelligence
Growth Corporates Working Capital Index, Fleet and Mobility Edition, January 2024
 N = 151: Whole sample of fleet and mobility companies, fielded March 9, 2023 – June 12, 2023

Corporates target their operations. For example, European Growth Corporates represent the highest concentration using working capital loans (40%) and overdrafts (23%) to finance growth initiatives and address emergencies. Growth Corporates in LAC were most likely to fund their growth using overdrafts (25%), working capital loans (28%) and virtual cards (13%). In contrast, Growth Corporates in CEMEA exhibited less uniformity in solution use, showcasing a fragmented and undeserved market. As such, CEMEA companies’ use of external financing options mix corporate overdrafts, virtual cards, bank lines of credit and third-party revolving facility solutions; however, the share using each is less than 10%.

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PART II:
**THE
PERFORMANCE
GAP:
WHO CAME
OUT ON TOP?**

Astutely gauging liquidity shortfalls enables top fleet and mobility performers to deploy external working capital strategically, enabling them to have 26% lower DPOs than bottom performers.

Top-performing Growth Corporates in the fleet and mobility sector are most likely to be found in North America and to fall in the middle revenue bracket (\$250 million to \$750 million). Data shows that 39% of top performers are in North America, while an average of 26% of top-performing companies are in Europe and LAC. At the lower end, only 2.3% of top performers are found in CEMEA. This breakdown presents an overall picture of regional operational priorities; LAC companies target external financing for strategic use, whereas CEMEA firms use it for tactical purposes, even though the latter yields lower efficiency and lower scores than strategic purposes — a pattern observed among all industries studied.

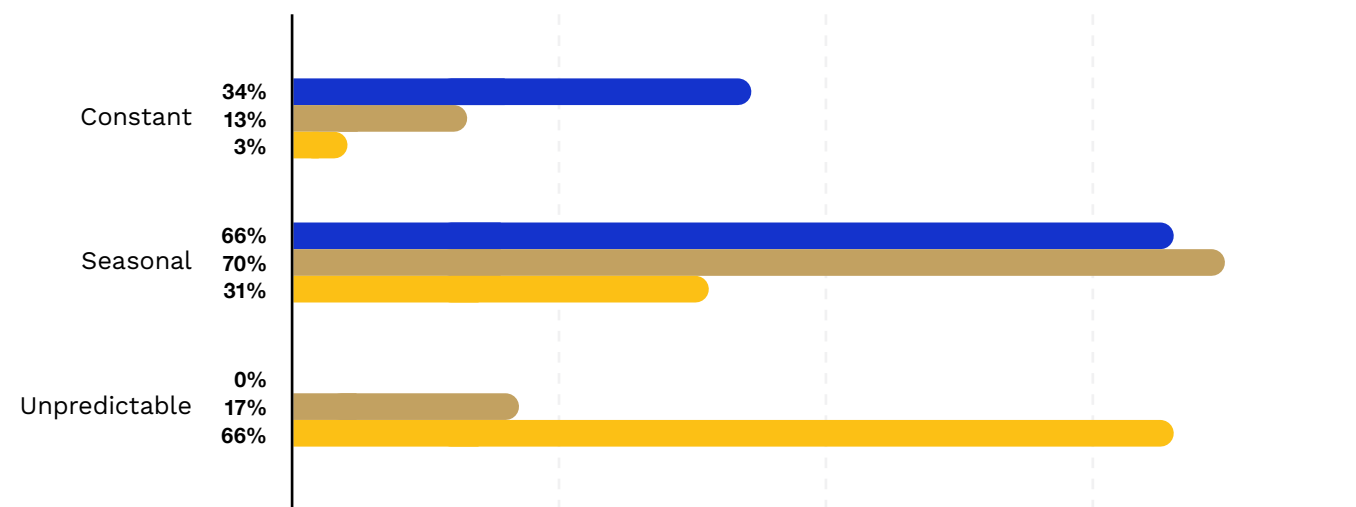
In terms of concrete differences, top performers fared better, averaging DPO of 45 days, whereas bottom performers averaged 57 days. The 45-day mark represents a 26% improvement between top and bottom performers, and the efficiency allows them to improve their cash flow. Companies in the sector that have superior payment integration with their suppliers and predictable financing cycles are better-suited to leverage these DPO improvements. Another aspect of top performers that stands out is their aligned stance in focusing on strategic investment: 94% of these overachievers use working capital solutions to finance investments and other growth initiatives.

Companies that fared poorly were either those that did not tap external working capital at all last year or that did so for emergencies only. Forty-four percent of bottom performers were nonusers, while most of the rest (about 38%) were tactical users.

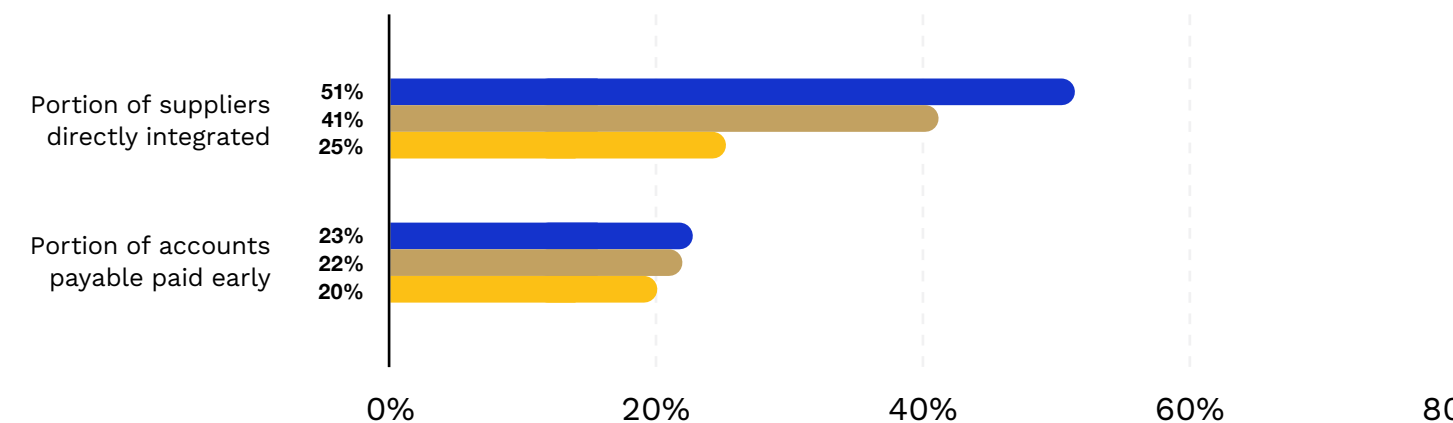
FIGURE 2:

Cash flow predictability and supplier integration benefit performance
Share of firms in each index performance tier, by variance in financing needs and accounts payable metrics

Variance of financial needs during the year



Accounts payable metrics



- Top
- Middle
- Bottom

Source: PYMNTS Intelligence
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**PART III:
STATE OF PLAY
2024**

Fleet and mobility Growth Corporates plan to increase their use of working capital solutions in 2024 — and their optimistic economic outlook means that many new working capital users are expected.

Fleet and mobility companies will increase their use of working capital solutions as the segment moves forward with strategic growth targets. This year can be summarized as consequential for working capital solutions in this segment, as the number of solutions companies use is projected to double, mainly driven by these Growth Corporates’ optimistic outlook. The sector expects a 17% increase in projected users, with a slight inclination toward bank lines of credit/guarantees, invoice financing and corporate overdrafts.

FIGURE 3:

Projected segment use of working capital solutions

Share of companies planning to use select working capital solutions the most in 2024, by region

	SAMPLE	LAC	CEMEA	Europe	North America
• Working capital loan	33.8%	34.4%	25.6%	43.8%	28.6%
• Bank line of credit	18.5%	9.4%	39.5%	4.2%	21.4%
• Overdraft from corporate bank account	13.2%	15.6%	4.7%	18.8%	14.3%
• Third-party revolving credit facility	5.3%	6.3%	4.7%	6.3%	3.6%
• Invoice financing/factoring	4.6%	3.1%	4.7%	6.3%	3.6%
• Corporate/virtual credit card	9.3%	12.5%	11.6%	6.3%	7.1%
• Letter of credit/bank guarantee	7.3%	9.4%	7.0%	4.2%	10.7%
• Draw against unused corporate credit line	4.0%	3.1%	2.3%	6.3%	3.6%

Source: PYMNTS Intelligence

2023-2024 Growth Corporates Working Capital Index: Fleet and Mobility Edition, January 2024

N = 151: Whole sample of fleet and mobility companies, fielded March 9, 2023 – June 12, 2023

Where will this growth in usage come from? It will come from firms that last year said they did not need to use any external working capital solution. Almost two-thirds of projected new users in 2024 will come from firms that said they did not need to use working capital in 2023. About 93% of these newly added firms now intend to access these solutions for strategic growth purposes, such as investments, system upgrades and other expansion plans. Another factor that contributes to this assessment is the industry’s favorable outlook for this year, with fewer than 3 in 10 firms in this segment expecting supply chain issues this year and more than half expecting improved DPO metrics.

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PART IV:
**VIRTUAL CARDS'
REGION-SPECIFIC
UPTICK**

Despite a perceived ceiling on virtual card use in Europe and LAC, Growth Corporates in North America and CEMEA are poised to drive the use of this solution twofold this year.

A deep look into virtual and corporate cards reveals a cautiously optimistic outlook for this segment with what appears to be signs of regionalized opportunities for growth. The use of virtual cards this year is set to rise overall to 22% from 17% this year, which is more in line with the other segments in our study.

Utilization uptick is slowing for European fleet and mobility companies on a yearly basis, with either a small increase or no change exhibited. Additionally, firms with unpredictable financing needs are turning away from using this solution, with usage rates dropping to 17% this year from 25% last year. Fleet and mobility is the only segment in the study in which some regions' virtual card use as a working capital solution is down, and the sector overall has the second-lowest projected utilization rate for virtual cards.

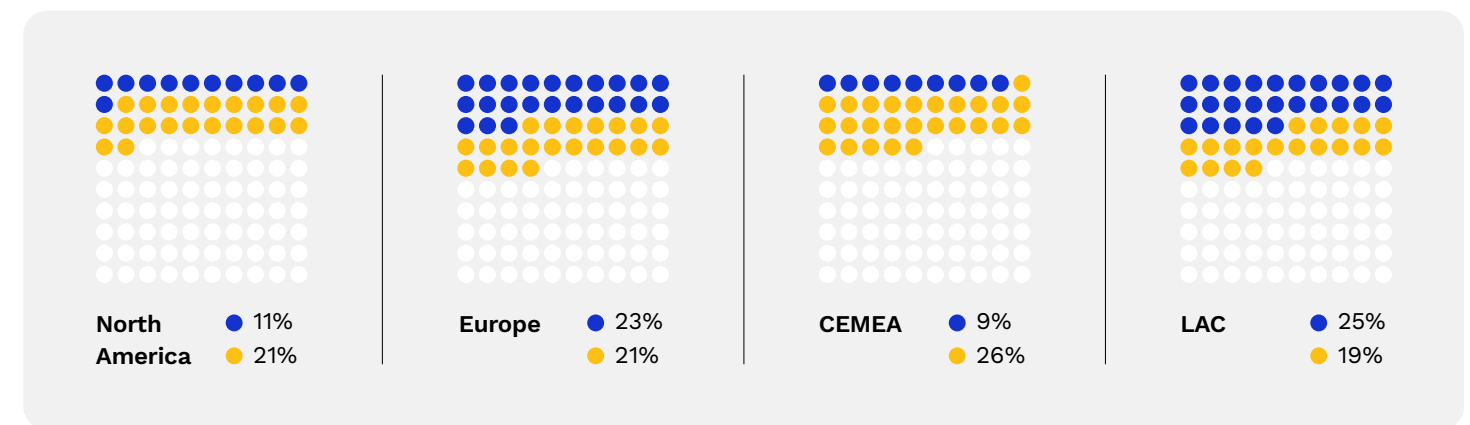
Even despite those industry-specific details, fleet and mobility firms in CEMEA and North America are turning to virtual cards at notable rates. The use of virtual cards in these regions is expected to increase 175% for CEMEA (from 9% to 26%) and 100% for North America (11% to 21%).

FIGURE 4:

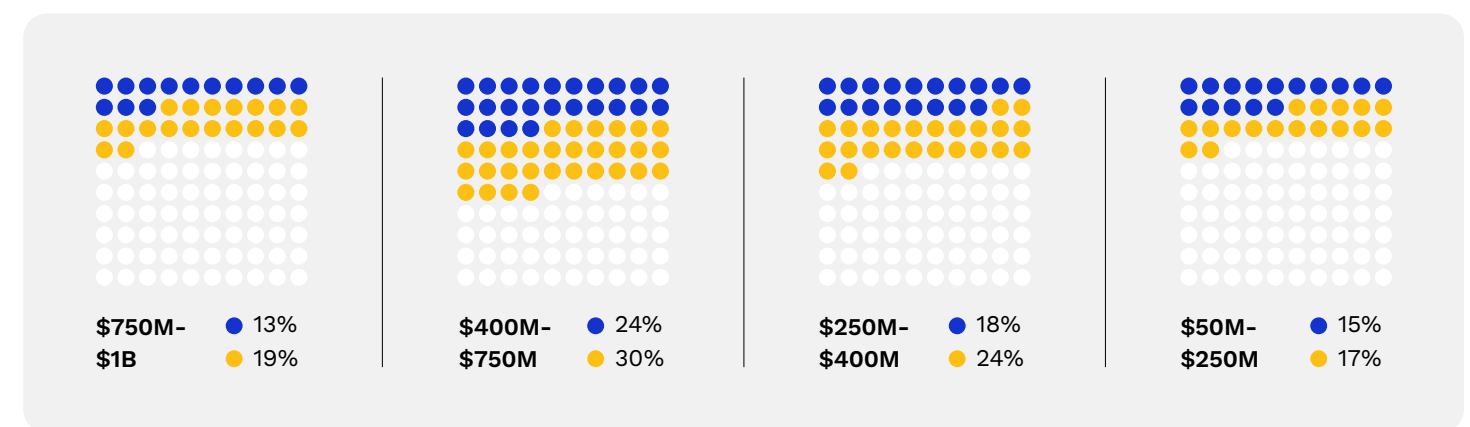
Use of virtual cards follow a conservative trend

Share of companies that used or are likely to use corporate or virtual credit cards as a working capital solution

REGION



REVENUE

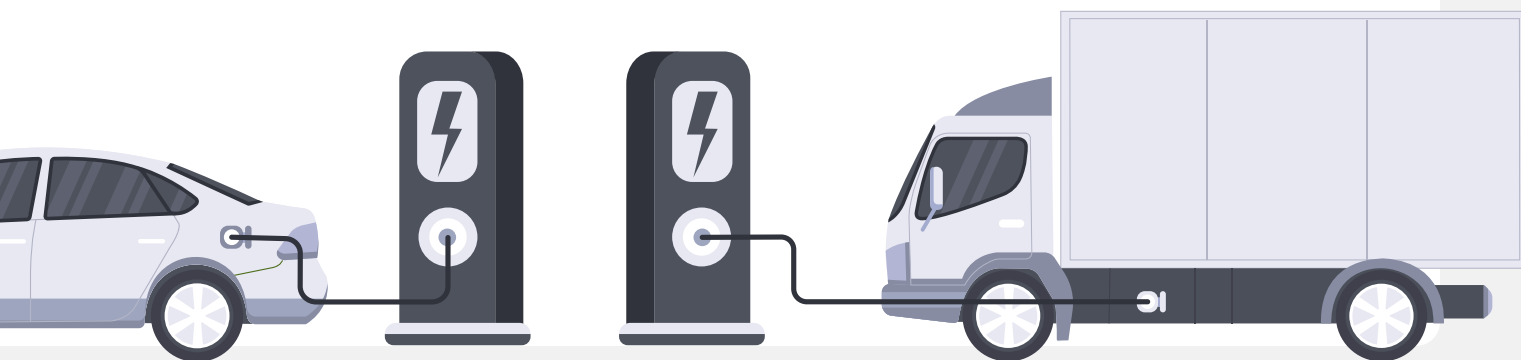


- Used
- Very or extremely likely to use

Source: PYMNTS Intelligence
 2023-2024 Growth Corporates Working Capital Index: Fleet and Mobility Edition, January 2024
 N = 151: Whole sample of fleet and mobility companies, fielded March 9, 2023 – June 12, 2023

CONCLUSION

The fleet and mobility segment is set on bolstering its strategic use of working capital solutions to address planned growth objectives. Ninety-six percent of fleet and mobility companies plan to use some type of working capital solution in the coming 12 months, representing a rise of 14% relative to last year. Companies in this segment have an optimistic economic outlook for this year, with only 2 in 10 predicting a global recession and less than 3 in 10 expecting supply chain issues. Moreover, more than half of companies in this segment are highly likely to use working capital loans, with one-third saying this is the solution they would use the most. Despite the projected use of virtual cards — this year only increasing by 5 percentage points to 22% — there is a clear opportunity to cater to companies that have less cash flow predictability and to those in CEMEA and North America, as the data shows large increases regionally in the use of these solutions.



METHODOLOGY

The 2023–2024 Growth Corporates Working Capital Index: Fleet and Mobility Edition is based on a telephone survey conducted between March 9, 2023, and June 12, 2023, of 151 respondents holding the position of corporate CFO or treasurer at companies which Visa calls Growth Corporates — those generating revenues between \$50 million and \$1 billion. The report examines the working capital solutions available to Fleet and Mobility Growth Corporates to raise short-term cash or credit, the preferred use of these proceeds and the impact these solutions can have on their operational efficiency and business performance. The survey included CFOs and treasurers of Growth Corporates in the fleet and fuel industry, which encompasses a range of companies involved in the management, distribution and consumption of fuel as well as the operation and maintenance of commercial vehicle fleets.

ABOUT

DISCLAIMER ■

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