How to pay your bills in Xero: A guide to getting started

Bill paid!

Contents

Jump to a specific section by clicking on the title

How do you pay your bills?

Paying bills is an essential day-to-day task for small businesses. For the 33+ million small businesses in the US, good payment practices help them to maintain strong relationships with vendors and maintain a healthy cash flow.

Despite improvements in payments technology over the years, many of these businesses still rely on manual methods to pay their bills. With numerous invoices to track, and payments to process, paying bills can leave small business owners feeling overwhelmed and frustrated.

In our latest global payment report, 'I want to pay that way', 38% of over 500 US small business leaders surveyed said keeping track of due dates is a top frustration when it comes to paying vendor bills. Other pain points include dealing with mistakes in vendor bills (29%) and receiving bills or purchase orders in different formats (28%).

Our report found too much time is spent managing accounts payable that could be better spent working on strategic parts of the business or with family and friends.

If you are a small business owner, then you'll know that paying bills manually is time-consuming and leaves room for errors.

Did you know 58% of US small businesses are spending at least four hours each month managing their accounts payable?

Going digital to streamline bill management and vendor payments can actually save time and money. And businesses can better plan for the future and adapt to industry changes more effectively.

That's why we've launched Xero's online bill payments, powered by BILL. It simplifies accounts payable by bringing bill management, payment processing, and reconciliation together in Xero's platform. Small businesses can save time, reduce errors, and gain full visibility over their cash flow, while enjoying the flexibility to pay bills the way they want.

Let's take a closer look at the specific benefits of using Xero online bill payments for your small business.

You can find the full report, insights and findings on how payments are changing across the world here.

Benefits of managing your bills in Xero

Small businesses often juggle various priorities when managing bills.

Our report shows that small businesses are facing increasing pressures, including ensuring they have enough money to pay their bills on time. In fact, our report found that around a third of small businesses say that one of their top challenges when it comes to paying their bills, is making sure they have enough funds (35%)

With these pressures in the market, paying bills can feel like a chore and take away time from running your business.

An efficient accounts payable process is essential for the financial health and reputation of your business. It empowers you to gain visibility into bill payments, understand their impact on our business, as well as identify trends and proactively manage cash flow challenges with confidence.

You can take control of accounts payable and streamline your entire workflow by combining secure, seamless bill payments and accounting in a single platform like Xero.

Here are some of the top benefits.

Managing your bills

1 Effortless bill capture

Help save time and reduce errors with smart bill capture in Xero. Automate bill entry by uploading files, drag-and-drop from your desktop, or forward bills from your email. Xero will pre-fill key details to create draft bills, regardless of the format, ready for approval.

2 Take control of your bills

Assign roles and permissions to control who can create and approve bills, supporting security and accuracy. Xero can detect and flag duplicate bills automatically, reducing the risk of fraud and payment errors. You're also able to keep your bills organized by status, set planned payment dates to avoid late payments and streamline operations by setting up repeating bills to eliminate manual entry.

Paying your bills

③ Simplify bill payments – all in one place

Streamline your workflow by managing vendor payments directly in Xero. With bill payments and accounting integrated into one platform, you can simplify your processes, eliminate the need to juggle multiple tools and reduce the risk of syncing errors.

④ Pay your way

Pay multiple bills in just a few clicks, and avoid manual bank transfers, writing and mailing checks or entering credit card details—saving time and effort on every payment. Access millions of vendors that are part of the BILL network, and have the flexibility to choose the payment method that works for you—and let your vendor choose how they want to get paid. Take control of your cash flow by scheduling payments in advance, breaking them into installments or timing payments strategically to secure early-payment discounts and meet vendor terms.

⑤ Complete control over your payments

Delegate with confidence while staying in control of your finances, by allowing employees or your advisor to prepare payments for review and approval, while ensuring oversight of your bank account remains in your hands. Use 2-step verification for all payments processed by BILL in Xero to add an extra layer of security to your financial data. With Xero, you can track the status of payments without needing to log into your bank account, giving you a clear and accurate view of which vendors have been paid and when.

⑥ Secure, trusted payments

BILL is a leading US financial operations platform trusted by nearly 500,000 businesses, to provide secure and reliable financial solutions. BILL uses advanced encryption, robust security measures, fraud prevention tools and is compliant with PCI DSS and SOC 2 standards to help safeguard your payments and financial data at every step.

Pay by card and scheduled payments are planned to launch later this year.

Simple steps to get started with online bill payments

Ready to get moving on improving your accounts payable processes? Here's a few simple steps you can take to set up online bill payments to help keep cash flow healthy.

Getting started

To set up online bill payments simply get started in Xero, then BILL will be available as an additional payment option.

1. To complete the one time setup simply submit your business details for verification by BILL. Add your bank account in Xero.

2. Update your user role to include the make payments user permission.

3. Add your vendors as contacts in Xero and enter their organization and financial details.

4. Add and approve the bills you want to pay.

How to pay your bills using online bill payments

You will only be able to make bill payments within the United States using USD. Foreign currency bills will be added later.

1. On bills awaiting payment tab select bills to pay and click make payment

2. Select the BILL option

3. Select how you'd like to pay. You have the option to change your payment method from bank account to card.

4. If you have multiple approvers involved in the payment process, you can request someone else to pay, and they will be notified to review the batch.

5. Click pay to make payment

6. Follow the prompts to complete 2-step verification. Transactions are processed by BILL and paid to your vendors according to their selected payment method.

7. BILL informs your vendors that payment has been submitted and you will be able to view the status of your payments in Xero.

Pay by card and scheduled payments are planned to launch later this year.

Meet BILL: Xero's online bill payments partner

Rory Byrne
VP Corporate Development

In early 2024, Xero announced a new strategic partnership with BILL, to create an embedded payments experience for small businesses and their advisors. The solution deeply embeds BILL's robust payments capabilities, allowing customers to more efficiently pay their bills, without leaving the Xero platform. We asked BILL what small businesses can expect about the new bill payments solution and their predictions about making payments in the near future.

What are the biggest challenges you see for small businesses making payments?

Historically, paying bills has been manual and time intensive. Small businesses paid different vendors using different methods and platforms. In the case of checks a small business had to gain approval for an amount, print the check, put the check in the mail, and wait for the amount to clear.

Visibility into cash flow has also been challenging. Disconnected processes for paying bills can lead to a lack of understanding into what bills were in the process of being paid, coming due, or not yet in the approval process. Not knowing where you stand from a cash flow perspective can cause a lot of stress.

Digitized payment processes are helping small businesses by saving time and embedding bill pay directly into the accounting platform is increasing visibility and reducing uncertainty and stress.

What are the benefits of this new embedded bill payments solution with Xero?

Efficiency and convenience are essential benefits. Small businesses can quickly and easily pay bills all within Xero, giving customers time back to focus on running their businesses. The embedded solution eliminates multiple logins and the need to enter payment information across different platforms, decreasing data entry errors. Cash flow visibility is also key. Many small businesses still deal with friction in managing cash flow. Within Xero, customers can view, schedule, and track payments.

What practical tips can you give small businesses to pay their bills seamlessly?

We know that 38% of US small businesses say keeping track of due dates is a top frustration when it comes to paying bills[*]. Xero's customers will be able to schedule payments within Xero for future dates, so they can take care of paying bills when convenient, and avoid missing due dates and penalty fees. They are also able to pay multiple bills at one time, further increasing efficiency.

Another feature of the embedded bill payments solution is the ability to leverage BILL's network of millions of vendors. Small businesses can easily search for vendors and pay with their preferred payment method, so there is no need to worry about how the vendor wants to get paid. Customers don't need to gather payment details for vendors already in the network, streamlining processes and saving time.

[*]"I want to pay that way" Xero 2024 report.
Pay by card and scheduled payments are planned to launch later this year.

What do you find exciting about payment technology trends?

We're seeing some interesting trends that may impact product offerings in the future. For example, small businesses want faster payments and the progress we're seeing with Real-Time Payments and the FedNow Service is exciting. International payments are also experiencing momentum as FX markets become increasingly efficient. Another major innovation in payments on the horizon is coming from AI. It will only continue to be more integrated across financial processes. AI is already helping to auto populate information in bills and invoices, manage risk, and facilitate payments. In the future, AI will be even more pervasive and improve the jobs to be done for small businesses.

What is the future for payment technologies around making payments?

Small businesses want ease of use, speed, and choice in payments. And innovation never stops delivering on these needs for customers. Small businesses increasingly want to decide how their payments are made by selecting their preferred method such as their credit card of choice, or other timely digital options that give them flexibility to manage and optimise their cash flow. Small businesses will continue to shift away from paper and checks into digital and ePayments. Embracing these new payment methods helps businesses boost efficiency and stay competitive.

Making bill payments seamless for accounting firm MATAX

Dan Quigley, a Lead Accounting Technologist at MATAX, is using online bill payments for his side business, a touring music band.

"Previously, I used external accounts payable software with Xero, and while it worked, syncing sometimes caused delays or errors.

"With Xero's online bill payments feature, powered by BILL, my bills are uploaded, approved, and paid all in one place directly from Xero. Everything is in one platform, which reduces the risk of sync errors and makes bill payments faster and more efficient,"

Read more about Dan's experience with Xero's online bill payments [here](#).

Are you ready to start paying your bills directly from Xero?
Learn more here

This is a general guide only and isn't advice. As always, please consider your own circumstances and seek advice from your professional advisors as appropriate.

Certain functionality will not be available at product launch, including the ability to schedule payments and to make card payments.

Beautiful business