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Financial leakage

The $53bn opportunity for Accounts Payable teams

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Introduction

Every year, enterprises lose billions to financial leakage in Accounts Payable. Duplicate payments, missed credit notes, invoice errors and fraud slip through existing controls undetected.

These problems only intensify during business mergers and acquisitions, ERP migrations and automation initiatives.

The problem isn't knowing losses exist. It's seeing the true scale, understanding why your current controls can't prevent them and learning what leading AP teams are doing to stop the bleeding while transforming their operations.

About You

Your team is processing tens or hundreds of thousands of invoices, and you're leading a transformation in Accounts Payable: driving automation, exploring AI and pursuing ambitious goals like touchless processing and major spend reduction.

But while you're focused on the future, your business is losing money today. Errors are draining cash and hitting your bottom line.

You're ready to stop these losses and position AP as a strategic function. The challenges: understanding the scale of the problem, updating clumsy legacy systems and overcoming resistance to change.

Meanwhile, the cost of inaction keeps mounting.

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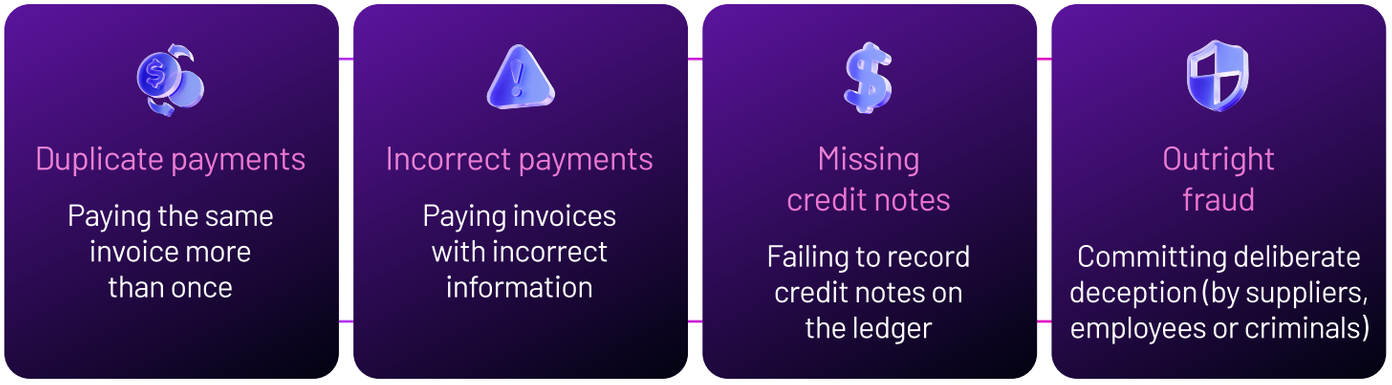
EXECUTIVE SUMMARY

$53 billion of financial leakage

Every year, $53 billion[1] can vanish from Accounts Payable departments through duplicate payments, invoice errors, missing credit notes and fraud.

Companies lose around 0.35% of total annual spend to these losses. In some industries, like manufacturing and healthcare, it can be even higher. Loss patterns vary by industry: manufacturers face more duplicate payments due to complex supply chains with frequent partial deliveries, while retailers lose more to missing credit notes from volume rebates and promotional allowances.

Leakage can look like:



Teams are struggling to prevent these errors because they're relying on outdated, legacy controls: ERPs and rule-based controls only catch exact matches and miss near-duplicates. Recovery audits are expensive reactive measures that charge fees of 15–25%. Manual reconciliation only covers 10–15% of suppliers, leaving 85–90% unchecked and an inaccurate ledger.

Beyond direct financial losses, leakage undermines team morale as staff spend days firefighting exceptions. Payment errors damage supplier relationships, while AP's credibility with leadership erodes as they see margin leakage they can't fully quantify.

Forward-looking AP organisations are embracing transformation by shifting from reactive recovery to proactive prevention. AI-powered automation prevents errors before payment, helps you audit 100% of transactions and saves $3.5M per $1B in spend — turning AP from a cost centre into a profit protector.

CHAPTER 1

Understanding financial leakage
Companies are losing 0.35% of annual spend

In short Your company is bleeding money — and you might not realise how much. Businesses lose an estimated 0.35% of total annual spend to financial leakage through duplicate payments, invoicing errors, missing credit notes and fraud. **That's $53 billion vanishing into thin air every year. This might look like paying the same invoice twice due to a "0" vs "O" typo, or overpaying £2,500 on a £50,000 purchase from incorrect tax rates.**

$53 billion annual leakage

Financial leakage compounds quickly. What starts as isolated errors (a duplicate payment here, a missed credit note there) multiplies across thousands of transactions into significant losses. The scale is staggering: businesses can lose $53 billion annually to financial leakage in Accounts Payable.

On average, companies lose 0.35% of their total annual spend to duplicate invoices and missing credit notes alone. When you factor in invoice fraud, tax errors and supplier pricing mistakes, the losses are even larger - creating billions of dollars of leakage.

This $53 billion estimate is derived by applying Xelix's internal customer benchmarks to the broader market of eligible businesses.

CHAPTER 1 | CONTINUED

The four drivers of financial leakage

#01 DUPLICATE INVOICES

Duplicate invoices can occur when suppliers send revised invoices, goods are delivered in multiple shipments or invoices are received through multiple channels.

Additional causes include multiple finance systems, low PO match rates, keying errors, OCR errors and unclean master vendor files. If not properly flagged before the payment run, businesses will end up paying the same invoice more than once.

These errors slip past standard ERP controls, costing companies up to 2% of their spend[3]

#02 INVOICING ERRORS

Common errors include invoices applied to the wrong vendor, data entry mistakes (such as confusing the letter O with the number 0) and premature or late payments caused by incorrect dates being entered.

Errors like these lead to processing delays or overpayments.

In one case, a simple clerical error led to an invoice for $50,578.50 being paid as $5,057,850 — an overpayment of roughly $5.0m[5]

#03 MISSING CREDIT NOTES

Suppliers issue credit notes to reduce the amount owed by a customer in the case of returns or rejections, pricing corrections, overcharges, damaged goods and more.

Many times, these credits don't make their way onto a team's ledger, meaning they aren't used.

Missed credit notes can be worth $2.5 million for every $1 billion of spend[4]

#04 INVOICE FRAUD

Invoice fraud can take a number of forms, including Business Email Compromise (BEC), fake supplier schemes, payment diversion, overbilling schemes, internal fraud and more.

As AI tools grow more sophisticated, fraudsters, whether employees, suppliers or external actors, become harder to detect and can cost businesses millions.

A former employee for the US DOJ pleaded guilty to defrauding the government through a fake invoices scheme, with $624,500 in restitution[6]

LIBERTY GLOBAL

Liberty Global finds £18 million ($24 million) worth of unclaimed credit notes

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CHAPTER 1 | CONTINUED

Levels of financial leakage across key industries

	Total losses from duplicates / credit notes *(% of annual spend)*	Duplicate payments *(% of annual spend)*	Missing credit notes *(% of annual spend)*	Invoicing errors *(% of annual invoice volumes)*
Manufacturing and packaging	0.72%	0.66%	0.06%	0.14%
Healthcare	0.52%	0.38%	0.14%	0.15%
Pharmaceuticals	0.45%	0.42%	0.03%	0.18%
Retail and consumer goods	0.44%	0.27%	0.17%	0.05%
Energy and utilities	0.30%	0.28%	0.02%	0.17%

How does leakage affect different industries?

Complex business models aren't weaknesses. They're essential to how these industries operate and deliver value. However, this necessary complexity does create unique vulnerabilities to financial leakage:

Manufacturing and packaging businesses operate complex, fast-moving supply chains with multiple suppliers, product variations and urgent delivery demands. These businesses often prioritise product fulfilment over process controls, creating an environment prone to errors. The combination of manual processes and rapid operations significantly increases the risk of duplicate payments and invoice entry errors.

Healthcare and hospital operators manage complex procurement needs, from high-value capital equipment (MRI machines, surgical robots) to thousands of low-value consumables (surgical supplies, pharmaceuticals, medical devices). This creates multiple touchpoints with the same suppliers and frequent partial deliveries, which increases the risk of receiving duplicate payments for different order components. Additionally, urgent or emergency purchases may bypass standard procurement workflows, leading to manual data entry errors and the same invoice being submitted through multiple channels (directly to AP, via procurement or through clinical departments), resulting in more duplicate invoices.

Pharmaceuticals companies often see invoice errors due to a global, specialised supplier network. With complex international regulations and frequent pricing changes, invoices can sometimes reflect incorrect tax rates (VAT, GST or customs duties) or outdated pricing agreements that don't align with current negotiated discounts or currency fluctuations.

Energy and utilities providers manage everything from regulated asset-heavy projects (power plants, pipelines) to emergency repairs, creating complex coding and approval workflows. Teams have to split invoices across multiple cost centres and regulatory categories, and urgent work orders often bypass standard procurement processes. This complexity drives invoice errors: invoices may reflect incorrect tax treatments, outdated pricing agreements or work categorised against the wrong project codes.

Retailers and consumer goods companies negotiate complex discounts and rebates with hundreds of suppliers, creating high volumes of missing credit notes. Volume-based rebates, promotional allowances and seasonal pricing agreements generate frequent credit notes that need to be tracked and claimed. When suppliers issue credits across multiple invoices or accounts, and AP teams lack automated reconciliation tools, these credits often go unnoticed.

Saint Luke's

Saint Luke's Health has prevented $11.8 million (£8.8 million) in duplicate payments, creating processes that are 15x more cost effective than recovery audits

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CHAPTER 2

Why financial leakage happens
The limits of conventional controls

In short

Financial leakage happens because AP teams are armed with tools that simply can't keep up. Most ERP and workflow systems only detect duplicates when the same vendor and same invoice number occur. Recovery audits are expensive band-aids that only find problems months or years later and cost 15–25% in fees. Manual reconciliation is so time-consuming that 85–90% of supplier statements never get checked. And other rules-based systems flood teams with false alerts while real errors slip through undetected.

Most AP teams are fighting a losing battle.

They're working hard to catch errors before payments go out, but they're armed with outdated tools that can't keep pace with transaction volumes. Not to mention, the effort to make post payment corrections and recover overpayments is time-consuming and hard to track.

The result?

Billions in preventable losses slip through every year—not because teams aren't trying, but because their systems are fundamentally inadequate for the job.

Existing AP controls

ERP controls	Even the newest ERPs (such as SAP S/4 HANA) rely on rules-based controls to catch duplicate and incorrect payments. These systems can catch identical copies of invoices but routinely miss near-duplicates. For example, your ERP might not flag a keying error that replaces a "0" with an "O" or transposes digits (e.g., 1,234 to 1,324) if tolerance limits are too broad. Crucially, these controls can't learn and improve from your data. Not to mention, overly broad tolerance settings generate hundreds or thousands of false alerts for AP teams to manually review, wasting hours while real duplicates slip through.
Recovery audits	With fees ranging from 15–25%, recovery audits are an expensive way to fix past mistakes. They're reactive, often only recover the top 20% of transactions and can cost businesses millions annually. Additionally, recovery audits often don't provide the root cause analysis you need to prevent these mistakes from happening again, leaving you in the vicious cycle of expensive, reactive processes.
Manual supplier statement reconciliation	Manual reconciliations in the form of Excel spreadsheets are so time-consuming that most teams only reconcile their top 10–15% of suppliers or reserve reconciliations until the account is in trouble, leaving the remaining 85–90% in the dark and an inaccurate ledger. Without full visibility, you miss potential errors and unused credit notes, in addition to seeing an increase in vendor queries due to missing invoices.
Other rules-based controls	Much like the rules-based controls found in ERPs, any other rules-based systems like OCRs or spreadsheets can't support the volume and complexity of modern Accounts Payable departments. They miss discrepancies that aren't exact matches while generating thousands of false positives that need manual review and leave you even more vulnerable to human error.
Manual workflows	"Makeshift" processes like email and spreadsheets leave you open to human error and keep your AP team bogged down in tedium.

CHAPTER 3

The real cost
How financial leakage undermines your entire AP function

In short Financial leakage is a morale killer that ripples through your entire AP operation. Frontline teams spend their days firefighting errors instead of doing meaningful work. Managers lose confidence in their numbers and credibility with stakeholders. Process owners can't prove the value of their initiatives. And executives watch margins erode while supplier relationships suffer.

Financial leakage doesn't just drain cash. It creates a cascade of problems that undermines confidence, team morale and credibility across your entire Accounts Payable operation.

AP team members

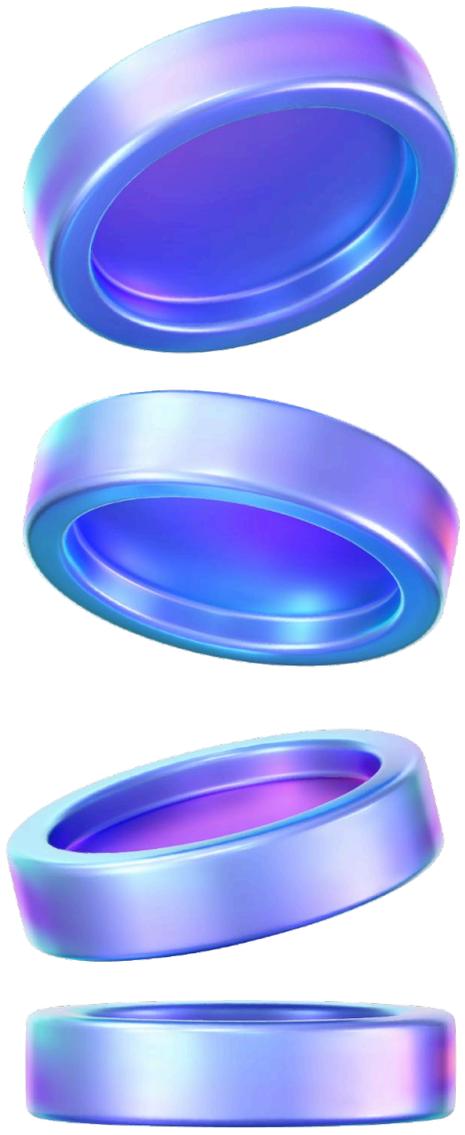
spend their days firefighting exceptions, chasing down duplicate payments and fielding frustrated vendor calls about payment errors. The tedious checking and rechecking takes a toll as teams feel overworked and undervalued. They're doing their best to catch errors with available tools, yet still facing criticism when mistakes slip through.

For AP Managers

the impact compounds. Without confidence in the ledger, month-end becomes stressful. Vendor complaints escalate while the team's credibility with internal stakeholders plummets. They're stuck in reactive mode, managing an unmotivated team while struggling to demonstrate value to leadership. Recognition comes in the form of escalations instead of praise for the thousands of payments processed correctly.

Process owners and GBS leaders

face a different frustration. Lack of visibility makes it nearly impossible to prove the impact of improvement initiatives. They're managing transformation programmes across multiple ERPs and entities, yet still relying on recovery audits to find problems months after the fact. Blind spots persist across their payment operations. Cost-per-invoice and straight-through-processing rates stall, making it difficult to justify the value of Shared Services to executive stakeholders.



At the executive level

the ultimate impact is the loss of trust. There's margin leakage financial leaders can't see. Audit findings reveal control weaknesses. Late payments damage supplier relationships and credit ratings, undermining the ability to negotiate favourable terms. The lack of consolidated reporting makes it difficult to understand true AP risk exposure or to build a compelling business case for change.

ENERGY TRANSFER

Energy Transfer, a Fortune 500 energy company, found $1.7 million (£1.3 million) in historical duplicate payments that earlier recovery audits had missed.

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CHAPTER 4

A shift to prevention
Transforming AP with proactive controls

In short Stop playing catch-up with yesterday's problems. AI automation prevents errors before payments go out, eliminates expensive recovery audits and helps transform AP from a back-office cost centre into a strategic profit protector.

Your AP team isn't the problem.
Their tools are.

ERP controls miss near-match duplicates. Recovery audits are expensive and retrospective. And manual processes leave your team drowning in tedious tasks instead of adding strategic value.

Good news: it doesn't have to be this way. Your team can replace stressful, after-the-fact recoveries with real-time prevention and stop errors before payments leave the business. You'll get full visibility across all transactions instead of finding problems months too late.

With the right automation, you can empower your team to transcend repetitive checking and firefighting. Move beyond reactive audits to proactive detection. Transform AP from a back-office function under constant scrutiny into a profit protector that leadership values.

This isn't aspirational thinking. It's what forward-thinking AP organisations are doing right now. AI automation transforms AP processes with low risk, low lift and immediate ROI. Your team takes control with tools that work alongside existing systems without disrupting them.

The right approach helps teams set new benchmarks for AP excellence:

- **Automatically auditing all transactions** before the pay run
- **Saving millions** by preventing overpayments instead of recovering them later
- **Reducing duplicate payment risk** across entities and ERPs
- **Gaining root cause analysis** to fix processes, not just catch errors
- **Boosting team morale** by eliminating tedious manual checking
- **Improving supplier relationships** proactively, negotiating favourable terms
- **Proving AP's value** with measurable cost savings and risk reduction

EG Group, one of the world's leading convenience store retailers, was able to recover £750,000 ($1.1 million) in historic overpayments and prevented later overpayments of £20 million ($27 million).

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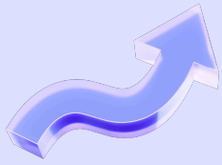
This is your opportunity to elevate Accounts Payable.

Xelix automates tedious processes to help AP teams prevent financial leakage, improve supplier relationships and increase efficiency.

Our platform bolts on to ERPs and other business systems without disrupting them, implementing in weeks and showing ROI from day one.



Save
$2 million

for every $1 billion spent by preventing payment errors

Recover
$2.5 million

per for every $1 billion spend in missed credits

Boost
productivity

significantly, protecting profits and growth

Learn more

Do you have a financial leakage problem?

- Spending too much on recovery audits?
- Only auditing a small proportion of supplier statements?
- Missing out on credit notes?
- Unable to catch duplicate invoices without manual review?

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Contact Xelix today

Let's talk about stopping the leaks, saving millions and empowering your AP team to drive business growth.

Get in touch

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Learn more: xelix.com

ABOUT US

Since 2018, Xelix has pioneered AP audit and controls. Our AI-powered platform easily bolts onto existing ERP and finance systems to detect payment errors and fraud, automate supplier statement reconciliations and streamline AP Helpdesk operations. We're trusted by global enterprises, to help finance teams reduce risk, unlock cost savings and drive greater efficiency across AP.

REFERENCES

1. This $53 billion estimate is derived by applying Xelix's internal customer benchmarks to the broader market of eligible businesses. Our analysis is based on real-world data from 481 million invoices processed through the Xelix platform through the end of 2025, examining typical rates of duplicate invoices and missing credit notes as a percentage of spend, and invoice errors as a percentage of invoice volume—both historically and after implementing Xelix controls. We've applied these observed leakage rates across the estimated population of businesses turning over more than $130 million (£100 million) and receiving more than 250,000 invoices annually. This represents a conservative assessment of preventable financial leakage in this market segment. While based on extensive real-world data from our customers, actual leakage rates may vary by industry, company size and AP maturity.
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