

The state of European expense management report 2024.





Introduction

A year on from our last snapshot of the state of expense management, many more businesses across Europe have modernised the way they manage expenses. Even more are still to follow. Something tangible is happening: the way people and businesses manage expenses is changing.

That's according to the latest findings from our market mapping of expense management solutions in 2024. European businesses are increasingly looking for better solutions to handle their finances. Economic uncertainty over the last couple of years means companies are tightening their grip on finances, including business and employee expenses.

Expense management can be a major hassle for a few reasons:

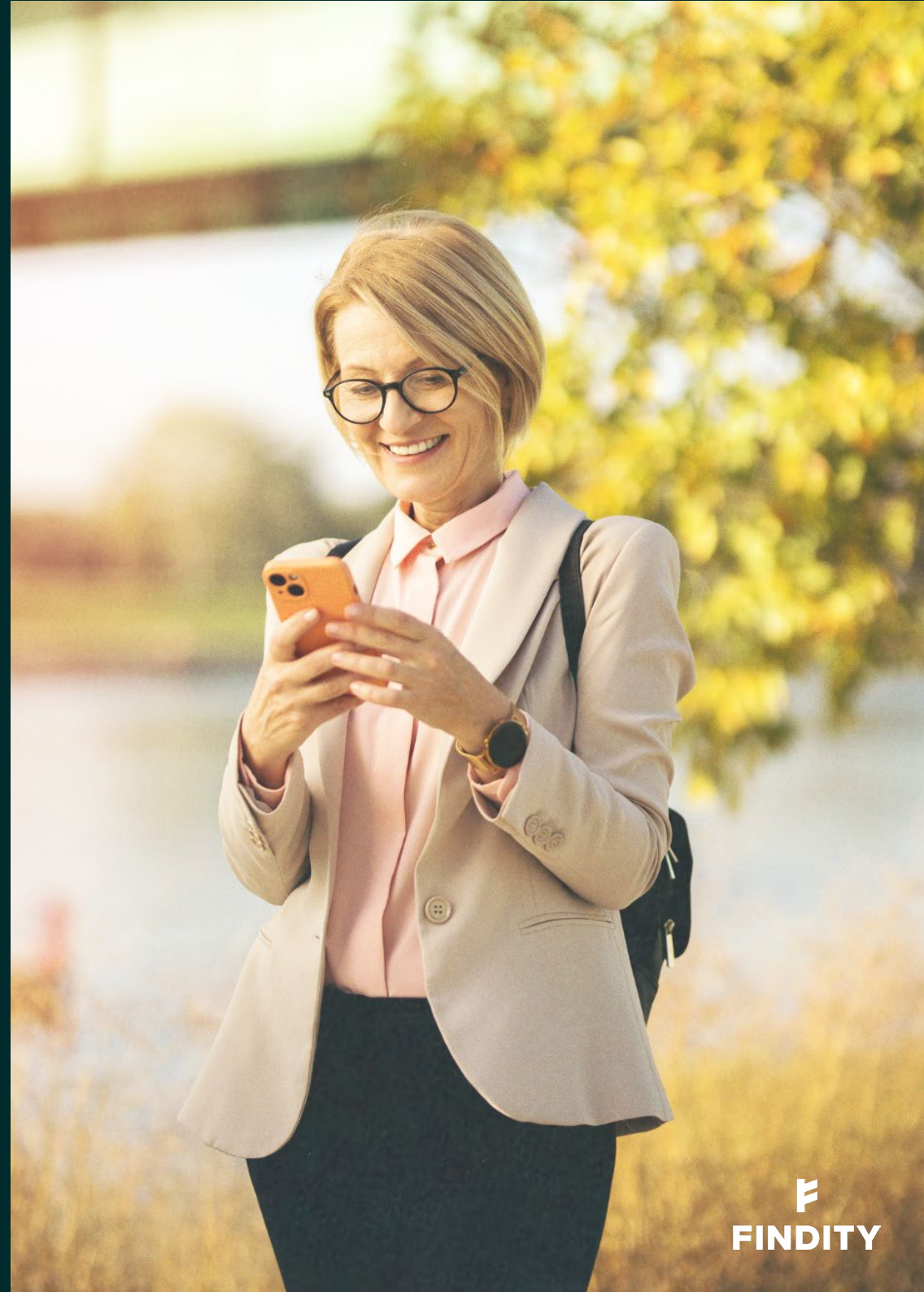
- Doing expenses the old-fashioned way – with a pencil, paper, and receipts – takes longer. Manual forms and approvals take time, slowing down the process.
- Mistakes can easily happen when employees manually enter data, leading to time-consuming queries, and delays with reimbursement.
- With limited visibility, it's hard to keep track of spending in real time, causing stress for employees needing reimbursement.

Legacy methods of managing expenses are time-consuming for everyone involved, making the whole process complicated, slow, and prone to mistakes. But it seems companies and their employees are catching on to the benefits of digital expense solutions. In fact, expense app users have increased significantly over the last year – but more on that later.

In 2023, we reported on major 11 European markets to benchmark how far different countries have come in the digitisation of expense management. A year later, our survey focuses on key developments and trends in 6 leading European markets:

- **UK**
- **Germany**
- **Sweden**
- **Norway**
- **Denmark**
- **Finland**

Let's take a closer look at our findings and dive into details of how these markets are setting new standards for digital agility and efficiency in expense management.



About the research

Surveys were conducted by the YouGov analysis institute on behalf of Findity between 6th and 21st November 2023. Computer Aided Web Interviews (CAWI) took place with European office workers and self-employed persons aged 18 or older. Email invitations were sent to the people in the YouGov Panel that met these requirements.

Rationale

Expense management is part of people's professional duties in almost every organisation in Europe. But the tools they use and expectations around the efficiency of expense management, are changing.

The rules and regulations for recording and accounting for expenses may vary for each country, but two things remain almost universal. First, expense management is a necessity for many employees. Second, managing expenses is perceived as an unwanted and time-consuming administrative burden that takes away from more meaningful work. People want to spend as little time as possible managing expenses.

In this report, we've identified key trends in expense management and gained deeper insights into the maturity of different markets by making comparisons with the previous year's data. And, as last year's report revealed, there's still a clear and obvious appetite for digital expense management solutions in Europe.

This naturally raises important questions around how people are accessing digital expense solutions, and how long it's taking them to do their expenses. In this white paper, you'll discover the key findings from our survey. **We cover regional differences from three angles: employees with expenses, digital maturity, and user behaviours.**

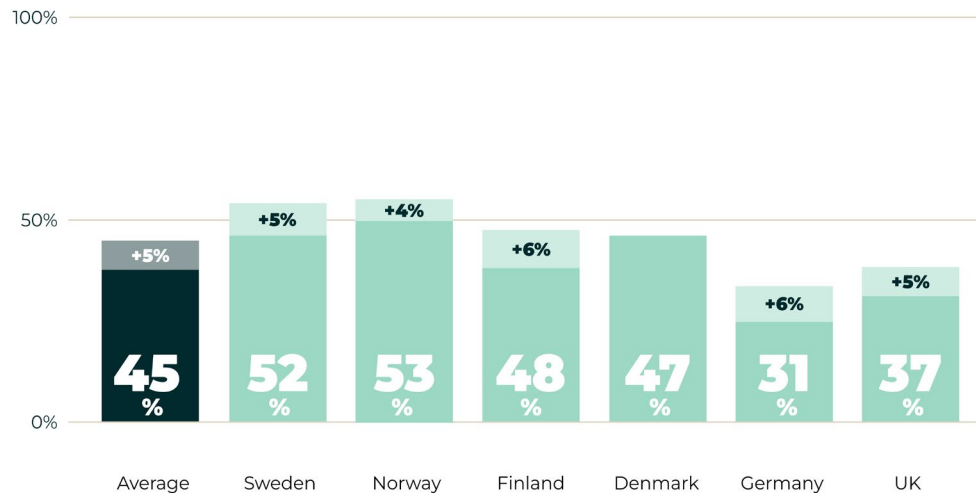


More employees are managing expenses

Across the 6 European countries in our study, **45% of employees manage expenses in their job, on average**. That's 5% higher compared with the countries surveyed last year. Whilst the numbers vary from country to country, 5 out of 6 countries saw an increase in the number of employees managing expenses at work.

Similar to last year, the Nordic countries – Sweden, Norway, Finland, and Denmark – have the highest proportion of employees managing expenses – all coming in around the 50% mark. The UK and Germany are not far behind, and if current trends continue, we're likely to see similar increases in future years.

Employees managing expenses at work by country

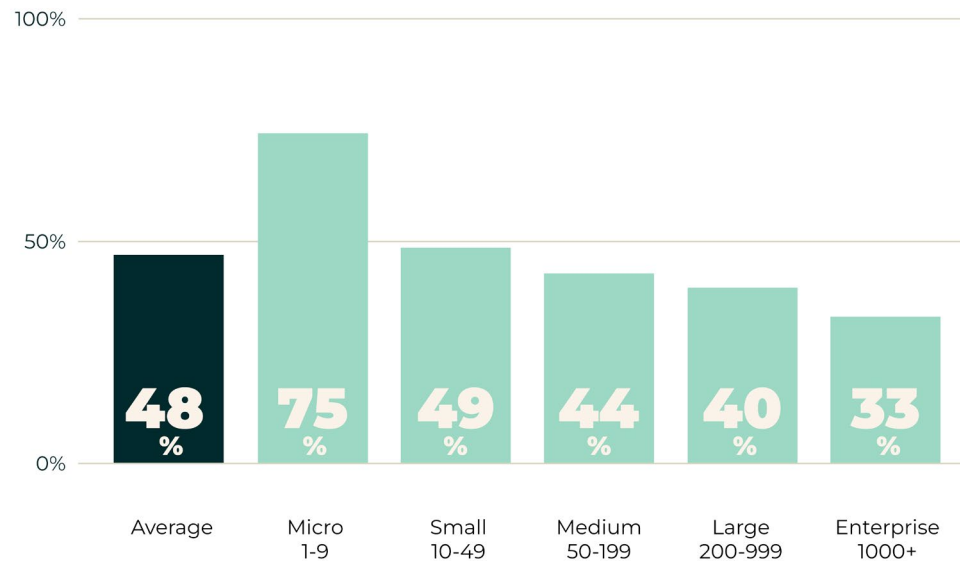


There's no question that more people in Germany are managing expenses compared with last year. The country actually had the biggest increase in employees with expenses, seeing a 6% leap on last year's percentage (25%). Interestingly, this rise correlates with the increased uptake of expense apps in the country – also up 6%.

This shift in how people manage expenses reflects a much broader acceptance of digital tools within the German market. More streamlined digital expense solutions lower the barrier to expense management, and open the door to employees who may have previously been deterred due to the complexity of manual processes. The way expenses are being managed is changing.

The relationship between organisational size and employees with expenses, is another dimension worth exploring. There are two key trends, exemplified by Finland and the UK.

Employees managing expenses by business size in Finland



In Nordic countries such as Finland (table to the left), the percentage of employees incurring expenses at work decreases in direct proportion to the size of the organisation. As we uncovered in our previous survey, there's an obvious explanation for this...



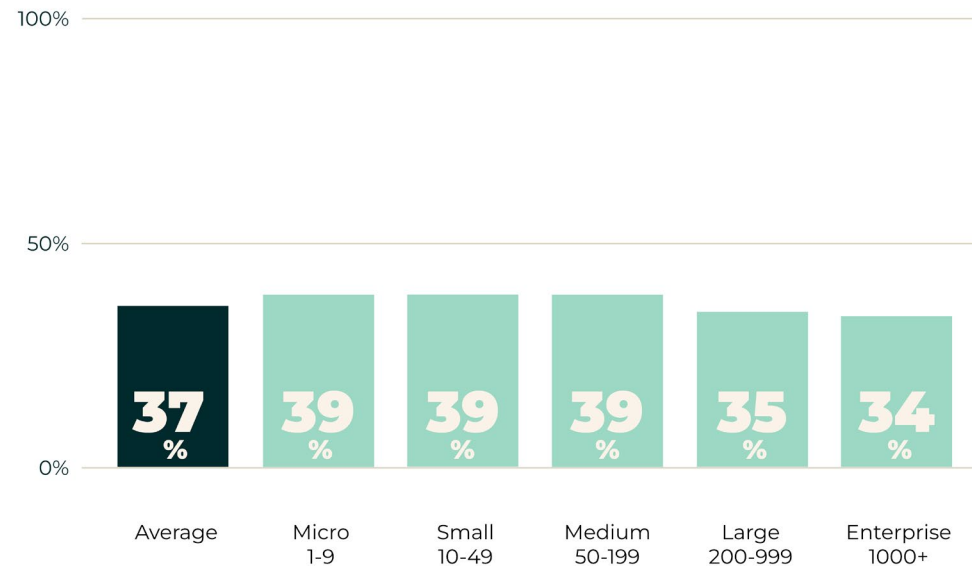
Founders or leaders take on multiple roles until their business grows, doing the kind of work that incurs expenses – such as attending trade shows and visiting clients. This means a wide range of expense types – from per diem to mileage – are incurred by just one or two people.

As organisations scale – all the way from micro-companies to enterprises – so do the number of employees, and therefore the proportion with expenses decreases as roles become narrower and more clearly defined.

In smaller organisations – such as startups – multiple roles fall to fewer people. In fact, whilst the numbers for Finland show an all-round increase in employees with expenses – up 6% on the previous year – the shape of the trend is almost identical in 2023.

Data from the UK tells a completely different story. The number of employees claiming expenses at work stays proportionally the same in relation to organisation size – around 37%. One explanation for this is that the way expenses are managed differs to the Nordic countries.

Employees managing expenses by business size in United Kingdom



The UK and Germany have a higher percentage of manual expense management methods. This results in companies having dedicated staff to manage expenses. In Nordic countries it's a much broader responsibility. As the uptake of expense apps increases, it's likely that these percentages will begin to bounce up.

In markets like the UK and Germany, the demand for a streamlined and scalable digital expense solution grows with the size of the company as more and more employees need to manage expenses.

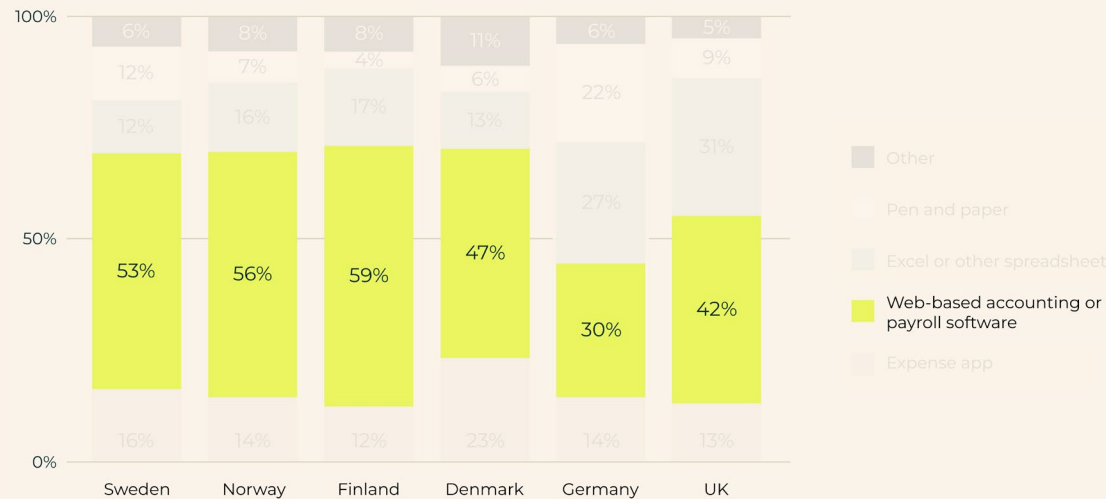
What's clear from each of the countries is that there's an ongoing need for expense solutions in every size organisation.

Digital maturity is increasing across Europe

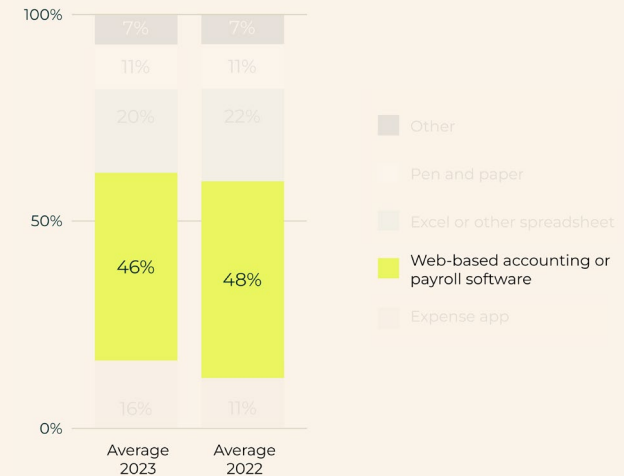
So far, we've looked at how many people are managing expenses. Now let's dig into how they do it. All the signs are that digital maturity is steadily increasing in the 6 markets especially through expense apps. Let's start with web-based accounting and payroll software.

What's interesting, when we compare the average results of our previous survey with this one, is that the use of web-based accounting or payroll software for managing expenses is decreasing.

Employees using web-based accounting or payroll software



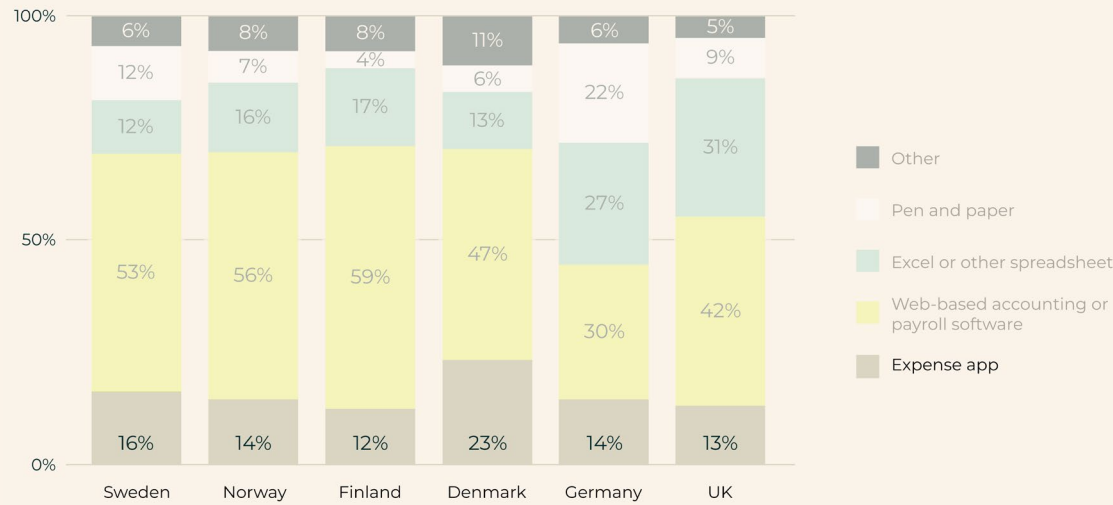
2023 vs 2022



As before, the Nordic countries are ahead of the pack, with around a 10% lead on the UK and Germany. This is likely a reflection of the region's stronger uptake of digital tools – and all the advantages they bring.

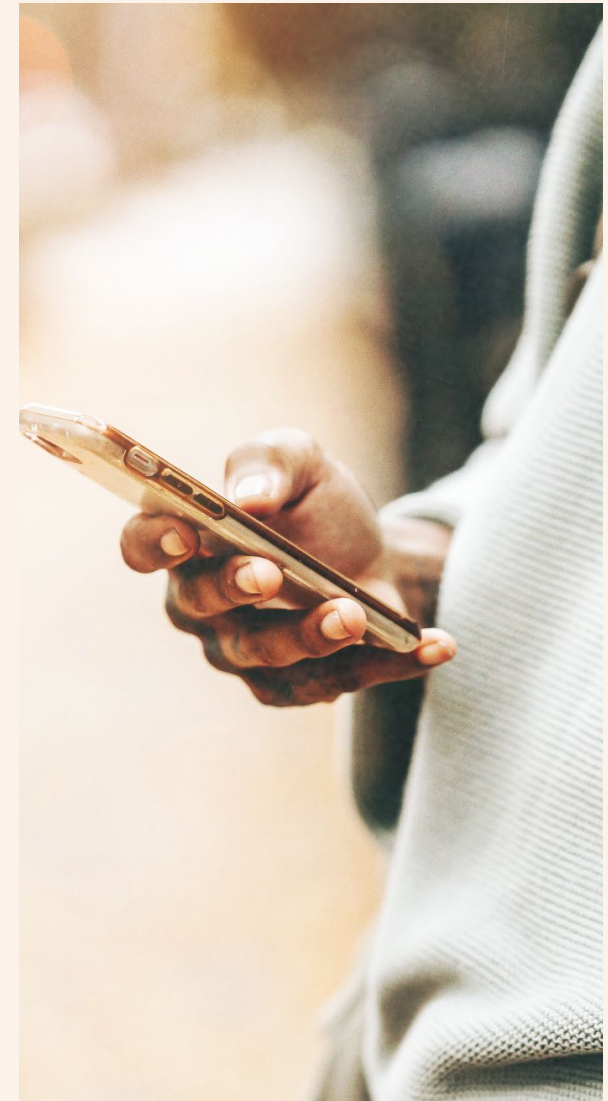
In the UK and Germany, manual processes for managing expenses – pen and paper or spreadsheets – still account for around 50% of the market. This represents a golden opportunity for the uptake of digital expense solutions, as evidenced by the key trend to emerge from this year’s study – the rise in popularity of expense apps.

Employees using an expense app

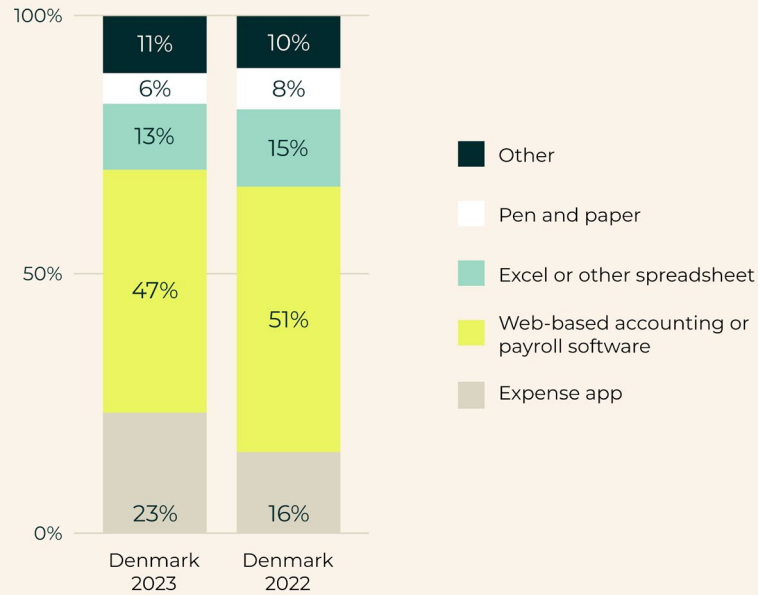


Whilst the percentage of working people using online accounting or payroll software has effectively stood still – or in some markets declined – an increasing number of employees are using mobile apps to handle expenses.

This represents a clear shift from manual methods to digital technologies that make expense management much easier. In fact, digital maturity and demand for expense apps is growing across all 6 markets to a lesser or greater extent. However, this trend varies with the Nordic countries on the one hand and UK and Germany on the other.



Employees using expense apps in Denmark



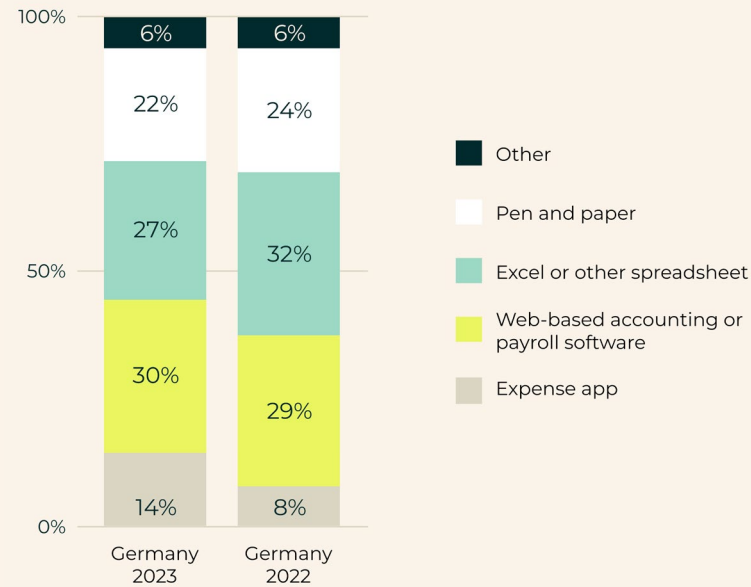
In the Nordics, there's been a significant rise in expense app usage, coupled with a decrease in traditional online accounting software. The largest increase was in Denmark, rising from 16% to 23%.

There was a similar upward trend in the uptake of expense apps in Finland (up 5%), Sweden (up 4%), and Norway (1%). Overall, this represents a natural shift towards the use of mobile apps in more digitised economies.



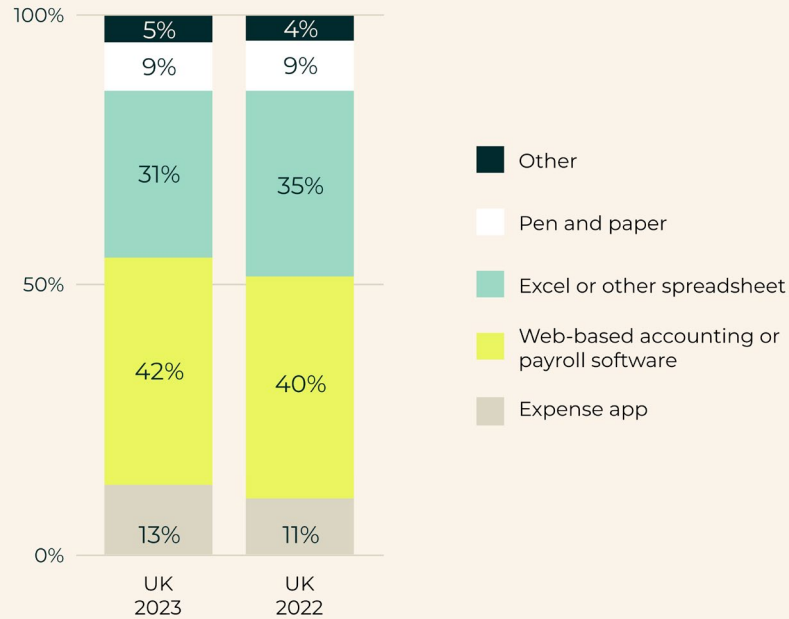


Employees using expense apps in Germany

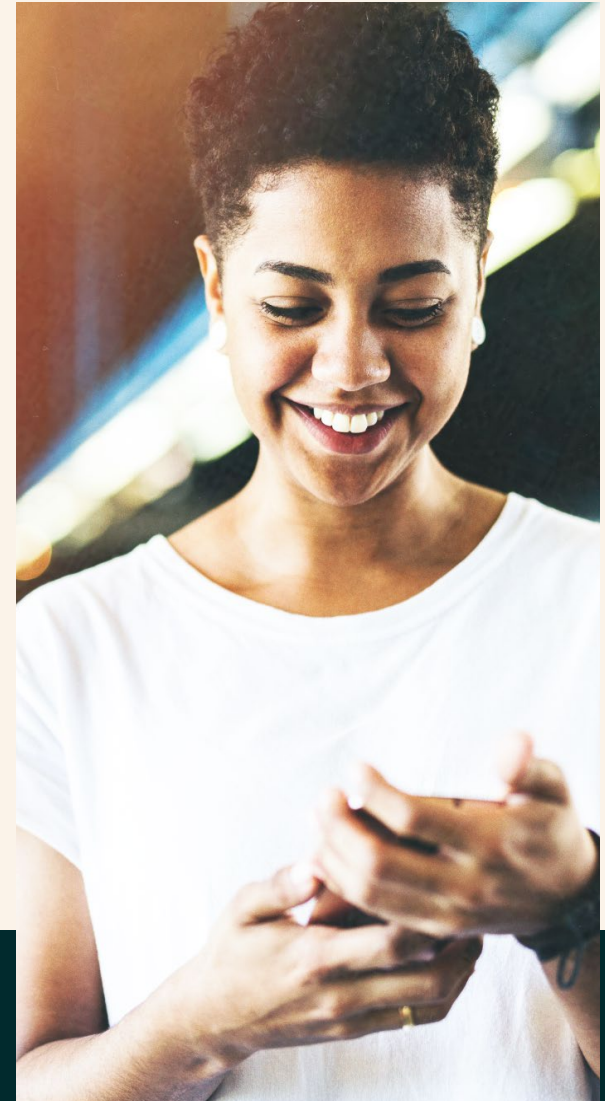


Last time around, Germany had one of the least digitised markets for expense management, with close to 60% of workers relying on manual methods. So now seems like the start of the digital expense management revolution in Germany. **The use of paper or spreadsheets has shrunk by 7%.** Not only that, **6% of those people seem to have jumped straight to expense apps rather than online accounting and payroll systems,** given the increase in expense apps.

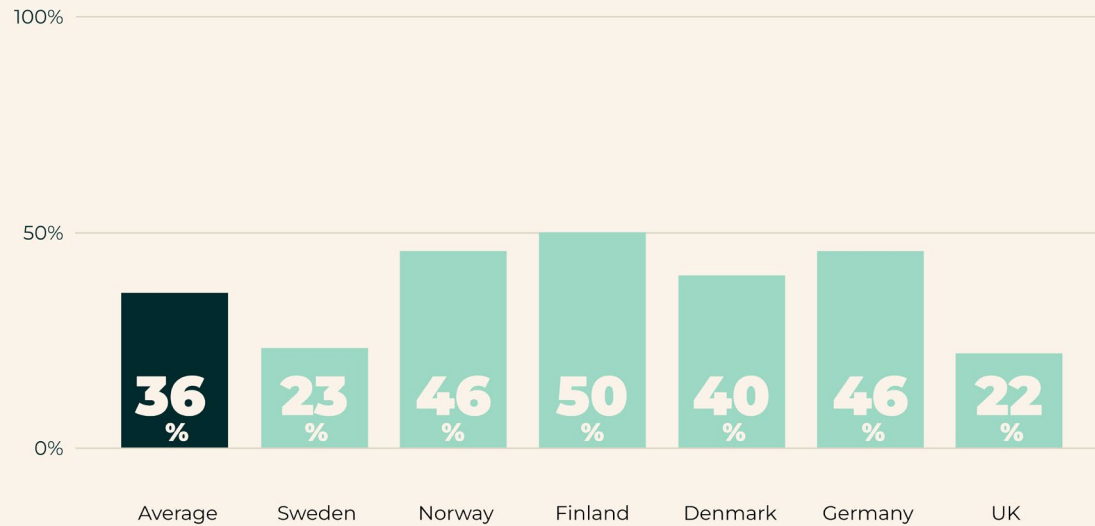
Employees using expense apps in the United Kingdom



Similarly, **the UK market for digital expense solutions saw a growing uptake in expense apps, moving from 11% to 13%. This reveals a shift from manual methods to online accounting systems and expense apps.** This is a sign that the UK market is heading in a similar direction to Germany.



Companies using external accountants for expense management



This year, our survey also looked at how many companies outsource the management of expenses. On average, 36% told us that accountants play an important role in expense management. Combined with the higher demand for digital expense management solutions, they need to become more digital, and aware that they need to offer more digital solutions to stay relevant.

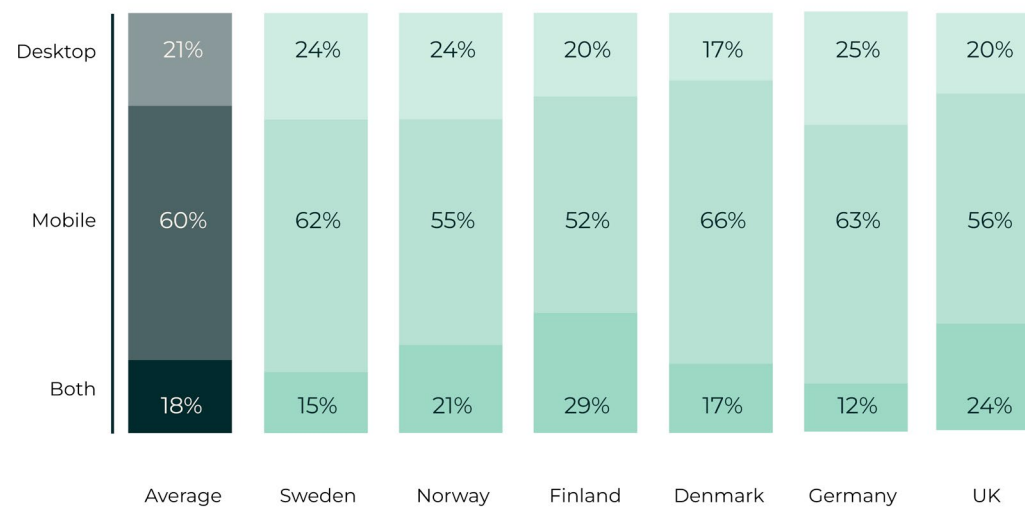
This represents a huge opportunity for accounting and payroll professionals to offer a expense app to their clients, either to add value to their existing offer or as an additional revenue stream.



User behaviours and expectations are evolving

Increasingly, companies across Europe are seeking to digitally transform the way they do business. Work now happens across a range of different devices to drive efficiencies. As a result, behaviours and expectations around how to manage things like expenses are beginning to change. For those people who use a digital expense tool, the preferred choice is clear.

Desktop and mobile devices used for expense management



Employees with expenses are often on the move, so using a expense app makes perfect sense. This trend is consistent across every country in the survey, with between 52% and 66% of employees preferring to use a mobile device. Such a clear majority, indicates a clear opportunity for an app-based expense solution in these markets.

Key takeaways

Our market mapping of expense management in 2024 covered 6 key European markets. The results pointed to a universal trend – companies are increasingly moving towards expense apps to manage their expenses. But it's not just about individual employees using expense apps, it's part of a much wider movement where businesses are choosing digital solutions to handle their finances.

Digging deep into our findings, it's clear that companies are realising the advantages of using an app to manage expenses. This shift promises a smoother, more accurate, and data-driven approach to expense management. Here are 3 key takeaways from the 6 countries surveyed:

1. More employees are managing expenses

45% of employees manage expenses at work. This average is 5% higher compared with last year. On top of that, in 5 of 6 countries surveyed, there's an increased number of employees managing expenses at work. It's clear there's an ongoing need for digital expense solutions across different sized businesses.





2. Digital maturity and expense app adoption is increasing in Europe

Companies are increasingly digitising, and catching on to the business benefits of expense apps. In the Nordic countries, there's a marked increase in expense app users – likely part of a natural progression as businesses move out of accounting and payroll systems for managing expenses. German companies, and to some extent UK businesses, seem to be jumping straight from manual methods to app-based solutions, with manual methods shrinking by 7% and expense app usage increasing by 6%.

3. User behaviours and expectations are evolving

In an increasingly digitised world, more and more working people expect digital solutions for everyday tasks, such as expense management. They want fast and efficient tools that make life easier and enable them to cut manual repetitive tasks so they have time for more important things. When it comes to expenses, they want a expense app that they can use on the road, ideally for the shortest time possible without compromising on the accuracy of expense data.

About Findity

At Findity, we're experts in expense management. Our flexible expense management platform allows partners to take their own solution to the market – via Expense API or as a white label product.

The expense management platform helps businesses and people manage expenses, mileage, entertainment, and per diems in one place – fully compliant and automated.

With integrations to leading softwares and cards, we elevate our partners' offering with a seamless expense experience for their customers.

Learn more at findity.com.

