PYMNTS INTELLIGENCE | Payments

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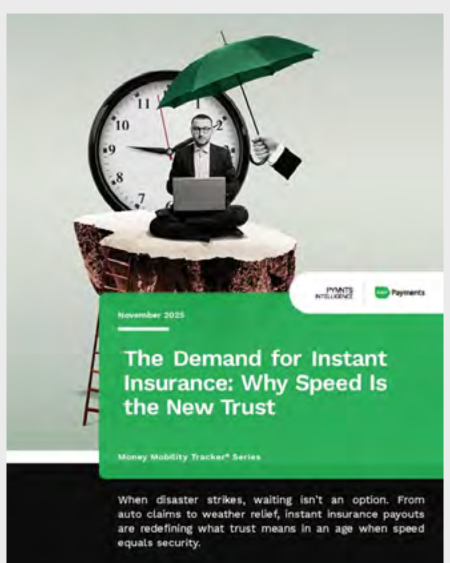
Construction Payments Need an Instant Lift

Money Mobility Tracker® Series

When construction projects fall behind, it's often the money that moved too slowly. In a business built on timing and confidence, faster payments are redefining how contractors manage risk, maintain trust and keep work on track.

Read the previous edition



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Money Mobility Tracker® Series

What's Inside

Acknowledgment

The Money Mobility Tracker® Series is produced in collaboration with Ingo Payments, and PYMNTS Intelligence is grateful for the company's support and insight. PYMNTS Intelligence retains full editorial control over the following findings, methodology and data analysis.

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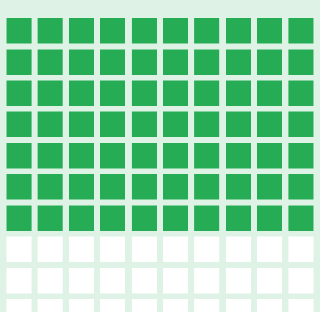
Introduction

The United States construction industry is being squeezed by a slow-moving payments system that can no longer keep up with today's project demands. Few industries depend as deeply on planning and coordination as construction, where the timing of materials, labor and payments must align to keep a project on track. Studies show that delayed disbursements ripple through every layer of the construction ecosystem, stalling schedules, eroding margins and forcing contractors to take on financial risk just to keep projects moving. As financing pressures deepen and capital costs rise, predictable liquidity has become as essential as materials and labor. This Tracker examines how payment delays create structural drag—and why instant payments could reshape cash flow, competitiveness and project delivery across the sector.

Slow Payments Stall Work

Late Payments Are the Biggest Culprit in Construction Delays

Construction contractors face persistent payment delays that are more disruptive to the business than unpredictable weather.



70%

of general contractors and subcontractors report persistent payment delays that inflate bids, cancel projects and shrink bidder pools.

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Slow Payments Stall Work

Weather causes delays, but late payments derail entire schedules.

Unpredictable weather is a frequent setback, with 43% of construction professionals citing it as a major contributor to delays—ranking it above shortages of materials, owner-side delays and permitting issues. Yet payment timing does the real damage. Nearly half of construction pros (47%) say late disbursements add one to two weeks to project timelines, while nearly 30% say they add three to six weeks. These delays can't be resolved simply by reshuffling crews or adjusting subcontractor workflows.

The operational fallout is immediate. When payments stall, 56% of contractors move crews to other jobs, 21% halt work outright, and others scale back hours or lose workers altogether. These disruptions spread quickly across job tasks, breaking the coordination that keeps projects moving and pushing out deadlines in ways weather rarely does. The result is a cascading pattern of delays that reaches every part of the construction schedule.

Slow payments inflate costs, reduce competition and elevate risk.

Payment delays have become a structural cost driver. Seventy percent of contractors say they regularly encounter slow payments. Across the industry, contractors pad bids by an average of 8% to safeguard against cash-flow gaps caused by slow payments. More than one-third report that payment problems have led to projects being canceled or significantly delayed. In addition, 60% say that a developer's track record for paying on time plays a major role in deciding whether they submit a bid in the first place—narrowing competition and driving up prices.

Cash-flow strain forces difficult choices: 34% of contractors accept fewer jobs, 32% decline work they would otherwise pursue and 31% limit hiring. More than half have abandoned projects entirely due to payment risks. These pressures can escalate beyond operations. A recent 17-month delay on the construction of a jail facility in Iowa—now the subject of a $5.7 million lawsuit—shows how payment disputes can evolve into legal and reputational fallout long after construction slows.

Delays Strain Relationships

The Impact Goes Far Beyond the Calendar

Construction's payment problems are rooted in disorganized internal processes, not the economy. But their effects are felt throughout the supply chain.

$299B

Costs associated with slow payments in the construction industry in 2025

Delays Strain Relationships

Payment problems come from inside the house.

According to Rabbet's 2025 Construction Payments Report, late payments cost the U.S. construction industry an amount equal to 14% of total project costs—nearly $300 billion. However, construction pros say payment bottlenecks stem more from internal process breakdowns than from broader economic conditions. Ninety-two percent of general contractors say they have had to front costs to keep projects alive, underscoring how deeply these internal failures affect day-to-day operations. The biggest culprit in late payments, according to both general contractors and subcontractors, is a "lack of organized processes," topping cash constraints, bank-related issues or inflation. The impact of late payments shows up across the jobsite: 59% of general contractors say tardy payments can lead to reduced work quality, 67% say they cause slowdowns, and 47% say they can make it harder to deploy crews to the worksite.

Beyond the direct monetary losses, delayed payments cause friction and elevate risk. One in three subcontractors has filed a lien due to slow payments, an action that can halt work, trigger legal disputes and force contractors into paying premiums to maintain project momentum. Late payments also cost time and focus. General contractors report spending an average of 65 hours per month just managing payments to vendors and subcontractors. That's nearly two full workweeks each month that could be spent coordinating crews, managing on-site risks and pursuing new projects.

Delays Strain Relationships

Payment friction undermines trust.

Trust isn't theoretical in construction—it's built into how projects run. Every job participant depends on others to follow through, coordinate schedules and commit resources with confidence that the project will stay on track. Late payments erode that confidence and damage trust, driving up costs and uncertainty while reducing the willingness of partners to take on risk.

As trust deteriorates, contractors and subcontractors adjust their behavior long before a formal dispute arises. Firms become more selective about the projects they pursue, factor higher contingencies into bids, and scale back availability when they doubt an owner's reliability. Owners and developers known for slow payments face fewer qualified bidders and increased cost expectations, making collaboration more difficult and weakening the relationships that long-term projects depend on. In an industry built on coordination, a loss of trust can be as disruptive as the delays that caused it.

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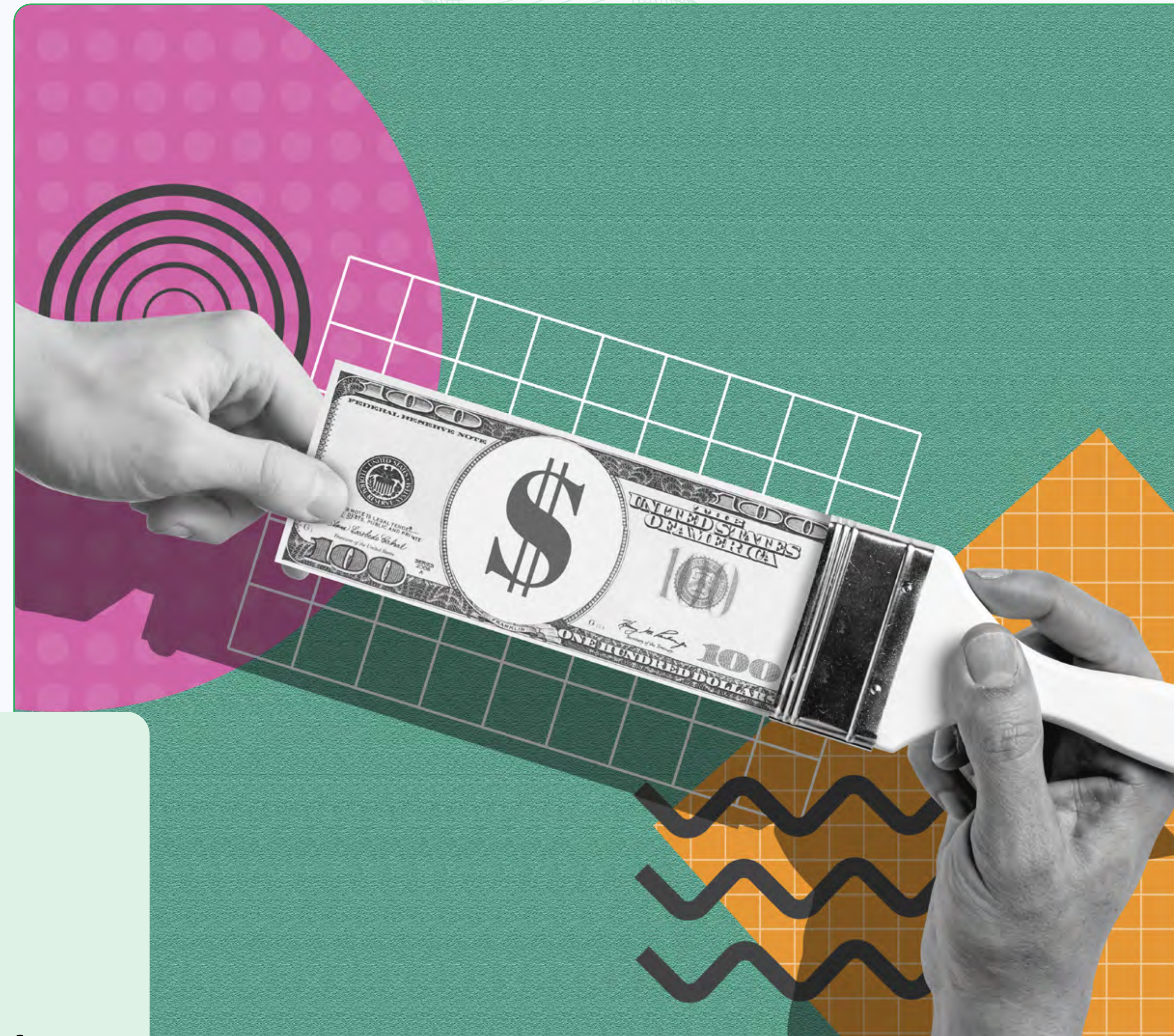
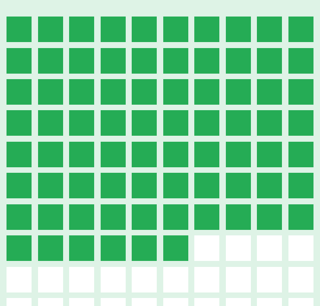
Faster Payments Build Stability

Instant Payments Could Restore Trust, Cash Flow and Profitability

Contractors would trade lower fees for guaranteed fast payments. And they're ready to adopt the systems to make real-time payments a reality.





76%

of contractors are open to offering discounts in exchange for guaranteed faster payments, including instant payouts.

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Faster Payments Build Stability

Faster, instant payments unlock real cost savings across the construction chain.

New research shows contractors are eager for instant payments: 76% would offer discounts for guaranteed fast payments, and 82% are open to digital systems that accelerate cash flow. Faster disbursements—such as instant payouts—expand bidder pools, reduce risk premiums and strengthen trust between owners, general contractors and subcontractors. Rabbet's findings reinforce this point: Developers who pay on time gain a real competitive edge. Contractors say an owner's payment track record directly influences whether they bid and how they price their work—and many lower costs when they know payments will arrive as promised. Roughly six in 10 say faster payments would ease inflationary pressure tied to tariffs on construction materials.

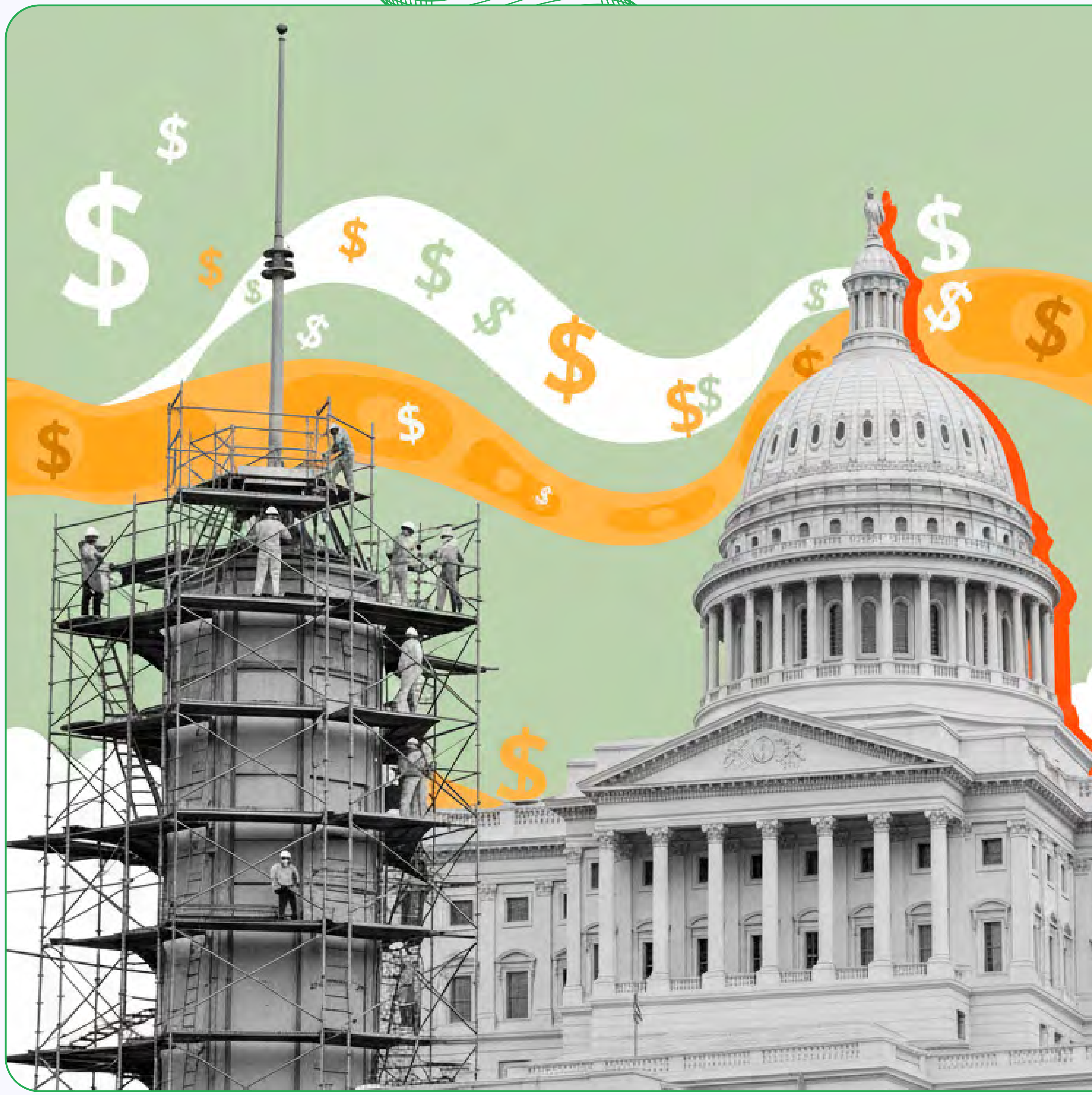
Contractors are also ready to modernize the payment systems they rely on. Only one in four say they are "very satisfied" with their current back-office technology, and many see digital payments as a way to improve liquidity and reduce administrative friction. They view modernization as essential to accelerating cash flow, making faster, more predictable disbursements a priority across the project life cycle.

Faster Payments Build Stability

New government rules are modernizing how contractors get paid.

Federal and state governments are a major source of work for many construction contractors and can help drive changes in the business. The federal government is currently phasing out paper checks and shifting to real-time, digital payment rails as part of a drive to curb fraud and delays that cause projects to overrun budgets and schedules.

State governments are also getting into the payments-reform act. California recently enacted a pair of laws that will apply to most private commercial and industrial projects beginning on January 1, 2026. Contractors will be allowed to halt work, without penalty, if an owner fails to pay on time or refuses to engage in the mandatory mediation process. Unpaid balances will accrue interest at 2% per month, totaling 24% annually.



Call to Action

Reducing Payment Delays Is Key to Reducing Costs in Construction

Late payments do more than delay a project—they drain margins, strain trust and force contractors to shoulder financial risk in a tightly coordinated industry. Faster, predictable disbursements can stabilize liquidity, prevent costly slowdowns and strengthen coordination across the construction chain.

PYMNTS Intelligence offers the following actionable roadmap for contractors seeking to improve payment performance:

- **Prioritize payment speed in project delivery.** Instant payments minimize downtime, reduce work stoppages and keep schedules intact.
- **Use cash flow strategically.** Real-time access to funds helps contractors manage upfront expenses and avoid financing gaps.

> “When payments move as fast as the work, projects stay on schedule and costs remain under control. Instant payouts aren’t optional—they help contractors win more bids and keep top talent.”

DREW EDWARDS
CEO
INGO Payments

- **Resolve internal friction.** Modernized processes reduce the project-cost drag tied to late or inconsistent payments.
- **Adopt instant rails.** Instant disbursements widen bidder pools, cut risk premiums and reinforce trust across partners.

By embracing faster payments and modern payment systems, construction firms can shift from delay-driven operations to a more predictable, resilient and profitable project environment.

About

PYMNTS INTELLIGENCE

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 multilingual 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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