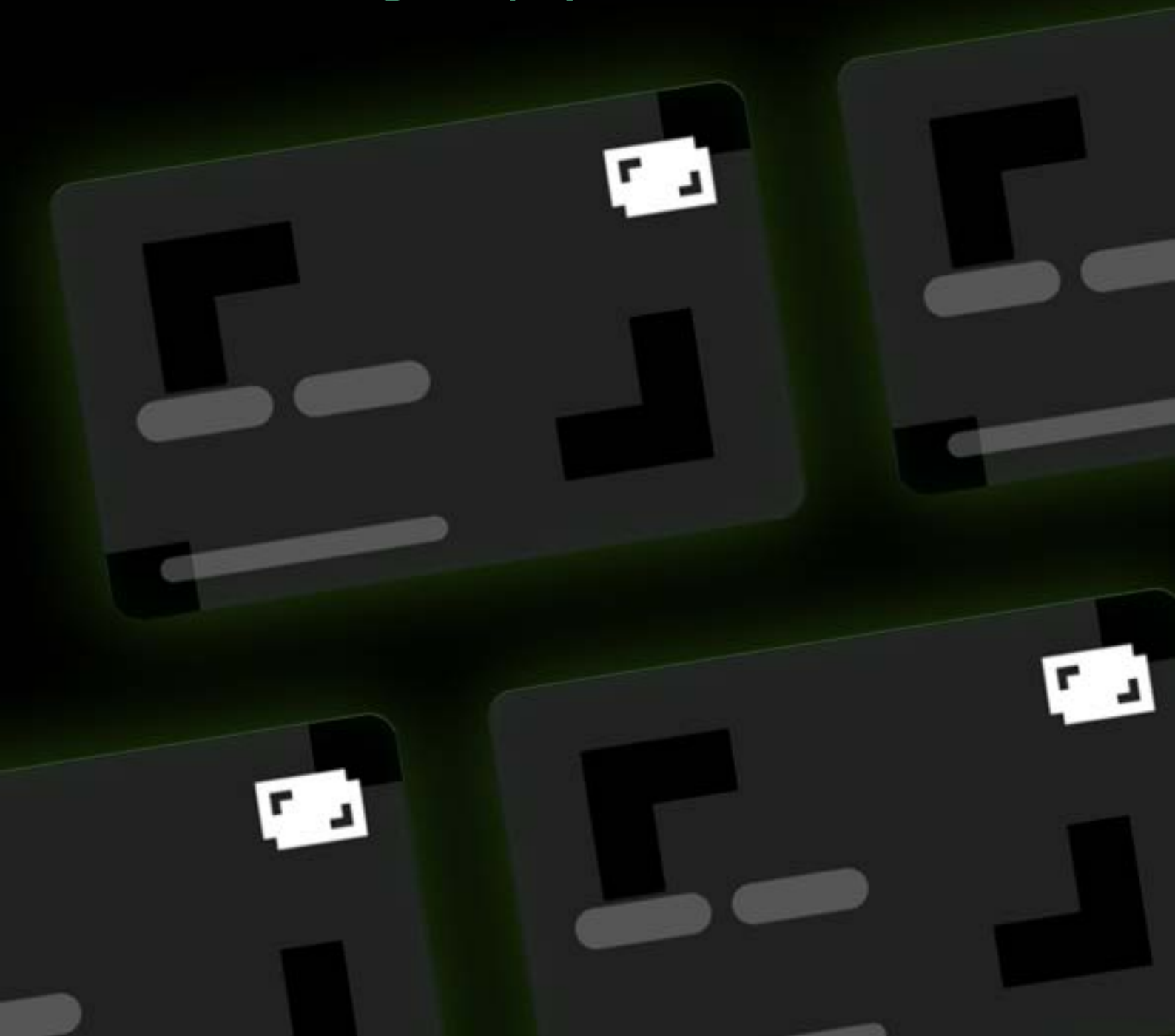conferma

The rise and rise of virtual cards.

Eight ways businesses are transforming B2B payments.

Virtual card payments are simple.
No, really...

A virtual card is just a 16-digit account number, a credit or debit card minus the plastic, of course.

Just like physical cards they also carry an expiry date, cardholder name and security code, however, the number is generated digitally at the point of sale and used for a specific purchase only.

At Conferma, we enable a limitless flow of unique virtual cards from our vast network of issuing bank partners to, well... **pretty much anywhere.** We make business payments easy,

whether it's via a travel booking tool, an invoicing platform or even your mobile phone.

So, if you've got issues with reconciliation because of mismatched data from too many disparate systems or you've got poor spend visibility when it comes to travel and expenses or you're worried about fraudulent payments when it comes to paying suppliers...you've come to the right place.

But before we deep dive into everyday applications of this innovative technology, what makes virtual card payments so special compared to other 'run of the mill' payment methods?

It's super-fast

Need to pay for something? Generate a virtual card instantly at the click of a button. Compared to most business-to-business (B2B) payments, virtual cards also offer rapid settlement.

Programmable money

Unlike other payment methods, you can further increase controls by specifying how each virtual card can be used. For example, using Merchant Category Codes, you can specify which merchant a card can be used with.

Fraud prevention

Virtual cards are secure. Creating a unique card number for a specific transaction, with controls over how much money can be spent, when and where, significantly reduces the chance of fraud occurring (and the overall liability).

Earn when you spend

Why not earn from the payments your business already makes to suppliers? For every pound spent through a virtual credit card programme, you have the potential to earn rebates in the range of one-to-three per cent of total spend.

Better reporting

With all virtual card spend running through your bank, a single source of payments data is easily accessible. This can be enriched with more detailed invoicing data or even sustainability data, allowing you to report on the metrics that matter, with an accurate view based on purchases that have been made.

Easy reconciliation

Make reconciliation a breeze with a virtual card for each individual payment made, establishing a one-to-one relationship between the payment and the purchase. Unlike traditional plastic or lodge cards, this drastically reduces the time and effort your business invests in reconciling payments to the purchases you've made.

Better control

When you issue a virtual card, you choose a pre-agreed amount based on the nature of the purchase. A finance team's dream. Forget pulling your hair out trying to retrospectively audit expenditure (we've all been there), with virtual cards, the hard work is done for you.

Standard card benefits

Just like plastic cards, virtual cards benefit from a level of protection meaning the cardholder can instigate a charge back. Working with card schemes like Visa means that virtual cards are widely accepted by merchants too.

Still not convinced?

In the US, cheques are still in frequent use (remember those?) whilst in the UK it's still common to expect your employees to foot the bill then submit an expense claim.

Did you know?...
68% of employees wouldn't pay for business travel if they had to claim expenses and wait for reimbursement.

Put it this **way...**

Virtual cards are fundamentally reinventing how businesses make and manage payments.

For decades, businesses have paid in the same, antiquated ways – those cheques, lodge cards or even having employees use their own money – methods which are hard to control, incur significant back-office expense and aren't well suited to the modern world.

The days of running business spend through a single plastic card in the hands of multiple employees are drawing to a close. And here at Conferma, we're transforming the way finance teams manage B2B spend so they can easily see, control, and manage payments.

Contrary to popular belief, virtual card payment is extremely secure, especially when compared to other forms of payment. You control how much, when and where a card can be used and better yet, it's all pre-approved – limiting opportunities for fraud or misuse.

Such spend management capabilities have been a major driver of adoption over recent years. Not to mention the fact that data generated by virtual cards is extremely rich – another unique feature.

In the business-to-business space invoice references, approval processes and payments can all be automated.

Finance teams can reconcile transactions easily into their own systems. As many as 60 data points are available allowing you to identify and quantify transactions.

At Conferma, we have an ecosystem of over 70 banking partners who issue you with virtual cards that are accepted in many markets worldwide.

Thinking about switching to virtual payments but worried you'll need to change your bank? Fear not! Our platform allows you to 'bring your own bank'.

1. Using virtual cards for B2B payments.

Need to pay a supplier?
Use a virtual card.

Need to pay for a Google Ad campaign?
Use a virtual card.

Need to pay for new office equipment?
Use a virtual card.

Business-to-business (B2B) payments have been a growing area for virtual cards – driven by superior security, fast invoice payments and easier reconciliation.

Let's set the scene. Meet Ben.

Ben works from home and was just about to click send on an important report that he was scrambling to get done before a looming deadline. As his index finger powers towards the send button on his laptop he's met with the screen of death. Nightmare.

He knew this was coming. In fact, he's surprised it hadn't happened sooner. After a quick call to IT, it's confirmed he needs a new laptop.

Prior to the introduction of virtual cards, Ben may have been asked

to use his own money to make a purchase, before submitting an expense claim.

Not only does this place an unfair burden on Ben – who may, or may not, have the cash to purchase office equipment – it creates a reconciliation and audit need for a corporate finance department. Receipts must be submitted and tallied, funds reimbursed, and records updated.

Alternatively, a company card, in the hands of a senior manager may have been used. But what if more than one laptop is needed, creating confusion around receipts? What if the card details are compromised? How are corporate purchasing policies enforced or budgets checked?

A huge amount of information remains invisible to head office.
Not with virtual cards.

A virtual card programme allows businesses to pre-approve purchases and to allocate specific funds based on how much an item will cost – with a card generated for each transaction. There is no chance of going over budget, with rich data offering increased visibility over what has been purchased and when.

Funds can be allocated to specific merchant categories, ensuring they are spent with the right merchant, while a precise timeframe can also be employed. Both reduce the chance of fraud.

No 60 day wait for a statement to arrive, and no need for a paper receipt or reconciliation.

Great news for Ben because he just spent his last £100 on a big food shop (...who knew a block of cheese was so expensive these days?)

The more purchases made with virtual cards, the more visibility users and finance teams have over what money is being spent. Data is available to the company up front, while employees don't have to wait for expenses to be paid further down the line.

Suppliers can also be paid instantly using virtual cards – there is no waiting around for invoices to be fulfilled. Virtual cards can help improve organisational efficiency by allowing payments to be fully automated, whether they are recurring or ad-hoc.

Settling supplier invoices through procurement platforms like Coupa with virtual cards speeds up and simplifies the B2B payment process.

It just makes sense – ask Ben.

2. Using virtual cards for corporate travel

When it comes to corporate travel, virtual cards do all the work.

There is no expectation on the employee to book their own flights or hotels and no expenses claim process.

Consider a traveller on a trip to London – everything is visible.

Funds can be allocated to a virtual card ahead of a trip, allowing a user to make purchases as normal, but with oversight for managers back at head office. From the taxi to the airport to the all-important coffee in the morning – everything is visible and can be automatically accounted for.

Crucially, at Conferma we deliver granular information that integrates into existing systems. Need spend information per employee? You got it. How about per trip? It's yours. Want it fed directly into your expense management system?
No problem.

In fact, you can put controls on all 'pre-trip' bookings when using a virtual card, making travel policies easier to enforce. While 'on-trip' payment instructions can also be very specific, limiting spending on things like alcohol or hotel amenities, for example. There is also a chargeback process – in the rare event that a hotel was to erroneously overcharge the virtual card, you can raise a dispute via your issuer to recover the money.

The Conferma mobile wallet is also being consistently enhanced, allowing virtual cards to be used for more 'on trip' expenses. This spend - over which you did not previously have visibility - can now be more tightly controlled and evaluated. With virtual cards you have control, and a single record of spending – which can lessen fraud.

When both 'pre-trip' and 'on-trip' spending are combined, virtual card issuers have visibly over the whole trip – which is unique in the payments space.

With existing company cards – limited information is visible: the name, date, name of merchant and total transaction value. Virtual cards add richer data – including locations and a reason for travel – capturing a great deal of information upfront and deepening analysis.
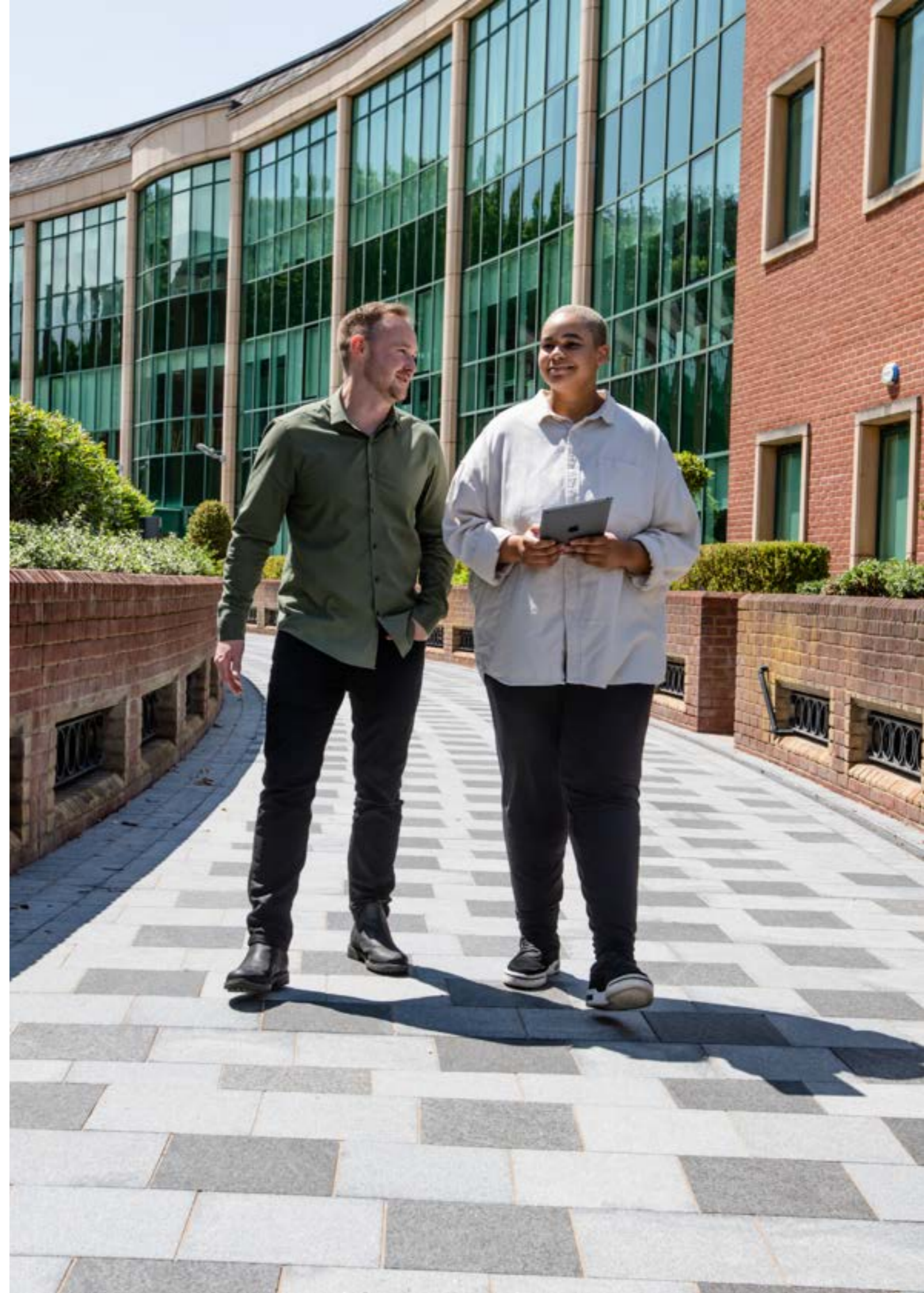
3. The merchant model: Opening a new revenue stream for Online Travel Agents

Virtual cards have revolutionised the way online travel agents (OTA) operate. It's become an important strategic revenue generator for many within this high volume, low margin industry, and for good reason.

Rather than passively referring travellers to suppliers to complete payment, many OTAs have adopted the 'merchant model'. This means the OTA accept the payment from the traveller, before then making a B2B payment to each of the suppliers involved e.g., hotel, airline, and car hire company. This allows the OTA to take greater control over the traveller's payment experience, while generating an important additional revenue stream.

As an OTA, or any other company, takes payment from the consumer – virtual cards are created to pay suppliers, be that an airline or hotel. The cards can be tailored in different ways – one to the airline for immediate payment, one to the hotel which can only be activated on check-out and one to the transfer company which activates on arrival.

As the online travel agent is pushing so much money through its banking partners, they can attract significant rebates, typically in the range of one-to-three per cent.
In high volume, modest margin retail environments, adopting the merchant model and settling with suppliers using virtual cards can significantly boost the bottom line.

That's where we come in! Partnering with Conferma means that you can take advantage of our connections with numerous banks and standardised processes.

Any network, any bank, any supplier, anywhere.

# 4. How virtual cards tackle disruption and refunds

While virtual cards are typically used for B2B payments, there's no reason they can't be used by consumers.

The challenges airlines faced when issuing refunds during pandemic-induced disruption has been well documented. Sure, they are accustomed to taking money in, but when it comes to sending it back to passengers at scale… not so much.

Imagine an airline, forced to cancel multiple flights, and wanting to quickly reimburse passengers. Rather than issuing lots of vouchers that are hard to account for or struggling to obtain passenger bank details for manual transfers, the carrier might choose to distribute virtual cards to the passenger's mobile phone or email address instead.

However, disruption like this is where virtual payments thrive.

Today, the last flight of the day might be cancelled, leaving the passenger stranded at a foreign airport. The airline has a duty of care to ensure the passenger can travel and is accommodated in a hotel.
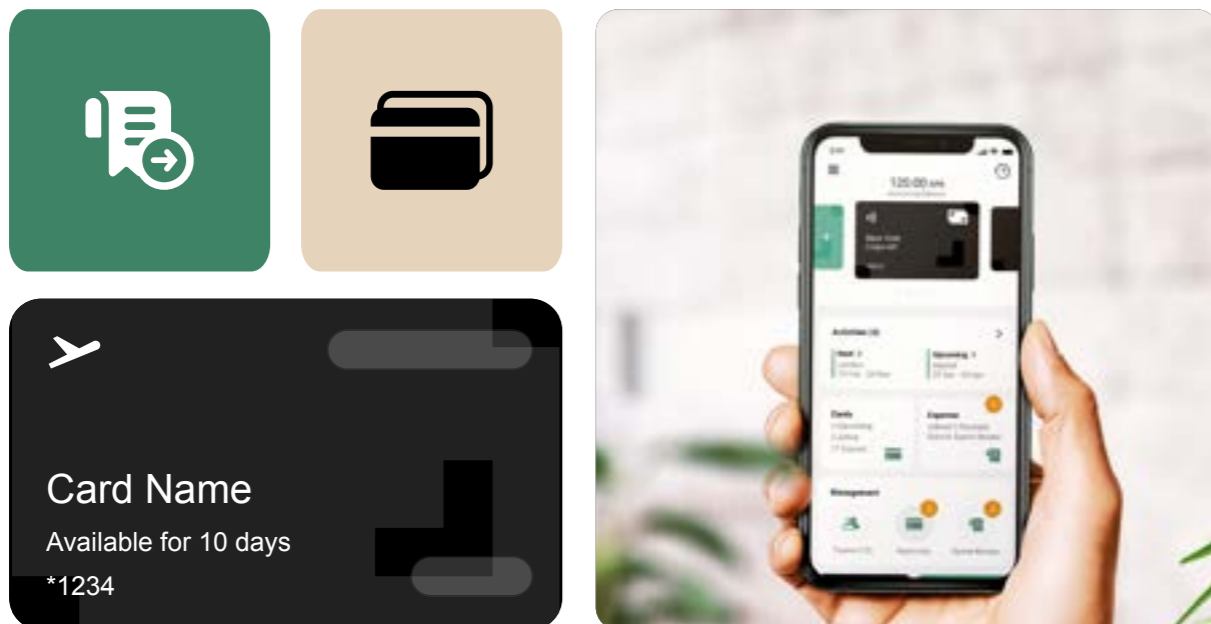
For passengers, this is a stressful experience and airlines that manage disruption well have a chance to differentiate and build loyalty. Imagine if your airline alerted you to the cancellation with a message that said:
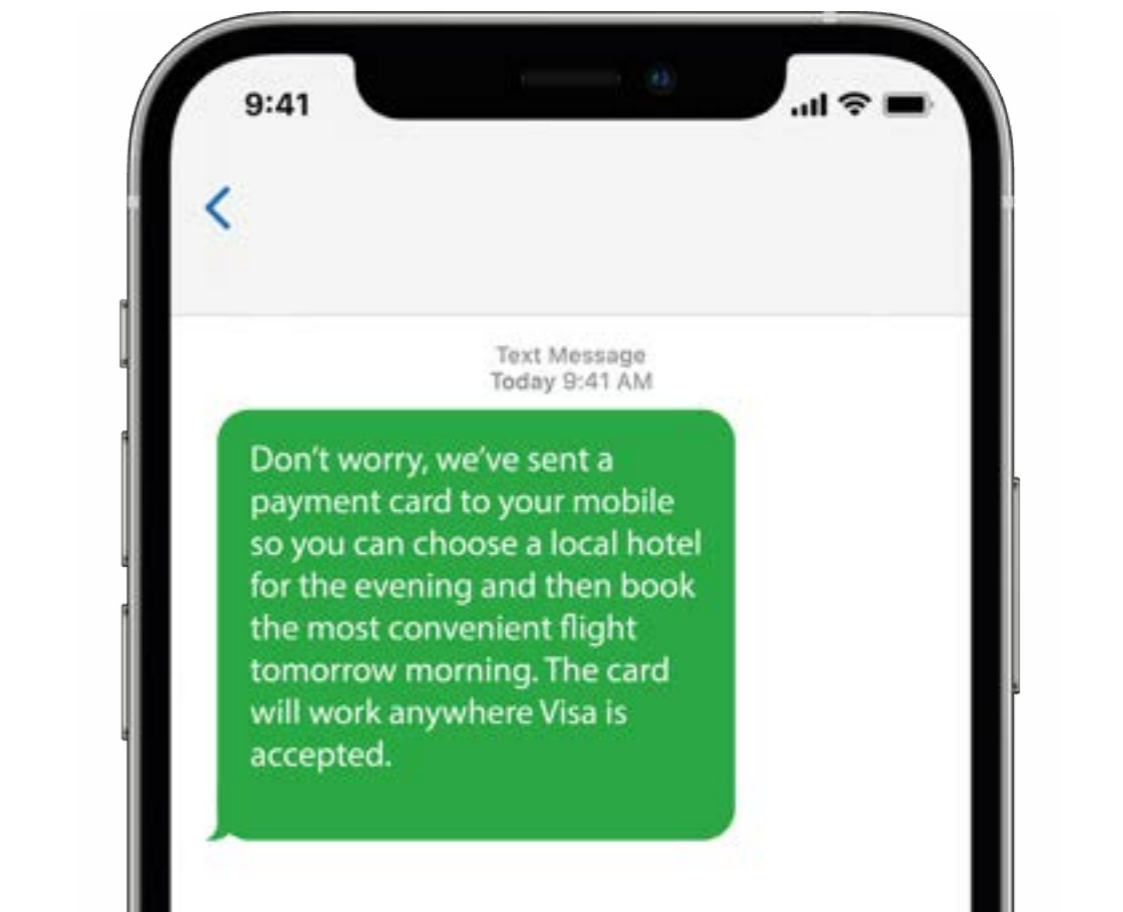
This seemingly simple change avoids passengers seeking out scarce airline staff at the airport who are struggling to organise paper vouchers for hundreds of passengers heading to specific hotels. It also supports passengers to rebook their flight independently, further reducing pressure on call centre and ground handling teams.

Similarly, travel insurers are often called upon to fund medical treatment, new travel options or to replace items during a trip, in emergency situations. Rather than refunding clients for money they spend upfront, the insurer might instead choose to distribute a virtual card to cover the pre-agreed costs involved to resolve the emergency.

The 'cash to consumer' model will drive adoption of virtual cards in the coming years. Any situation where money needs to be distributed to people quickly and in a controlled manner can likely be improved with virtual payments.

5. Duty of care via virtual cards

Duty of care is an area of growing concern for travel management companies (TMCs). With the return of business travel, companies are identifying new ways to protect their workforce while away on business –

and consequently, have been forced to re-evaluate their policies.

According to Deloitte, managed travel channels including online corporate booking tools and agents, are poised to significantly grow their share of bookings. This has been driven by heightened concerns around duty of care, as well as wider concerns over cost management and environmental impact.

Following the global pandemic, employees want to feel confident their company has transparent policies and end-to-end support in place to combat any uncertainties looming over the travel industry. As such, duty of care policies must evolve to provide documented reaction and recovery plans, tools to monitor employees' safety and communication channels.

Enter, virtual cards.

With real time purchasing data (visible to authorised parties), followed several days later by transaction data, virtual card payment innovation is invaluable in an uncertain world.

Any money spent is also allocated by the business – which reduces concerns over privacy. Money is shared with employees, which is to be spent within policy, and managers can see this is adhered too.

TMCs also have a role to play here – if a trip is disrupted, the virtual card is embedded in the platform, making it easy to rebook.

6. Virtual cards contribution to sustainability

Imagine getting Co2 emissions data from flights and hotel stays, allowing you to measure your carbon footprint and the impact of your business travel, tracked within an app on your mobile phone.

Virtual card data is paving the way for sustainable travel and with compliance standards tightening, this level of data has never been more important to users.

For example, large UK companies - those with more than 250 employees or more than £36 million in annual turnover are to be required to report publicly on their UK energy use and carbon emissions within their directors' report.

What better way to do this than Conferma Carbon Reporting? As the most comprehensive overview of payments information, the data collected by virtual cards is the best way to accurately evaluate the carbon impact of a trip. Over time, this information will help shape decision making by companies and travellers to drive down emissions.

Let's break it down for you.

At Conferma, we draw on industry recognised data sources to assign a carbon impact for a particular flight or hotel booking that's been paid for using a virtual card.

Your business can then aggregate this information to monitor the carbon impact of your travel, while travellers can see the impact of their trip within the Conferma app (encouraging behaviour change).

In the short-term, travellers with the app will be provided with a carbon impact graphic so they understand the Co2 emissions of their trip. Longer-term, travellers and companies will be empowered to understand the Co2 impact of on-trip purchases like hailing an Uber or ordering a branded coffee before they complete the payment.

"

Some travel managers already receive emissions data, but it's fragmented and isn't always reliable. Corporations that use virtual cards to pay for flights, hotels and on-trip spend like meals or taxis gain a single view of each trip, and when combined with reliable Co2 data from Thrust Carbon, travel managers get the complete picture at the trip level. That's what the industry needs to be able to change behaviour."

- Kelly Cleeton - Head of Sales, Corporate Hotel Payment Solutions at Conferma

Compare this system to existing corporate cards. Some travellers within an organisation may not have a corporate card, nor is it appropriate to offer them one. Others may spend their own money or use several cards for a booking – all of which reduces visibility. Legacy payment methods can't support an end-to-end view of traveller's spend, meaning this view can't be enriched with valuable data like Co2 emissions information.

With virtual cards, all the information is in one place, giving unrivalled visibility. Our partnership with Thrust Carbon will allow us to further enhance these capabilities.

Watch this space!

Without stating the obvious, virtual cards are plastic-free.

On a practical level virtual cards could eventually allow for the removal of a significant percentage of plastic cards from the B2B payment process.

Consider this - the average carbon footprint to get a new card into the hands of the user is 150 grammes of CO_2 [1] – with emissions generated through the production process, as well as during shipping.

Each card also costs £5-10 to produce and deliver – an expense that can be avoided.

When a card expires it becomes redundant to the user and eventually ends up in landfill.

Virtual cards solve these problems - no carbon emissions are generated during production and transport - adding further environmental credibility.

Win-win.

7. Extending funds to candidates, consultants, and contractors

Conferma virtual cards have uses beyond full-time employees making payments on behalf of their company.

Candidates, consultants, and contractors may also need to make payments. For example, you may wish to fund travel for candidates attending job interviews or for contractors working on a specific project.

Yet distributing company funds to people who aren't full-time employees raises practical questions. Sending a cheque through the post is unlikely to cut it and cash isn't easily controlled - but this is a challenge virtual cards can help to overcome.

In most cases the risk involved makes it inappropriate to issue a plastic card for an individual with no formal connection to the company. However, the alternative would be to ask third parties to spend their own cash and then go through a lengthy reimbursement

process – costing both the company and individual time and effort.

With a virtual card, this complexity is avoided.

A virtual card that's created for a pre-determined amount, to be used over a set period and with specific types of merchants can be created for each individual. Funds can be distributed immediately to a mobile device, making money available as needed to candidates or contractors, allowing them to attend an interview or visit a site.

Virtual payments provide increased visibility and control over spending by non-employees. Rich data generated by Conferma cards reveals exactly where money was spent, when and who spent that money. This makes it easy to reconcile ad-hoc spend by contractors against specific budget lines while better controlling spend by associates.

8. On the go expenses

Virtual cards are a digital solution for out of office spending in corporate travel programmes – replacing plastic cards that are underutilised or not fit-for-purpose.

They are perfect for areas within a corporate travel programme where there are high volumes of reimbursement – areas where virtual payments technology can be used to digitalise and streamline a programme.

They also reduce the burden on employees to fund business expenses out of their own pocket.

Virtual cards can now offer a consumer experience in the business world, reducing users' exposure to credit risk, while also offering businesses more visibility and reducing potential fraud.

You have complete control over how much funding is issued to a user. With a plastic card the limit can be many thousands of pounds and the cash can be spent on anything. With a virtual card, exact amounts can be issued for each

trip, with limits placed on what it can be spent on, when and where.

There is also no need for a programme of unnecessary cards to be managed. Currently everybody within a company can be issued a card, whether they need it or not, leading to waste and credit risk.

This money replaces what we at Conferma have called the 'invisible bank'.

Our research found employees in the UK are effectively lending their employers £321 million a month through expenses, leading to a feeling they are at times acting as a bank to their own employer. The problem of reimbursement is a big issue for many, so much so that 36 per cent of employees in the UK use their own money to pay for work-related expenses at least once per month.

Costs to banks are also reduced – rather than having outstanding credit on numerous cards that may never be used, lines of credit can be issued precisely as needed.

Conclusion

As more businesses realise the tangible benefits of digitising payment, virtual cards will not only improve their operational processes but instil more agility and speed, tap into invaluable data analytics, and unlock competitive advantage. Allowing companies small and large to make giant leaps forward in their digital transformation journey.

Virtual cards grew out of the travel sector in the early 2000s, which ultimately paved the way for the same payment innovation to be applied to as many areas of corporate payments as possible. Whether that's invoices, employee spend, procurement or elsewhere.

Conferma is revolutionising the way businesses make payment.

So, what are you waiting for?

New York
3 days left

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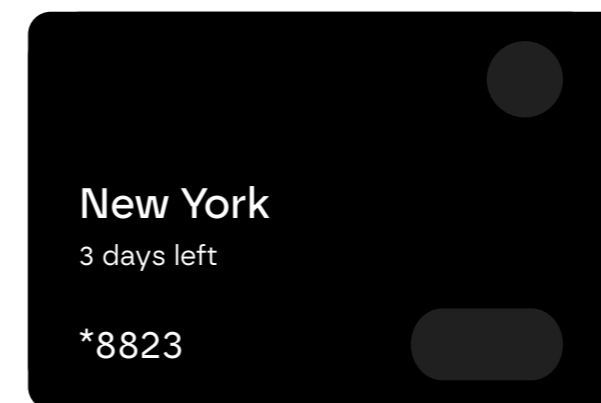
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