



Travel Manager Guide Virtual Cards

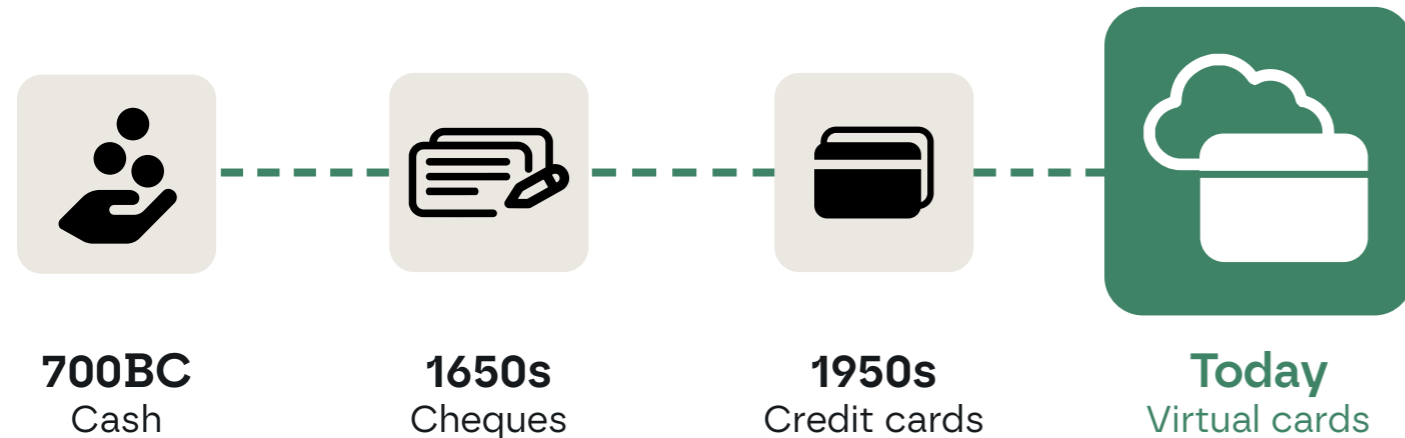


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Introduction

Virtual cards: The new standard for corporate payments



Your essential guide to virtual cards

This guide is designed to help you understand everything you need to know about virtual cards – what they are, how they are used, how to introduce them and above all, how they improve your business.

At Conferma, our goal is to simplify overcomplicated processes, especially in travel payments. By making things simpler, we remove operational costs resulting in savings to the TMC and to the corporate customer – a true win-win scenario.

We hope this paper will explain exactly how and we look forward to working with you in the future!

Jason Lalor
CEO
Conferma

What is a virtual card?

Virtual cards are the new standard for commercial payments. They are as dramatic an improvement in the way businesses pay each other as plastic credit cards were in the 20th century.

The term ‘virtual’ can be misleading. A virtual card is a normal 14, 15 or 16-digit card number which banking partners issue from their standard Bank Identification Number (BIN) ranges.

Just like physical cards they also carry an expiration date, the cardholder name and a three or four-digit CVV or security code. However, instead of being stamped physically across a plastic card, the number is:

- Generated digitally at point of sale
- A unique card number associated with a specific transaction

Virtual cards do not look any different to merchants and are processed as standard “Cardholder Not Present” transactions. Restrictions can be placed on how the virtual card is used – including the merchant category code, amount and date range in which the virtual card can be charged.

Breathing new life into centrally billed accounts

Virtual card payments are centrally settled through billed accounts similar to traditional lodge cards (a central account held by travel management companies on behalf of their corporate clients) and purchasing cards.

A traditional centrally billed account has just one card number which is used over and over again for multiple payments, made by multiple employees to multiple different suppliers, which poses a major security risk.

With virtual cards, a unique, card number is generated but all the numbers are billed back to the same account.

We will explain the benefits later, but for now, it is sufficient to note that the advantages of creating a unique card number instead of repeatedly using the same number for multiple purchases are abundant:

- Better security
- Richer data for each transaction
- Automatic reconciliation of booking and payment
- Full audit trail
- Clients keep their time-saving central accounts while minimizing fraud risk and boosting data accuracy and auditability.

Everyone in your company gains

Virtual cards tick many boxes for many different functions within your company.

Here are a few examples:

Finance department

- Automated reconciliation of purchases and payments
- Reduced risk of fraud or overspend
- Automated integration with expense management, general ledger or ERP systems
- Lower processing costs for travel and finance partners
- Improved cashflow
- Can be used with existing banking partners

Travel manager

- Faster, more accurate, more detailed data on travel spend
- Better compliance with travel policy
- Potential to support open booking strategies
- Brings spend of recruit, infrequent or irregular travellers (e.g. contractors) into a managed global travel program
- No need to change processes with usual suppliers and intermediaries

Human resources

- Closer control of employee spend
- Compliant payment process for all personnel, including contractors and recruits
- Safer payment method for travellers
- Ability to link each transaction by employee number
- Globally consistent solution

Travellers

- No need to carry cards
- Swift payment with automated upload to online expense tools
- Invisible – corporate traveller need not even know about the method of payment being used

What are virtual cards used for?

The answer is very simple. Virtual cards can be used to pay **ANY supplier which accepts card payments – from stationery to medical supplies. They are especially helpful in industry sectors with frequent, recurring electronic transactions.**

Virtual cards were originally created to solve particular payment challenges in the travel industry, such as hotel billback and low-cost carrier bookings. Today, virtual cards can pay for any kind of travel booking, including flights, accommodation, rail, car rental and ancillaries.

Suppliers accept virtual cards directly from customers, TMCs and other intermediaries. For example, online travel agents often use virtual cards to pay hotels, especially for pre-paid room reservations, and low-cost carriers.



Flights
(Both IATA and low-cost carrier, via a GDS or online)



Accommodation



Rail



Car rental



Ancillaries



What are the benefits of using virtual cards?

A unique number for every transaction

A unique number for every transaction

The many benefits of virtual cards for customers can be banded into three groups:

- **Better control**
- **Better data**
- **Improved efficiency**

Underneath all these benefits is the key advantage of virtual cards: using a card number only once gives every purchase its own unique identifier. That allows data to be customized and tracked all the way through the lifecycle of the booking.

The unique ID makes payments both simpler and more flexible:

Simpler - the payment can be tracked instantly.

More flexible - each payment can carry more customised rules and data without any additional work.

All of the following benefits are variations on these two themes.

Better control

Eliminate fraud and unauthorised spending

Control what employees spend

You can set whatever parameters you like on every purchase made with a virtual card.

Tailored controls include:

- **The maximum or exact amount that can be paid**
- **Who is paid**
- **When the payment is made**

Minimise fraud

A conventional plastic card can be stolen or lost. And even if your employee hangs on to their card, the number can still be recorded and misused by fraudsters. With virtual cards, fraud is almost impossible because the number is used once only, and only when, where and for the amount you specified.

Maximise transparency

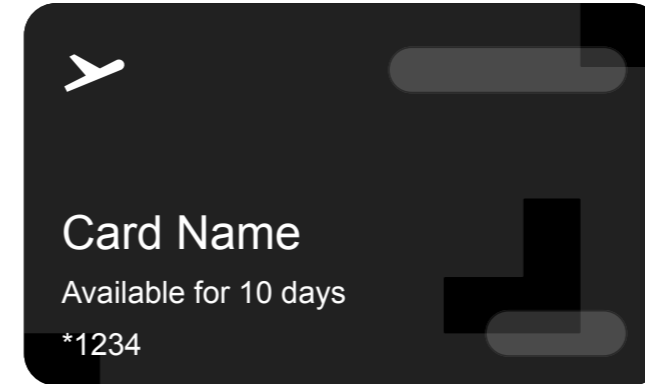
Virtual cards give your company a clear audit trail, through the unique ID of the card number of exactly who paid for each purchase. Traceability is an increasing priority as pressure mounts on companies to improve corporate governance and process controls.

Control without interference

Virtual cards let you stay in charge without getting in the way of your employees. Apart from having to supply mandatory company information (such as employee number and cost centre), there are no new or different processes they have to go through to make a virtual payment.

Maintain PCI compliance

All Conferma virtual card transactions are Level 1 PCI-compliant.



Better efficiency

Ditch outdated manual admin processes

Plastic cards were a brilliant mid-20th century invention – but today they still bring mid-20th century administrative challenges with them. Making payments virtually sweeps away those problems.

Automate reconciliation

Or, more accurately, remove the need for reconciliation. All companies dislike the lengthy manual chore of reconciling purchase orders and payment statements. Not to mention it is subject to human error. With virtual cards, the unique payment number generated at point of sale means the purchase and payment are inherently reconciled as soon as payment is made.

Achieve guaranteed matching

Even after many hours of work, manual reconciliation is rarely 100% accurate. Thanks to the unique ID of the virtual card, your matching can now be perfect for the first time, leading to better management information.

Reduce head count

Eliminating manual reconciliation reduces head count inside your own business, allowing you to redeploy resource elsewhere, while process efficiencies like automated hotel billback reduce head count for your TMC and other service providers. This should lead to lower fees.

Integrate seamlessly with your other processes

Virtual card data flows automatically into your accounting or ERP systems with minimal or no impact on your usual workflows. The same is true for your service providers – they carry on working almost exactly as before.

Manage all travellers

Companies don't like giving corporate cards to everyone who travels. Examples include new hires, interns, temporary staff and contractors. There are also some countries where plastic cards are inappropriate for cultural and economic reasons. Virtual cards provide an efficient way to pay for all these travellers without complicated invoicing and billback procedures.

Improve cashflow

Bringing more travellers under the umbrella of corporate payment solutions through virtual cards also improves cashflow. That's because virtual cards often replace less cashflow friendly payment methods such as invoicing, cash advances and per diem allowances. Virtual cards also enable you to be in control of when your suppliers receive payment. This can lead to improved relationships with suppliers as they receive payment quicker and it alleviates any cashflow concerns.

Eliminate post-trip expense reporting

Virtual card payments can be fed directly into automated expense reporting systems at point of sale. That leaves fewer expenses to be reclaimed retrospectively after the trip, saving time for travellers and finance admins alike. A virtual card is only inserted into the booking or procurement channel at POS once all data is mandated by your company and present.

Gain a universal payment solution

Virtual cards are accepted:

- **In any country where plastic cards are accepted**
- **By millions of service providers and suppliers**
- **Across a wide range of currencies**
- **For both offline (through travel agents using GDSs) and online travel bookings**

Why Virtual cards give you more choice of suppliers and intermediaries

Yet another, often overlooked, benefit of virtual cards is that they give companies more choice, more flexibility and more independence, both in their travel and banking relationships.

Maintain banking relationships and independence

All banks with corporate divisions now offer virtual cards, so existing banking relationships can be retained, or new ones taken on with no disruption.

Mix and match your travel service providers

Virtual cards are a universal payment solution which can be used with most booking tools, TMCs and other service providers across the world. That means you can mix and match your choice of these service providers because data from all of them can be consolidated through deploying virtual cards as a common payment method.

Better data. More, richer, faster

Gain complete data

When it comes to hotel bookings, billed volume is around 25% higher on average than booked data because of taxes and extras. That gives you a much higher spend figure to use in negotiations with hotel suppliers.

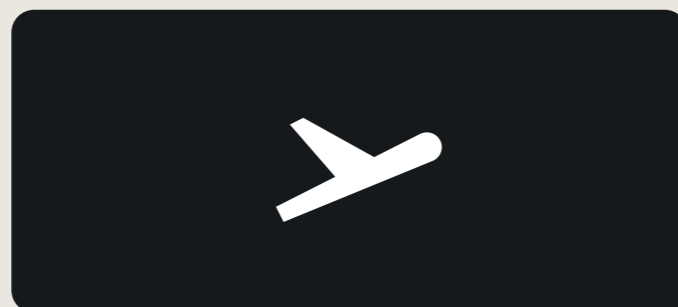
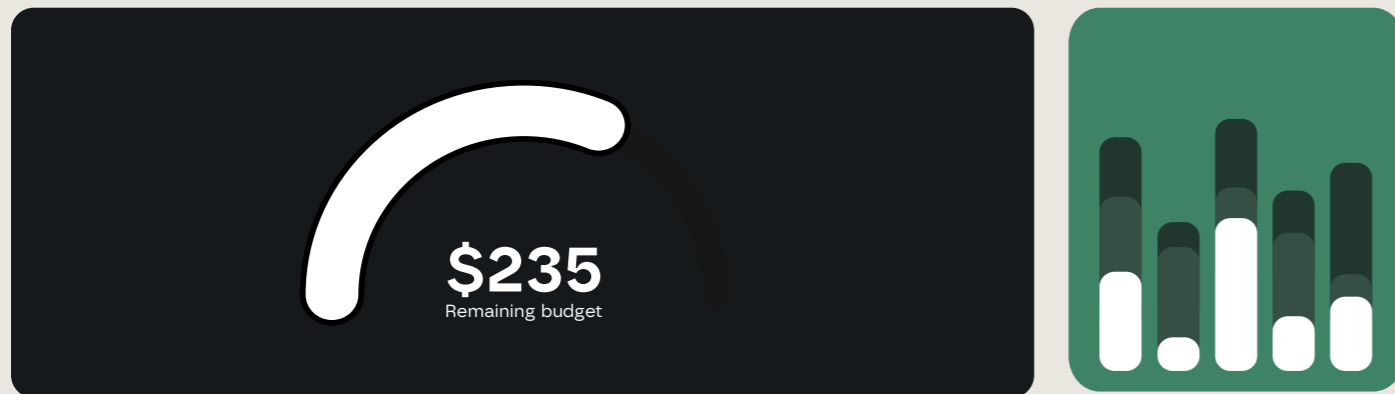
The difficulty of reconciling traditional card payments means some data also gets lost in the process. With virtual cards, the unique ID of the card number means the data can never be lost.

Data is also more comprehensive because the spend on irregular travellers (temporary staff etc.) is captured alongside more regular travellers who carry plastic cards.

Gain richer data

You can bolt large and varied data fields on to each virtual card to give Travel Managers, purchasers and CFOs alike the detailed management information they need:

- **Purchase/booking data** – all the details captured at point of sale on the purchase system/booking tool or by the travel agent
- **Payment data** – all the information provided by the card issuer when the payment is made
- **Invoice data** – some virtual card providers, including Conferma, can also take a direct invoice feed from the supplier, including full cost itemization (also known as Level 3 or folio data) and VAT details
- **Company data** – the company-specific information you require to be entered at point of sale – e.g. employee number, project code etc.



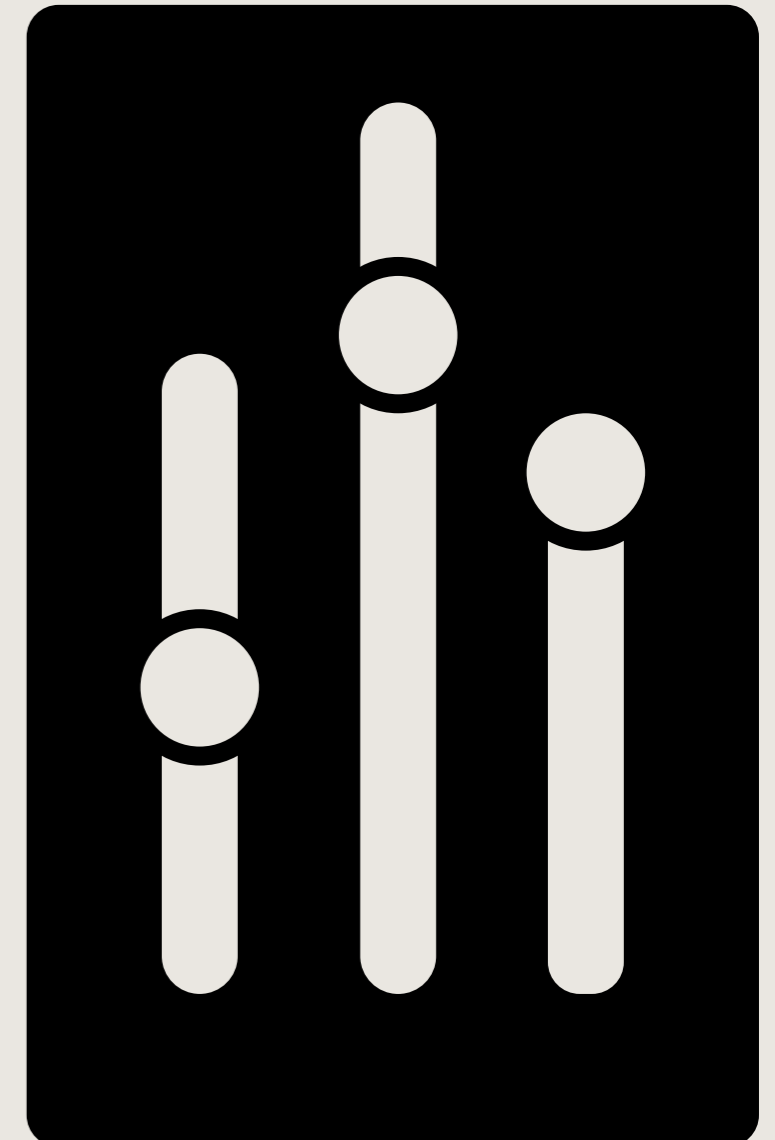
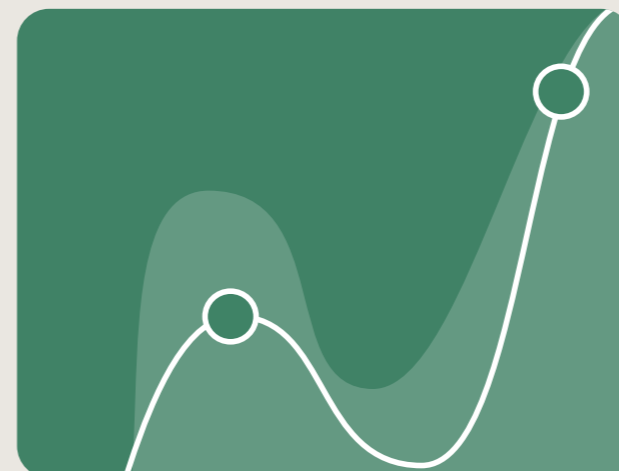
Traditionally, Travel Managers gather their data from two main sources. Both have their shortcomings

Traditional ways

- TMC data is detailed but only shows what was booked, not what the final bill was after amendments and extras
- Card data shows what the final billed amount was but is usually very thin on detail

Virtual card way

Virtual card data is the best of both worlds, because it is both worlds: it is both booked and billed data thanks to the unique virtual card running throughout the booking and payment process. For the first time you have data that is both detailed and shows what was actually paid.



Speed up reporting

Traditional payments

With traditional corporate payments, the client receives a monthly statement containing limited detail (usually just supplier name, date of payment and total price). Often, more time is needed after receiving the records to reconcile the payment data with the original booking data.

Virtual card payments

Virtual cards can provide next-day reporting, with purchase and payment data already reconciled.

The Three Vs:

Why better management information from virtual cards boosts your business

Data professionals talk about the Three Vs of business intelligence:

- **Volume**
- **Variety**
- **Velocity**

As we have just seen, virtual cards improve all of the Three Vs. These improvements can give Travel Managers the edge in all sorts of ways, including:

Supplier management — Arm yourself with a more detailed understanding of your spend when going into preferred vendor negotiations.

Employee management — Monitor employee spending, not only to check for compliance but to ensure they are making the wisest buying choices.

Move faster — Identify and correct unexpected behaviour or trends before they become a sustained problem.

How do virtual cards work?

Paying for an air ticket

In the case of virtual cards processed by Conferma, the way a traveller would normally pay by card is almost unchanged.

Step 1 — The booking

The customer uses their self-booking tool.

Or

The TMC consultant books the flight as normal through a global distribution system.

Or

The reservation is made via a direct booking site.



Step 2 — The payment

Traditionally, the consultant would copy and paste in either the traveller's plastic credit card number or their employer's central account lodge number. Instead, with virtual cards, the agent does two things:

Type in employee information

Payment cannot take place until required fields such as employee number and client code are completed.

Generate a virtual card

The agent clicks an option on their booking screen to generate a virtual card. The process takes less than one second. The agent accepts the number as a "Cardholder Not Present" transaction and payment is completed, as it flows through the standard card acceptance network.

Paying for a hotel booking

Hotel payments (using any method) are slightly different. Guests don't usually know at the time of booking what their final bill will be once extras and taxes are taken into account.

Step 1 — The purchase

The customer uses their self-booking tool

Or

The TMC consultant books the hotel as normal through their chosen content provider (GDS, Hotels.com, etc.).



Step 2 – The booking guarantee

Same as Step 2 for air, except the virtual card is generated not to complete payment but to guarantee the booking.



Step 3 – The tolerance level

The TMC or self-booking tool communicates to the hotel a maximum amount that can be charged to the virtual card. Normally, this is the booked room rate plus an additional "tolerance" level to allow for extras, such as food and beverage, and tax. For example, if the traveller is staying at a hotel at London Heathrow for a rate of £200, their employer can set a tolerance of 20%, so the maximum payable through the virtual card will be £240.



Step 4 – Payment at check-out

At check-out, the guest verifies the bill and then the hotel receptionist completes payment using the virtual card provided at the time of booking. If the guest has exceeded the maximum amount authorised on the card, the card will be declined and they will be forced to either pay the difference out of their own pocket or if there is an acceptable reason for the overspend, they can contact the TMC to issue a second virtual card.

How to introduce virtual cards into your travel program

Easy to convince senior management

Virtual cards are the classic "no-brainer."

With many advantages and no disadvantages, the only reason senior management might resist is lack of familiarity with virtual cards.

For a detailed list of benefits of virtual cards, see above. However, the key advantages which usually appeal most to C-level management are:

- **Governance, e.g. fraud reduction, better audit trail**
- **Control over what can be paid to suppliers and when**
- **Visibility through quality and quantity of data, especially (for the CFO) the ability to break down and allocate costs to cost centres**
- **No disruption to existing travel and financial intermediaries**

Speak to your TMC

The easiest and most effective way to introduce virtual cards is to request them through your TMC. The TMC will take on the task of liaising with the relevant stakeholders, including:

- **Your bank**
- **Your virtual card technology provider**
- **Your online booking tool provider**
- **Your TMC's GDS provider**

Agree a timeline with your TMC and your respective responsibilities. Nearly all the tasks should be your TMC's responsibility, not yours.

Speak to your bank

Your bank will process the application, set up a virtual card account and confirm the necessary credentials through to Conferma or another virtual card technology provider.

What Conferma will do

We will set up the links with the TMC, GDS and booking tool and test the process before going live.

Fast facts

To demonstrate the growth and potential of the virtual card, here are some fast facts from our own business:

In 2024 Conferma-powered virtual cards were ...

1,000+
Banking Partners

All
Major Card Networks

206
Countries

100+
Currencies

Conferma is used by leading Global Distribution Systems such as:

- Amadeus
- Sabre
- Travelport

Conferma is used by leading corporate travel booking agencies such as:

- American Express Global Business Travel
- BCD Travel
- CWT
- Flight Centre
- CTM

Conferma is used by many self-booking travel tools and other travel platforms such as:

- Concur
- GetThere
- KDS
- Traveldoo
- HotelHub
- Argo IT
- Atriiis
- Serko

Conferma is ratified to the highest banking security levels, including PCI Level 1 and ISO27001.

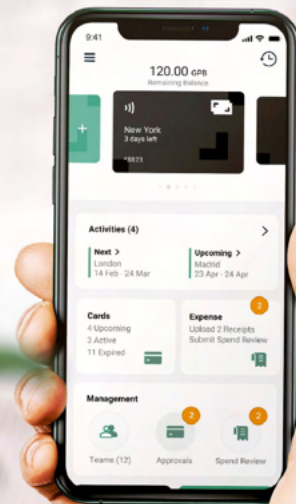
Get in touch to find out more about how your company can take advantage of virtual cards.

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