Improving AP Efficiency While Strengthening Controls. *Disappearing Numbers, Disappearing Problems.*

Executive Summary

Virtual cards are single-use payment card numbers. With no physical card, they are exclusively a set of 16 digits that are issued for a single transaction, or "swipe," of a specified amount to a specified vendor. Companies use them primarily to help reduce fraud risk and increase efficiency. This type of card differs from a "ghost" card in that the virtual card is single-use. It differs from a P-card in being both single use and in having no physical card.

Pain Points That Virtual Cards Address.

» **Fraud & Controls.** Virtual cards address the pain point of fraud by carrying a much lower risk than most payment methods. This low risk is due primarily to three features:

1. **Specified Amount and Vendor:** Each virtual card is issued for a specific amount and for a specific vendor. This reduces the risk of a card being used by a bad actor because the card can only be processed through the intended vendor and for the exact amount.
2. **Single-Use:** The sixteen-digit number is single-use only. Once the vendor has used it to collect their payment, the number no longer has any purchasing power, making it useless to criminals.
3. **Expiration:** Virtual cards expire at a specific date, whether they are used or not. A criminal would have to steal an unused virtual card before its expiration date in order to be able to profit from it.

» **Inefficient Processes.** Inefficient payment processes cause many problems, from poor vendor relationships to higher costs. On the other hand, the process for a virtual card is fairly simple: The payer approves an invoice from their accounting system as usual, and the processor generates a unique, 16-digit virtual card number for the invoice. The supplier receives and processes the payment, and transaction files are returned to the payer for automated reconciliation.

This efficiency addresses a group of related pain points:

1. **Supporting Vendor Relationships:** Slow, complicated manual processes can result in late payments and frustration on the vendor's side, putting a strain on relationships. Virtual cards process far more simply and rapidly, so vendors get paid faster and with little hassle, which improves the relationship and supports the liquidity of ongoing partners.
2. **Lower Costs, Less Paper:** Checks and various other paperwork make manual processes paper heavy and costly. The fully digital processing of virtual cards uses no paper, is cost efficient, and offers the opportunity for rebates.
3. **Payment Data and Audit Trails:** Poor visibility produces confusion and security risks. With virtual cards, there are no character limits on payment information, so project codes, cost center information, or other remittance notes can be included. In addition to this rich data, the process provides a full audit trail. All of this helps with security and efficient reconciliation.

» **Liquidity Flexibility.** Payments obviously impact liquidity, but more efficient payment methods can affect liquidity in a cumulative way. Payment efficiency can create liquidity flexibility that unlocks better working capital and liquidity management.

Slow, error-prone processes create delays and narrow an organization's options. Companies do not always benefit from paying early. However, being able to pay early due to efficient digital processes such as virtual card payments can be a benefit. When you can choose when to pay, you can more properly calibrate your working capital to support the company through shifting economic environments and changing goals.

Case Study: CBC Companies

Industry: Financial Services

Annual Revenue: $400M

2021 Payment Volume: $37M

Privately-owned holding company converts to virtual card payments to eliminate open checks and increase rebates by over 3,000%.

Client Profile:

- Originated in 1948 as a network of credit bureaus located throughout the United States.
- Offers a diverse portfolio of lending support solutions to the financial services industry.

Challenges:

- Traditional checks and purchasing cards consumed immeasurable billable hours and resources.
- Frequent open checks, reporting gaps, and unusable rewards points from the purchasing cards.

Solution:

Implemented a customized, comprehensive payments solution from Corpay in two parts:

- **Virtual credit card program** eliminated open checks, allowing the company to pay invoices electronically. Corpay integrated the payment system into the company's existing accounting software, Infor, to maintain existing workflows.
- **Corporate card program** ensured all payments were processed with one provider, allowing a higher rebate rate with less administrative difficulty.

Results:

- **Eliminated 100% of their open checks.**
- **Eliminated the PO process to make payments faster.**
- **Increased annual card program rebate revenue by more than 3,000%, which pays for the entire accounting department.**
- **More comprehensive reporting allows greater insight into their payment program.**

Conclusion

Virtual cards solve several pain points, helping to increase efficiency and data richness while helping to reduce risk and tighten controls. The potential for rebates is an added benefit, and the overall virtual card process improves the payment experience for payer and payee alike.

For more information, please visit

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