

Virtual cards are here to stay:

A brief guide to this powerful
new payment tool.

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Virtual cards:

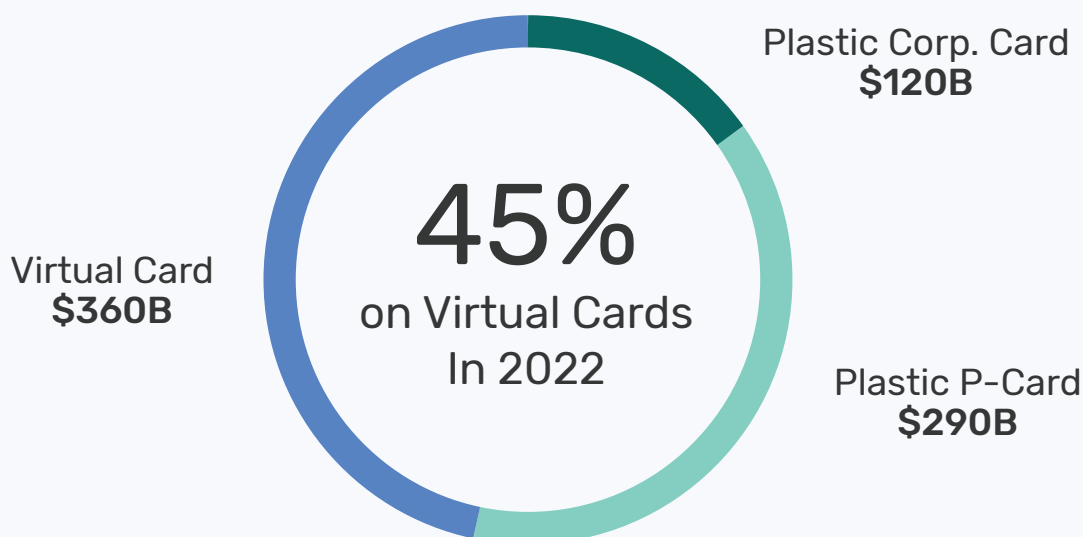
A brief guide to this powerful new payment tool

For the last several years, technology has been drastically reshaping the payments space. For businesses, payment processes still depend on checks, ACH payments, and paper trails that are tedious to manage and prone to error. But with payment innovation changing the game, new digital tools are being designed to solve the complex challenges of managing a company's finances.

As virtual cards become an increasingly popular topic within the industry, there's still an air of mystery that surrounds them. Until recently, there wasn't any one solution that made the technology widely accessible for anything beyond Accounts Payable, but when leveraged correctly, virtual cards have the potential to create drastic efficiencies across any organization.

Spend in Commercial Cards in 2022

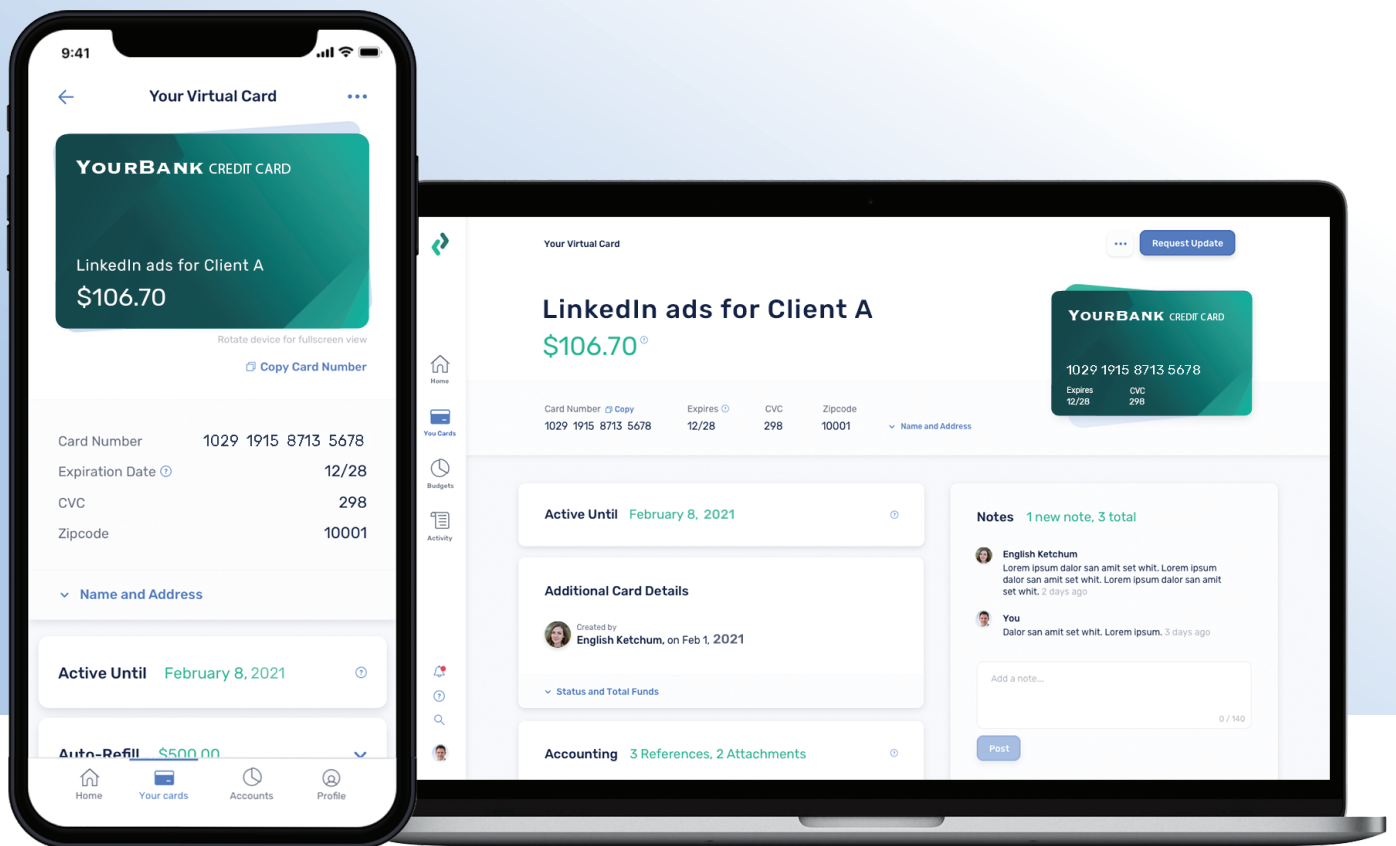
Projected, US\$



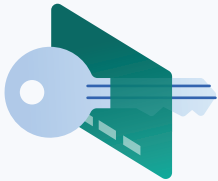
Source: Accenture analysis, 2018; rounded.
Excludes: consumer, small business, and fleet card spend

What is a virtual card?

A virtual card is a randomly generated card number associated with an existing account. Simply put, a virtual card is just like any other credit or debit card but without the plastic. They even have their own security codes and expiration dates.



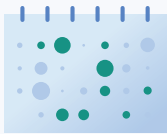
Virtual cards offer a number of key benefits:



Increased security & control

Keep your real account info out of site

Designed to safeguard your real account info and card numbers, virtual cards are a more secure way to manage transactions—plus spending limits and other usage restrictions can also prevent fraud or misuse.



Better operational management & visibility

Track spending in real time and improve expense processes

The beauty of virtual cards is their digital nature. Not only can you easily create unlimited cards and distribute them with total control, but you can understand spending activity in real-time and automate expense processes like reconciliation with the data attached to every card and transaction.



Optimize cash flow and rewards

Use your card more flexibly

With better visibility and card security, using your card is easier than ever. And when using virtual credit cards, you can maximize your working capital and even earn more rewards.

How virtual cards work

Virtual card numbers are generated through a virtual card engine typically owned by the card network or your bank's card processor. How you create a virtual card and what you can do with it depends on which platform or service you've chosen to use. At a high level, here's the basic way of creating and using virtual cards.



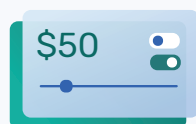
Create new cards

When you create a virtual card, a unique card number is generated in association with your existing account. This unique number also has an expiration date and security code, so it works just the same as any payment card. This all happens instantly, giving you a secure payment method in seconds.



Distribute cards

On a platform like Extend, when someone needs to charge an expense, you can instantly send them a virtual card with as little as their email address and individuals can also request virtual cards directly from the cardholder.



Set controls + limits

Give virtual cards spending limits, expiration dates, create automatic refills for recurring expenses, and assign merchant category restrictions—giving you increased controls on how and when charges can be made.



Manage + monitor spend

Get real-time activity updates, automatically sort and organize transactions to see where money is going, and understand who is spending where—giving your finance department better insight into company spending with every transaction.

When, where, and how to use virtual cards

Virtual cards can be used just like regular cards for online, in-app, or on-file transactions—and depending on the card issuer, they may be added to mobile wallets for in-store purchases too.

The flexibility of virtual cards lends itself to many use cases—whenever you need to charge an expense or equip someone with a card to use when they need it, virtual cards can be created on demand and distributed instantly. Let's take a look at a few applications where this is useful.



Empower your workforce

Equip everyone in your network with a secure payment method when they need one. Because virtual cards are easy to manage, you can give employees, freelancers, contractors, and interviewees the resources they need to support your business—no more workflow interruptions and no more expense reports to deal with.

Pay vendors fast and easy

Using virtual cards for vendor payments and recurring expenses can safeguard against fraud, misuse, or unexpected charges. Limits prevent overcharging and keeping a virtual card on file is much safer than storing your real account number. Not to mention, you can pay vendors instantly without making them wait for checks or ACH payments.

Manage client expenses

When managing multiple clients and their expenses, virtual cards provide the organization to make bookkeeping much more efficient. Not only can you attach reference codes to each virtual card and transaction to automate reconciliation, but card limits can help ensure you never go over a client's budget.

Instant aid funds

Virtual cards can be an extremely efficient way to distribute funds instantly during a time of need. Organizations can empower volunteers, relief workers, or even victims with a means of payment so no one has to worry about how supplies will be covered. Plus, better oversight over spending can help nonprofits track and report on their budgets and grants.

The possibilities are virtually endless

Exploring the potential applications for virtual cards has only just begun and already they're proving to be a monumental innovation for businesses payments. If you haven't yet considered how virtual cards may help your organization, it might be time to try them out.

Consult with the experts

If you'd like to learn more about how virtual cards could benefit your business, we're here to help you assess the options.

paywithextend.com

