

VIRTUAL PAYMENT CARD BENEFITS

Introduction

Electronic payments are one of the fastest growing markets in both B2B and consumer purchasing. Vendor payments continue to rapidly transition from paper checks to E-Payments because they offer many advantages to buyers and vendors. The two most common forms of vendor e-Payments are the traditional ACH and the newer, but faster growing Virtual Cards. Adding virtual payments to your accounts payable workflow is certainly a more efficient method for paying invoices. But beyond quicker supplier payments, the additional benefits of virtual payment processing are significant as detailed below. Virtual Cards are quickly becoming the payment-of-choice for buyers, and after reading on you will see why.

Drive Savings

Single-Use Accounts can drive efficiencies and provide savings back to your organization. They're an ideal replacement for check payments and higher dollar spend, and useful in situations where ACH payments and negotiated discounts can't be maintained.

Automate Payables Processing

Payment instructions submitted can meet your specific payment needs. Virtual Accounts can automatically generate and distribute vendor payment remittances.

Strengthen Supplier Relationships

Deliver payments to your vendors days earlier than with check or ACH—and improve your cash flow at the same time. Single-Use Accounts allow you to maximize float and extend days payable outstanding, and also help your suppliers streamline their processes by generating electronic remittance data.

Enhance Controls

Achieve greater spending control by setting unique parameters for each purchase, including limits for amount, payment date range and merchant type.

Simplify Reconciliation

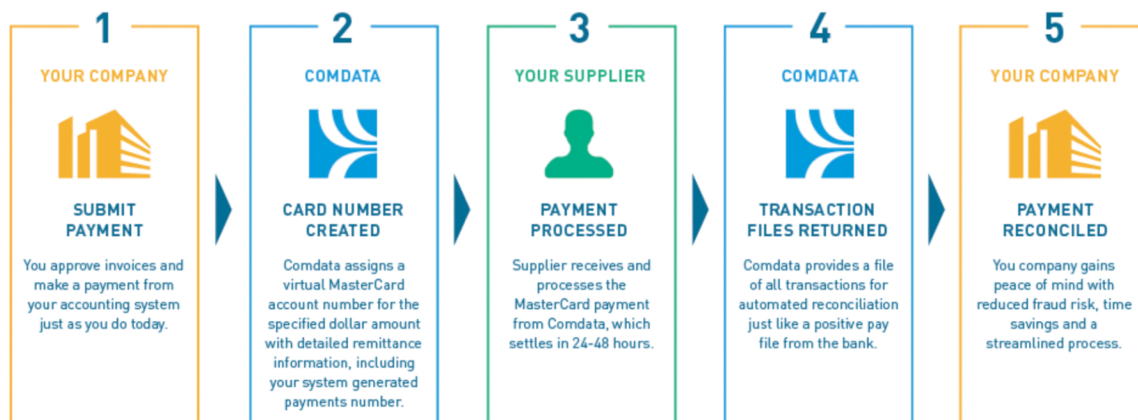
Easily match payment data to pre-purchase information using a specific reference and account number for each transaction with our Intelligent Payment Hub.

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What is a virtual credit card?

A virtual credit card is a unique 16-digit computer generated number used to settle a specific vendor payment transaction issued for a specific dollar amount. Designed as a more secure alternative to ACH and check payments, virtual cards are essentially “card-less” credit card payments. Virtual cards can be processed by anyone who accepts traditional credit card payments, which typically includes the vast majority of your vendor community.

The below diagram depicts the virtual card payment process for any organization.



Security and Control

According to a recent J.P. Morgan survey report, 62% of companies were targets of payment fraud in 2014, with the most targeted methods being checks, credit/debit cards and wires.

Unlike checks and ACH payments, with virtual payment cards, vendors no longer have to share or expose their bank account information. This presents an even stronger benefit in using virtual cards, as information tying back to your bank account is never exposed. Virtual card numbers are randomly created for a onetime transaction and specific amount, so no trail to a physical credit card exists.

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Your virtual payment cards are “locked down” to a specified amount, time limit and a maximum credit limit for every payment. So, if a thief were to get a card number without the exact payment amount and/or it’s outside the time window; the card number is little more than a chain of unrelated numbers. And rendering a potential threat as “useless” is probably your best level of payment security!

Payment Technology Reduced Exception Processing

As stated earlier, virtual cards can only be used once, are tied to a specific dollar amount and have a short expiration date. This means that the account will not process payment for any amount higher or lower than the pre-set amount. This important financial control virtually eliminates the possibility of either short payment or overpayment. This provides the added benefit of reducing time-consuming and costly exception processing.

Better Transaction Detail

Two of the most popular e Payments alternatives to virtual cards are ACH and wire transfer. The problem with both of those methods is the lack of space afforded for remittance information. ACH provides only 80 characters of space to add transaction details, whereas wire transfers are limited to 140 characters. Virtual payment cards have no such space limitations. This enables the customization of remittance information to simplify and potentially eliminate manual reconciliation and speed the transition to e Payments.

Will my vendors accept Virtual Card payments?

Not all because some cannot accept credit cards and each vendor has their own preferred method of payment. But Virtual Cards offer numerous benefits to organizations looking to move into paying invoices with electronic methods as opposed to spending the money on printing and mailing paper checks. And virtual cards are an attractive form of disbursement that will readily be accepted by many of your vendors, especially if you properly communicate to them the value and that it’s your preferred method of payment. In addition, Comdata employs a staff dedicated to onboarding vendors to your Virtual Card program.

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ERP Software Integration

There are significant benefits available to organizations that have enterprise financial systems like SAP, Oracle, Infor-Lawson and MicroSoft installed. For example, iTK, a leader in offering financial micro services, in partnership with Comdata, a Virtual Card leader can provide an easy integration of e payments into your current payment workflows that reduce the effort for both vendor payments and the reconciliation of those payments. The Virtual Card integration includes a suite of APIs which are integrated directly into your current ERP financial application.

In addition, iTK has created an Artificial Intelligence based front end to the virtual payments workflow that detects duplicate invoice payments before they happen. In addition, the application is being used to detect duplicate vendors and supply chain fraud waste and abuse. The system alerts the payables team of any issue in real time, or via dashboard to enable corrective action on problematic transactions.

Summary

A virtual card program has many benefits for both your business and suppliers. It will streamline the payment process, reduce costs, improve cash management, not affect your current treasury relationships and mitigate exposure to payment fraud. Utilizing our Intelligent Payment Hub, virtual cards are a safe, secure and easy way to administer vendor disbursements, and they are widely accepted. What's more, the convenience and improved cash flow it provides to your suppliers can serve to strengthen your relationships.

About the Author

iTK Technologies' RTM operational intelligence platform was named as one of the most innovative solutions by CIO magazine in March, 2017. Our continuous monitoring managed services platform can improve an organization's processes and operations in Finance and IT. iTK Technologies offers a range of AI based finance micro services that are designed to invigorate traditional ERP deployments. Some of iTK's most relevant capabilities include: Integrate duplicate payment detection and virtual payment card support • Reduce the risk of fraud, waste and abuse while identifying duplicate vendors • Reduce the cost and increase control of your procure-to-pay processes