

EBOOK

The Definitive Guide to Corporate Card Programs





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01 Introduction.



Giving employees access to company capital to purchase the goods and services they need is essential for all businesses. It empowers employees and helps fuel company growth. Since the 1950s, the primary tool for employee spending has been the corporate card.

However, the simple act of swiping a company card triggers a series of requirements for a business and its employees — from approvals, to booking transactions, to reporting on card spend against the budget. Traditional corporate cards have created additional administrative work for accounting teams and a lack of control and visibility for budget owners.

The evolution of digital payments has paved the way for major changes to the corporate card industry with the introduction of digital wallets, virtual cards, and software-enhanced payment rails that capture and record card transaction flows.

This guide serves as an introduction to the different types of card programs and how to select the best one for your business. As you go through the process of evaluating card program options, the following questions can help guide your decision.



Questions to ask yourself when evaluating the right corporate card program for your company:

- 1 Does my company have a credit history that will qualify it for a credit card?
- 2 Will I be expected to provide a personal guarantee?
- 3 Do I want a corporate card program that...
 - automatically syncs transactions to my GL?
 - is integrated into all of my company's other spending?
 - has built-in spend approval workflows?
 - automatically attaches receipts to card transactions?
 - can prevent unwanted renewals?
 - flags possible duplication of spend before payment is made?
 - helps manage subscription spending?
 - lets me create custom cards for per-diem spend?
 - can be added to a digital wallet?
 - is supported by a mobile app?
- 4 How much visibility will I have over employee spend?
- 5 Do I need physical cards in addition to virtual cards?
- 6 Which corporate card program would have the best return on investment?
 - Do I want to earn points and rewards or cash back?
 - What costs are associated with the program (fees and interest rates)?

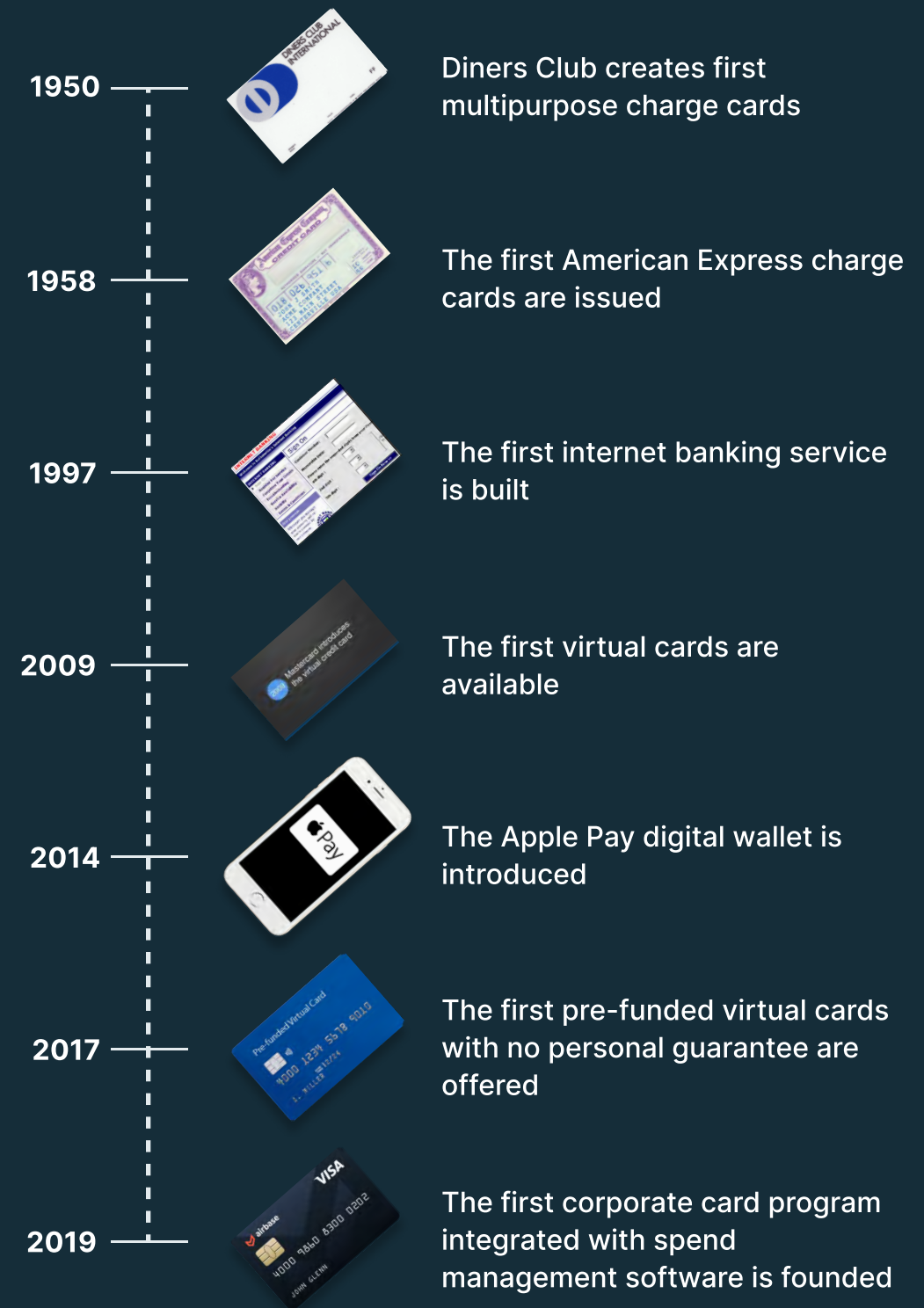


02 From plastic rectangles to software products:

Your corporate card choices have radically changed.



A timeline of software-enabled corporate cards.





What is a corporate card?

Corporate cards are distinct from personal credit cards in that they are created for employees to spend company money or credit rather than their own. Corporate cards can be physical or virtual, and not all use credit. Some corporate cards are pre-funded, while others use a charge card or traditional credit system.



Why corporate card programs are so vital for startups.

Employees at new companies need many resources, and it's important that they can get them without having to go through a cumbersome process that bogs down the already busy founders. This supports the all-important go-to-market efforts that are essential for getting a business off the ground. And, as we'll discuss more later in this guide, corporate cards are more secure and streamlined than the alternatives.

In the not-so-distant past, entrepreneurs were often forced to sign personal guarantees before lenders would offer them corporate cards. This essentially meant waiving the protection offered by limited liability business status. If the business failed, the founders could be personally responsible for paying back loans.

In recent years, however, more and more companies offer new businesses corporate cards (usually charge cards or pre-funded cards) based on their bank accounts, not their credit. This is a great option for early-stage companies funded by angel and VC investors who have plenty of cash on hand but haven't had the time to build a credit history.



Optimizing cards at mid-market and early-enterprise companies.

As companies grow and become more complex, spending on corporate cards continues to grow bringing new or worsening pain points. With hundreds of employees having their own cards, or worse, several people in one or more departments piling charges onto a single card, runaway spend and a lack of visibility and control can lead to a bookkeeping and compliance nightmare. The accounting and finance team at this stage is also likely dealing with multiple subsidiaries and currencies, facing audits, or preparing for an IPO.

The corporate card program a company chooses in its early stages can have a huge impact on its trajectory. For example, if a corporate card program connects to a company's GL, it can save hours of manual keying and coding of card transactions. If it is integrated into a broader spend management system it can be transformational. Shifting from one corporate card program to another once a company has grown can be a challenge but a good spend management company will help make this transition easy.



There are more choices than ever when it comes to corporate card programs.

Small business credit cards.

Small business credit cards function in a similar way to personal credit cards. However, for startup companies without a credit history, founders have often had to sign a personal guarantee. Small business credit cards are great for building business credit and improving cash flow if paid off reliably. Just like personal credit cards, however, they do have risks. Some credit card issuers have integrations with spend management platforms to software-enable their cards.



Pre-funded cards or debit cards.

Pre-funded cards are corporate cards that are loaded with cash by the company for employees to spend. They thus don't establish credit, but they can allow for the distributed spending that is vital for a fast-growing company. Pre-funded cards are an excellent option for startups with cash in the bank but no credit.

At the same time, pre-funded cards can still be a great option for mid-market businesses. They tend to offer the best cashback rates, which can really add to a bottom line.

Charge cards.

Charge cards sit in the middle ground between credit cards and pre-funded cards. While they do require the full balance to be paid off by the end of the month, they offer a bit more wiggle room for companies to manage their cash flow than other forms of payment, including pre-funded cards. Charge cards can improve cash flow while reducing the risk inherent with high-interest credit cards. At the same time, they can create a credit history for a company.





The modern era of corporate cards: software-enabled control.

In addition to corporate card options that don't require a high business credit score, another evolution in the industry has made corporate cards more attractive than ever: software-enabled cards. Tying software to corporate cards has made them into a sophisticated spend management tool.

Both physical and virtual cards can be software-enabled. This allows businesses to set spending limits, enforce approval processes, capture and sync transaction data directly to the GL, and more, through intuitive user interfaces that tie directly to the card.

Virtual cards versus physical cards.

While both virtual cards and physical cards can be software-enabled, depending on the card issuer, you may have a more advanced approval process available for virtual cards than for physical cards.

Physical cards are best for ad hoc purchases in situations where a virtual card wouldn't always be accepted. As an example, a member of the sales team may take a client out to dinner. The transaction should feel frictionless, so in this case it's best to use a card that any restaurant can process. While more and more physical storefronts support digital payments, physical cards still offer the best solution when a tap or swipe are needed at a point-of-sale terminal.

Virtual cards are great for online applications. The moment a virtual card is approved, it can be used to make a purchase. Virtual cards are also gaining in popularity: the value of transactions processed by virtual cards is set to triple to over \$5 trillion by 2025, according to a Juniper Research white paper.*

* [Virtual Cards — The Future B2B Solution](#)



Are traditional corporate credit cards software-enabled?

On their own, traditional credit cards are not software-enabled, but some card issuers are beginning to partner with spend management software companies in order to modernize their cards. The integration of traditional credit cards into spend management software provides the same automation and control features that newer card models offer.

Airbase + AMEX

American Express helped pioneer credit cards, and it is at the forefront of another card revolution. With AMEX and Airbase's integration, small business and corporate card holders can use the cards they've come to love and get the visibility, control, and accounting automation provided by spend management software.

Airbase + SVB

Silicon Valley Bank is dedicated to helping innovators get the financial services they need to successfully grow. With SVB's new Airbase integration, their commitment to innovation continues. Now SVB physical and virtual cards are software-enabled and integrated into a scalable spend management platform.

Why software-enabled corporate cards have become more popular than checks and other options.

Corporate cards have been preferred for software subscriptions with recurring charges, as well as ad hoc client and travel spend, for a long time, but they are increasingly favored for all bill payments. Everything from rent to consulting services can be paid via corporate cards, earning cash back, whereas other payment methods cost money. Vendors' preferences will vary, but for those who accept card payments, there are a variety of benefits for both them and the buyers when that payment method is used, as we'll explore in the next chapter.

Rather than being tied to a particular user, software-enabled corporate cards can be more granular. For example, a card can be approved to pay a certain amount to a particular vendor at a certain period, or periods, with a specific end date.



03 Benefits of software-enabled corporate cards.



Facilitate distributed spending.

Empower employees.

Virtual cards empower employees to make the purchase decisions they need without red tape. They also unburden the finance team by distributing or preventing work they would have to do with other payment methods. Employees will appreciate an intuitive interface for receipt capture and not having to fill out burdensome expense reports. Budget owners will appreciate approval workflows that guarantee that they have visibility into relevant transactions.





Flag possible wasted spend.

At the same time, virtual cards offer protections that make such distributed spending safe. With advanced approvals, managers can have improved visibility on who is spending what, and employees can feel confident that their spending is compliant with policies. A good virtual card issuer will flag potentially duplicate spend, helping managers avoid wasteful spending without having to question every expense.

Minimize the need for reimbursements.

With corporate cards, business and personal expenses are kept separate, and employees don't have to wait to get paid back by the company. Corporate cards avoid the processing costs of reimbursing employees and rewards accrue directly to the company. While it's unlikely that corporate cards will eliminate the need for reimbursements entirely, granting employees easy access to company funds can improve morale and productivity.

Provide visibility and control.

Use advanced approvals to avoid out-of-policy spend.

The user interface of a quality corporate card management software can make the process of spending company money easier for all parties involved — the employee spending the money, the manager in charge of the budget, and the finance team. Before corporate cards are issued, requests can be routed to the relevant stakeholders and managers for approval.

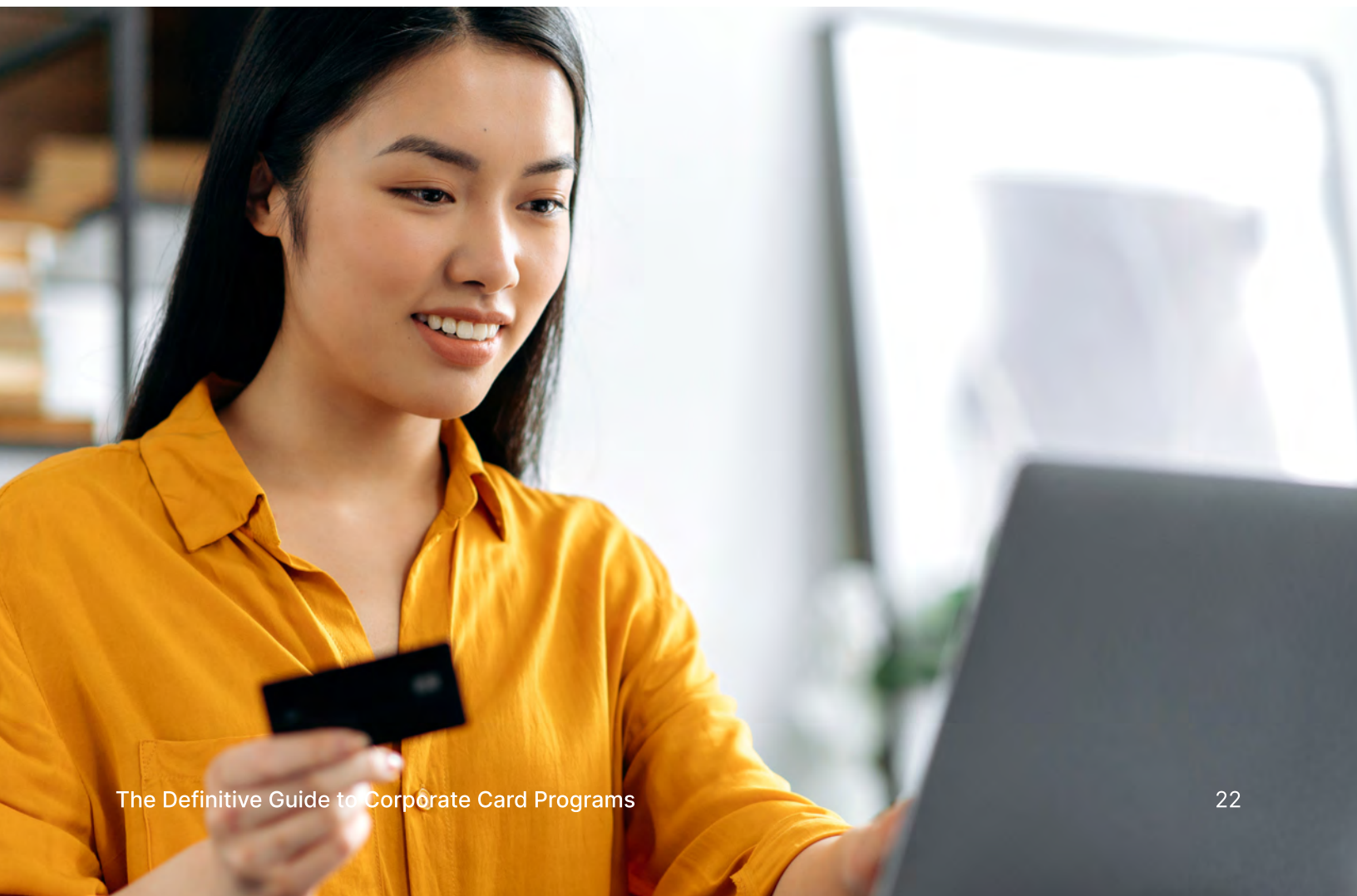
This routing process can be differentiated by department and by intent. For example, you may want every corporate card issued to be approved by a CEO, while the IT department may only need to look at software purchases. An automated process can make what would be a cumbersome chain of emails and conversations into a practical and quick exchange that comes with built-in documentation.





Prevent fraud.

Because of the robust approval options available with software-enabled corporate cards, fraud is much less likely to occur. Cards can be set up to work only for a certain amount, preventing unwanted transactions. If a card or card details get in the wrong hands, it can be canceled by the virtual card issuer immediately, with errant transactions flagged.



Avoid zombie spend.

With a well-organized software system connected to corporate cards, businesses can more easily track and prevent “zombie spend” — paying for services or subscriptions that are no longer needed. Managers can easily spot duplicate subscriptions for the same service as well.

Budget owners also have greater insight into services or products that serve similar functions. For example, they can see that the company is paying for three project management software when they may only need one. Importantly, software-enabled corporate cards allow them to track spending in real time rather than waiting for a month-end close.

Additionally, some corporate card software may integrate with HRIS systems, automating the provisioning and de-provisioning of corporate cards as employees come and go. Monthly charges that were only relevant to a defunct role are automatically canceled. And charges that are essential to keep a business running, such as cloud platforms, can be transferred to a new spend owner when the original spend owner leaves the company, preventing lapses in important services.



Automate accounting.

Speed and ease of use.

Corporate cards are easy to use and work almost instantaneously. Other payment methods require effort from the finance and accounting team. Any team who has to issue checks can tell you about the hassle of getting them all printed at the end of the month. ACH processing can be automated to a certain extent, but it still has to happen at the hands of the finance team.

Because spending with a corporate card doesn't require specialized knowledge, all members of the team are able to spend as needed. Quality spend management software will remind employees to upload receipts, taking a load off the finance team's shoulders. Having an easily accessible portal will increase compliance, easing stress at the end of the month.



Enjoy easier international payments.

Corporate cards are one of the easiest ways to make international payments. They avoid the high fees associated with wire payments and are speedier and more reliable than checks.





Ensure receipt compliance.

The most frustrating aspect of using a card payment method on the accounting side is having to hunt down receipts. Luckily, software-enabled corporate cards have the potential to greatly reduce this stress. Apps can prompt users to snap a picture of their receipt at the time of purchase. The software may be able to OCR scan the receipt and code it based on the vendor.

Automatically sync card spend to your GL.

The software connected to your corporate cards can often sync and code card spend directly to your GL, eliminating a lot of manual work for your finance and accounting team. Corporate cards also come with built-in audit trails, eradicating stress down the road.



A more rewarding experience.

You may be familiar with points or miles rewards from your personal credit cards, but the best option from a business standpoint is cash back, as it can be accounted for and added to the budget. Any costs associated with adopting a software-enabled corporate card program can often be offset by a high enough cashback offering. Credit cards and charge cards can also help companies establish or improve their business credit, an important factor for any startup.



04 Choosing the right corporate card program for your company.



The fintech space is growing rapidly, and new corporate card software companies are popping up all the time to vie for your card business. So how do you decide which corporate card program is the best for your business?



Ask the important questions.

Now that you know more about the corporate card industry and how it's evolved, you're ready to return to the questions we presented at the beginning of this guide.

Does my company have a credit history that will qualify it for a credit card?

If your business is a startup with little to no credit, you may not qualify for a credit card. In these cases, it is best to search for corporate card programs that include a pre-funded option.

Am I willing to provide a personal guarantee?

If you aren't willing to be personally liable for your company's debts, you will want to find a corporate card program that will issue cards without requiring a personal guarantee.

What do I want in a corporate card program?

The software available to connect to corporate cards varies in quality and functionality. You will want to examine software's compatibility with your company's specific use cases. For example, you'll want to make sure it connects to the GL that your company uses, and even the one you'll potentially switch to next.

Do I want a corporate card program that is fully integrated into my other AP?

A few spend management platforms provide software-enabled corporate cards as part of a larger AP system. Combining corporate cards with bill payments and expense reimbursements makes card spend part of one consistent set of workflows for all non-payroll spend. This consolidation offers greater efficiencies that should be taken into consideration when doing a return on investment (ROI) analysis.



How much visibility will I have into employee spend?

Choose corporate card software that gives you the value-added benefit of tracking spend before it happens. The software should flag potentially duplicate spending, offer an advanced approval process, and have dashboards for managers to track department spending.

Do I need physical cards in addition to virtual cards?

Some corporate card software companies only connect to virtual cards they issue, while others issue physical cards as well.

Which corporate card program would have the best return on investment?

Once you’ve narrowed down your options for corporate card software, perform an ROI analysis. Weigh the cost of the software and any fees against the money saved with automation (including savings by replacing point solutions for expense reimbursements and bill payments if you opt for a card that is part of a spend management system), plus any cash back that can be earned. Also consider intangible benefits such as employee satisfaction and ease of training.

Corporate card programs compared.

					
Cash back on pre-funded corporate card program	✓	✗	✗	✗	✗
Cash back on charge card program	✓	✗	✗	✓	✓
Points-based reward system	✗	✓	✓	✗	✗
Virtual cards (pre-approval and spend controls)	✓	✓	✓	✓	✓
Physical cards for offline spend	✓	✓	✓	✓	✓
Delegation support for executives	✓	✗	✗	✗	✗
Automated straight-line amortization for prepaids	✓	✗	✗	✗	✗
Receipt compliance (auto-lock)	✓	✗	✗	✓	✗
Advanced approvals — rule-based policy engine	✓	✗	✗	✗	✓
Physical card approval workflows	✓	✗	✗	✗	✗



05 Conclusion:

Control two steps before and after spend.

With software-enabled corporate cards, your company can control what happens two steps before and two steps after spend occurs.

Advanced approvals within corporate card software allow managers to know about spend before it happens and watch it accrue in real time. Potential duplicate spend requests can be automatically flagged in the system.

Corporate card software also allows control once cards have been created. With more specific card requirements, automatic renewals can be denied. It is also easier to pass control of a card to a new user if someone leaves the company.

There are more options than ever when it comes to corporate card programs. Taking the time to determine the best program for your business can make a big difference to your purchasing operations. And, with the right corporate card software, not only will you have better visibility into your bottom line, you can actually improve it.