



The Ins and Outs of Virtual Credit Cards

Learn how virtual credit cards work and how they can benefit your company's bottom line.

WHITE PAPER: THE INS AND OUTS OF VIRTUAL CREDIT CARDS

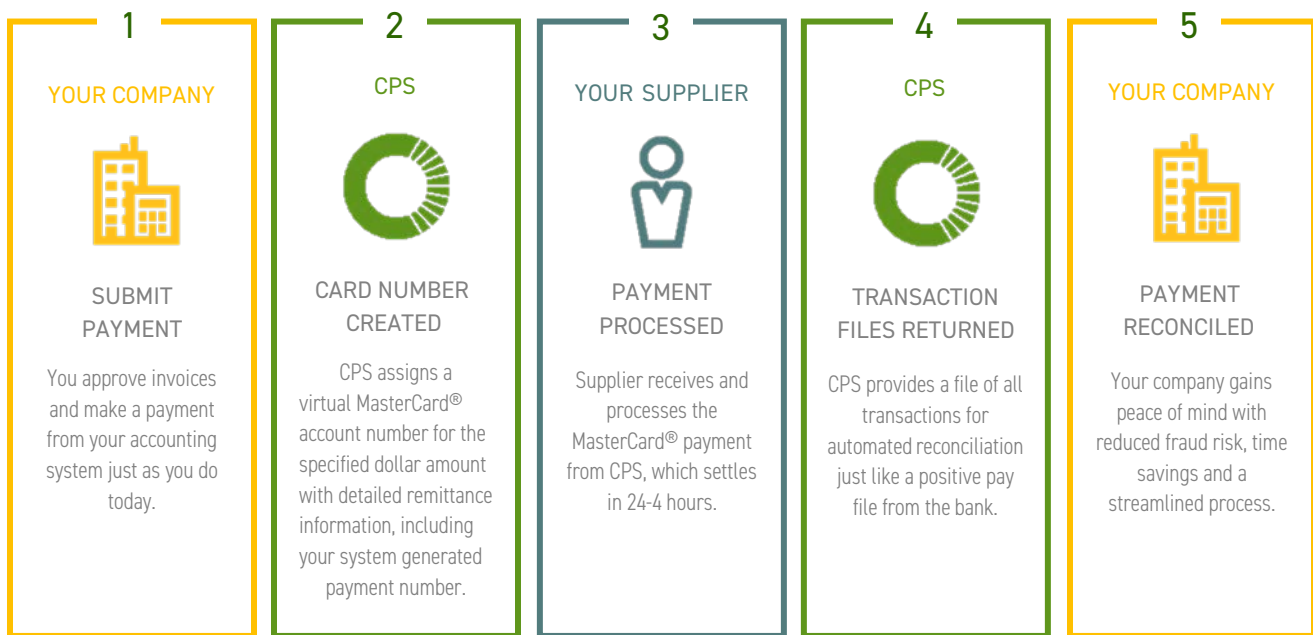
If you are involved in purchasing or financial decision-making for your company, you have likely heard the excitement surrounding virtual credit cards (also known as electronic or ePayables) over the last few years. The payment industry is moving increasingly towards paperless vendor payments, and it is important to understand how they can benefit your business and what to look for in a virtual payment provider as you research solutions for your business.

What is a single-use virtual card number and how do payments work?

A single-use virtual credit card number is a unique, 16-digit number tied to a single vendor payment and issued for a specific dollar amount. Virtual payments are designed to be an alternative to check or ACH payments and can be accepted anywhere MasterCard® is accepted.

What makes virtual payments particularly useful for businesses is that they allow you to set specific dollar amounts and expiration dates, thus emphasizing the protection of your company's assets. And because these are credit card payments, you can earn rebates on every dollar spent - similar to the way a consumer earns cash back on a personal credit card.

The chart below shows the five main steps involved in processing a virtual credit card. Paying your vendors and suppliers through a virtual credit card program can eliminate the costs associated with printing and distributing paper checks, speed up the turnaround time in which your vendors receive payments, reduce the risk associated with lost and stolen paper checks and make your payment process much more efficient.



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Why Should I Care About Virtual Credit Cards?

Virtual credit cards can provide multiple benefits for both your business and the vendors you work with.



REDUCE COSTS AND PAPER

Virtual credit cards eliminate the need for paper checks. Loading, printing and disbursing checks can add up to a significant expense, particularly when the costs for labor and tracking lost or stolen checks are built in.



IMPROVE CASH FLOW

Virtual credit cards give your business the opportunity to earn rebates based on your business spend, thus effectively turning your accounts payable department into a revenue generator.



EASIER ADMINISTRATION

Virtual cards are easier and faster to process than paper checks thanks to automated processing and reconciliation – similar to ACH



MITIGATE RISK

A virtual credit card program allows you to process all of your vendor payments via a safe and secure platform. This reduces the possibility of lost or stolen checks getting into the hands of unauthorized users.



STREAMLINE PAYMENT

Virtual credit cards automate the payment and reconciliation process by integrating into your financial or ERP system. This integration releases your business from the manual work associated with vendor payments and frees your employees to perform higher value activities.

Evan Casteel, Senior Operations Manager at Virginia Mason Memorial Hospital, explains the benefits of a full virtual payment program.

"By converting the majority of our check payments to virtual cards and combining all of our card purchases into one solution, we were able to reduce the resources required to operate our Accounts Payable process. As a result, employee productivity has improved, we have increased visibility to provide employees with the decision-making data they need for cost management, and we are able to generate additional revenue with the monthly rebates."

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What Should I Look for In A Virtual Credit Card Provider?

When researching virtual credit card providers, there are several questions you will want to ask:

- Does it provide a dedicated implementation team?
- Does it have a dedicated in-house vendor enrollment team in place?
- What is the process for vendor enrollment after the initial campaign?
- Does it integrate fully with your ERP or account system? If not, what are internal IT costs to consider?
- What would happen if you add or change treasury banks?
- Is rebate paid annually or monthly?
- How do they define large ticket spend? Is it defined by interchange qualification or only by amount?
- What kind of reporting do you receive on the realization of your program? Is there any benchmark reporting to measure success?
- What role does the provider play in ongoing enrollments of new vendors?

Summary

A virtual credit card program has many benefits for both your business and your suppliers. It can reduce costs, streamline processes and mitigate risk for your business. What's more, the convenience and improved cash flow it offers your suppliers can serve to strengthen your relationships. Virtual credit cards are widely accepted, and the payment process is simple and straightforward. When looking for a virtual credit card provider, there are several key things to keep in mind. Most importantly, look for a trusted, payment industry leader who offers a dedicated support team to ensure that your business succeeds with its virtual credit card program.

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About CPS Payment Services

CPS Payment Services is an issuer of business to business payments over the MasterCard® network. For every dollar of non-labor indirect Accounts Payable spend made through the CPS B2B MasterCard®, we offer a rebate paid monthly to our customers. We currently issue millions of payments for our customers across a variety of industries including Quick Service Restaurants, Retail, Manufacturing, Insurance, Real Estate, Media, Healthcare, and others. We built, own and maintain our proprietary technology and designed it integrate with any ERP system. We provide our customers implementation services, ongoing servicing support and technology to help facilitate the process.