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It's Time To Rethink The Corporate Credit Card For A New Generation Of Employees

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For much of their existence, corporate credit cards were the preserve of company bigwigs and road warriors—the people who'd take prospects and customers out for swanky dinners or book a trip to close a deal. Anyone else who needed to purchase something would have to use their own funds and then submit the expense for reimbursement. Central payments were typically made through invoices and check runs via the accounts payable department.

That traditional view of corporate cards has gone the way of the three-martini lunch. While purchasing cards provide some improvements, they still lack many of the features and benefits that modern organizations and their finance teams require.

More business purchases are made online with a card, and adoption of SaaS software across the organization has increased recurring monthly payments. Employees—especially the emerging members of Gen Z—are less eager to act as a bank to their employer and wait for these expenses to be reimbursed.

Many finance departments haven't yet updated their policies to accommodate this new cohort—nor the changing spending environment—and corporate cards remain relatively uncommon. When only a small number of employees are provided cards, this inevitably leads to sharing card numbers with team members, leading to a whole set of problems:

- **Reconciliation bottlenecks:** Sharing a card between purchasers within a department can lead to a cardholder contacting users individually at the end of the billing cycle to collect the required documentation and reconcile the statement. The finance department then needs to individually allocate each transaction to a specific accounting code to ensure accurate budget tracking. The result? A huge waste of time.
- **Budget and credit limit challenges:** With several employees sharing a card, the amount spent can spiral, and it's difficult to see how closely the credit limit looms. This risks subscriptions lapsing or important purchases being blocked for hitting the credit limit. Nobody wants to have their corporate card declined over dinner with an important client!
- **Greater fraud potential:** If a department head shares their card details with a number of subordinates, it's difficult to track who made a specific purchase, leading to a far greater risk of internal fraud. It's also more likely that someone will write the card details (often on a sticky note) for future need, making third-party fraud more likely should someone else get hold of the information.
- **Limited, slow insights into spending**: When managers need to wait for expense reports or statements, meaningful, timely analysis of spend is restricted. Given the current warning signs for an economic downturn, budgeters need to be more attentive than ever in ensuring that all spending delivers ROI. A [recent report from the American Institute of CPAs] anticipates that wage, benefit and salary costs will grow at their fastest rates in years, making each dollar more important than ever.

Modern problems require modern solutions. Assess your card provider's capabilities to see if alerts are available as a purchase is made or when there is unusual spending or the credit limit is near. Instead of a single, physical card, consider letting your department heads create and distribute virtual cards without having to deal with a bank or card issuer. All purchases can be seen on a dashboard in near-real-time, instead of having to wait for a monthly statement. Here are some of the ways this can make life more straightforward for your team:

- **Remove the friction in card management**: Make it easy for team leads to issue and manage cards for users without having to submit requests to your card issuer.

- **No need to wait until after the purchase to control your spending**: Configure preset limits into cards to restrict spending by merchant type, date or amount.
- **Use one card number per vendor**: Issue virtual card numbers specific for each merchant to make it easier for the accounting team to reconcile spending.
- **Help your team make smarter financial decisions**: Give real-time visibility into spending across a team's budget to allow more dynamic budget management.

With all the advances in card technology over recent years—from virtual cards on a mobile phone to more effective payment control capabilities—the adoption of corporate cards has seen a huge increase. With that has come many new entrants into the marketplace, all vying for organizations' business. With so many options, picking what's best for your business comes down to a few main priorities:

- **What's important to me in a corporate card?** For some organizations, the key benefit is cash back on purchases. If that's the case, make sure you look at the fine print. While some cards may offer a higher rate, that may come with restrictions.
- **What about my existing bank?** Some card-issuing solutions enable you to bring cards from your bank into the platform, so if your organization is more established, this may be easier. If you're just starting out and don't have a business bank, you may not need this level of flexibility.
- **Do I need a credit facility?** Do you want to use your cards like a bank and carry some balance, or is it more just a way of making payments using your existing funds?
- **Does it work with my existing financial software?** Some card providers will sync with your existing solutions, whereas others may be more of a closed ecosystem. While it could be beneficial to have everything with one vendor, it may make life hard if you want to marry your card solutions with the software you already have in place.
- **How comprehensive are my spending policies?** Companies where it's hard to enforce spending policies may prioritize precoding cards with controls, so out-of-policy transactions are stopped at the point of purchase.

Whichever solution you choose, there's really no excuse for your corporate cards to be as hidden from your team members as the executive bathroom. It'll remove the need for them to buy out of pocket while helping you optimize your organization's spending through better budgeting and easier accounting.

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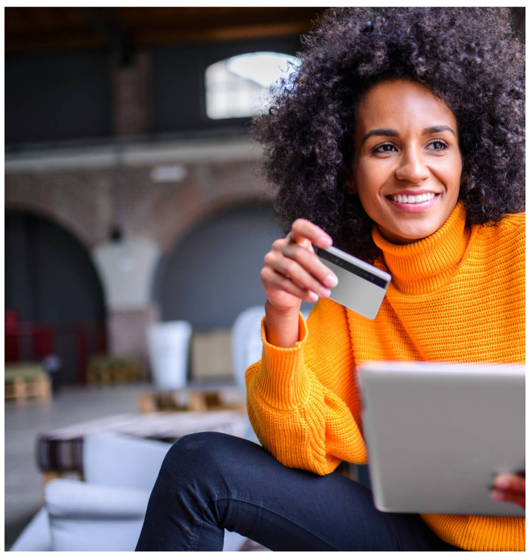

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