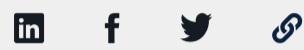


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## A Financial Fracture: Emburse's New Research Reveals a Critical Need for Spend Control Reform



**A Spendageddon may be looming, or already happening in many organizations**

Nearly a quarter (24%) of employees admit their personal financial circumstances have led them to make personal purchases and pass them off as business expenses, while another 15% have considered it but haven't actually done so yet.



## “ 24% of employees have passed personal expenses off as business expenses.

It's a staggering finding from Emburse's latest research from surveys of over 1,000 employees and 1,000 finance professionals — but to understand why fraudulent spending has become so prevalent, you have to dig into the tension building between employees and finance professionals.

We call this emotionally charged tug-of-war Spendageddon. Spendageddon occurs when the tension between a finance department's practices and its employees' needs peaks, causing finance leaders to lose control of their spend and their ability to protect the bottom line. As our data shows, Spendageddon is already happening in many organizations.

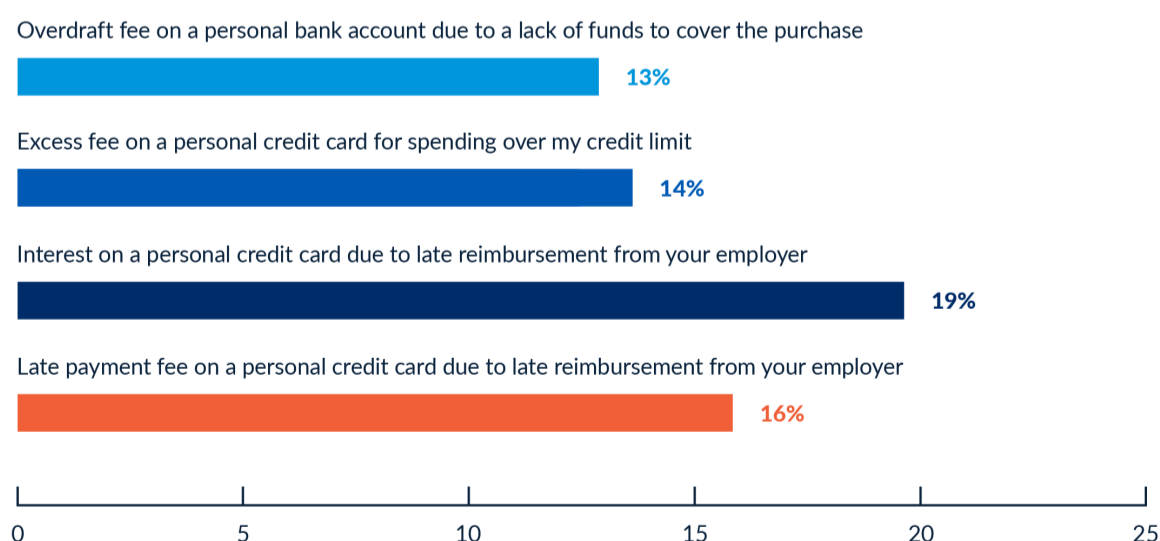
Let's examine the causes:

### The employee perspective:

- Employees want more spending autonomy than ever because business expenses are no longer limited to the occasional airline ticket or a few out-of-town meals. There is an ever-increasing list of small and recurring purchases that are absolutely vital to their daily work — like software subscriptions, remote office supplies, and programmatic ads — and having a streamlined way to pay for them is essential.
- Overall, the average employee is struggling financially, but employers' spend policies are inadvertently making those struggles even worse. Almost two-thirds (62%) of employees reported being somewhat or very concerned about their finances, and slow expense reimbursements compound that concern.

Nearly a third (30%) of employees surveyed reported incurring fees (overdraft, excess, or late payment) on a personal credit or debit card because of a business purchase, and 19% reported incurring interest on their personal debit or credit card due to late reimbursement from their employer. Additionally, 19% have been forced to delay their own personal purchases or payments while waiting to be reimbursed.

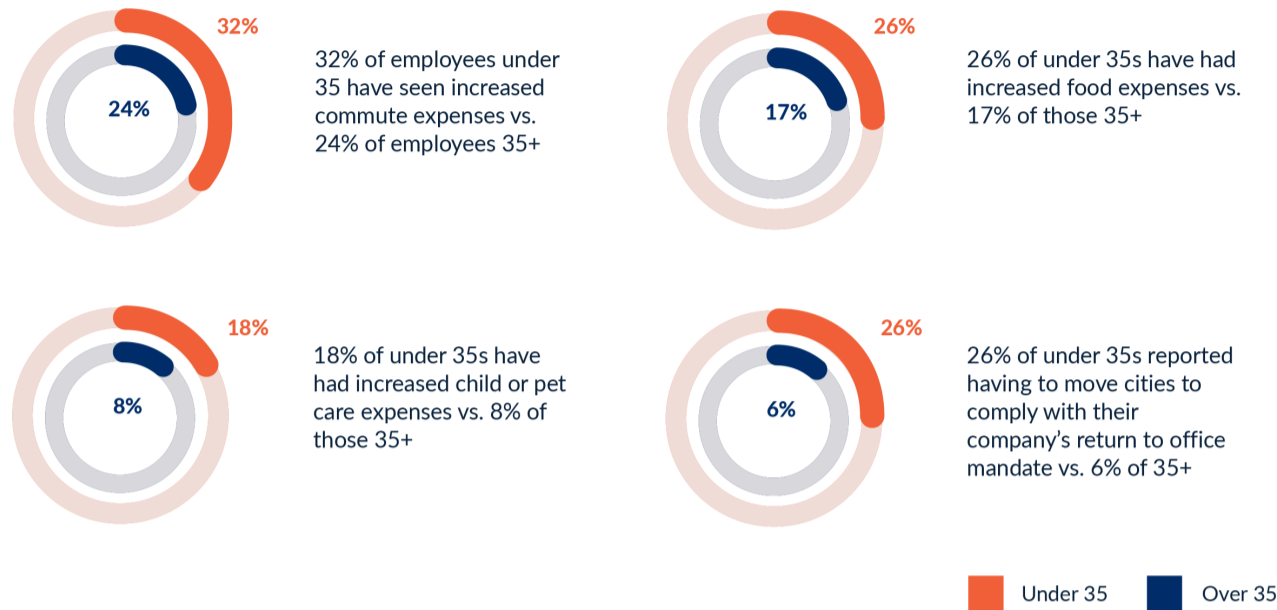
### Employees who have incurred fees on a personal credit or debit card because of a business purchase



- Return-to-office mandates only add to the tension. As employers have increasingly required employees to return to in-person work, employee pushback has grown in tandem. Stories of employee petitions at Disney, protests at Apple, and even workers threatening to retire instead of returning to pre-pandemic office life have been making headlines since 2021. Our research discovered this isn't just

a work-life balance issue — it's also a financial one. Whether it's paying higher commuting costs, spending more on food, paying more for childcare or pet care, or even the expense of having to move to a different city, returning to the office has come with tremendous financial strain.

### Employees who report higher expenses as a result of RTO policies



- While employees of all ages are struggling, younger workers are experiencing even more financial pressure and frustration. For example, employees under the age of 35 are significantly more likely to report higher costs as a result of their company's return to office policy. Additionally, the percentage of employees under 35 who are incurring fees, overdrafts, and interest due to late reimbursements is considerably higher than the rest of the workforce. It's perhaps not a surprise then that, when it comes to passing off personal purchases as business expenses, 42% of employees under 35 have already done it and another 27% have considered it — nearly twice the rate of the workforce as a whole. Gen Z is well on its way to becoming the largest age cohort in the workforce, which means finance departments must seriously consider their needs and wants as part of their spend control policies. These younger workers are also used to seamless, real-time consumer experiences, so waiting weeks for expense reimbursement feels archaic to them and increases the chances they'll look for a workaround.

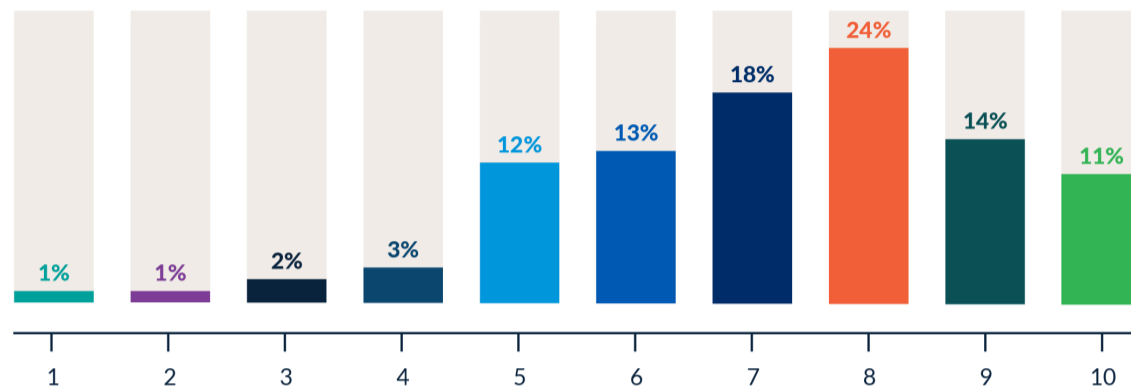
#### The finance department perspective:

“ Yet, 50% of finance professionals rank their employees' experience as it relates to their company's expense management process at 8/10 or higher.

- Today's finance departments are laser-focused on efficiency and are acutely cost-conscious — all while dealing with an accountant shortage that makes tackling the growing pile of expense claims feel as daunting as scaling Everest. The end result? Greater spend scrutiny and slower reimbursement approvals. Accelerating expense claim approval isn't on their to-do list because they don't know how to combine speed with the spend control they so desperately need.

- Outdated systems exacerbate the problem as nearly a quarter (23%) of finance professionals are still tracking and processing employee expenses manually.
- Our research indicated finance departments may also be underestimating the impact of slow reimbursements. When asked to rate their employees' experience as it pertains to expense policies, 50% of finance professionals ranked theirs at 8 out of 10 or higher – which simply doesn't align with what employees reported.

**Finance leaders: On a scale of 1-10, with 1 being "very poor" and 10 being "flawless", how would you rate employee experience as it relates to your organization's expense management process?**



It's clear that spend control in the modern enterprise requires a new approach. Otherwise, the tension between these two perspectives will only escalate, impacting productivity, prompting more fraud and out-of-policy spending, and even leading to high-profile terminations and lawsuits, as we're already starting to see reported.

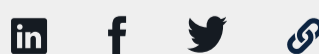
Emburse was uniquely designed to meet the needs of both finance departments and employees. By simplifying and automating the entire process from claim to reconciliation, Emburse eliminates manual work and unwelcome delays in submission, approval, and reimbursement, as well as reducing the workload for stretched finance professionals. Intuitive workflows reduce the chances of errors or compliance issues. Virtual cards can be issued with built-in pre-approved budgets and vendors, giving finance complete control over spend and ensuring employees don't need to dip into their own pockets for essential business purchases. A blend of machine learning and human audit capabilities provides an additional layer of fraud control. Emburse is the only spend management provider that combines the simplicity of modern solutions with the rich features and powerful analytics of an enterprise-grade platform.

In this current challenging financial climate, finance leaders have to be even more careful with their organization's cash, and businesses can't afford to hurt the bottom line through poor spending practices, lack of oversight, and fraudulent and wasteful purchases. To learn more about how your team can maintain close control of its spend, join us on March 14 for our webinar, [Avoiding the Business "Vibecession."](#) Learn from Emburse's CFO, Adriana Carpenter, as she shares strategies to help you rise above the noise, get the most out of your working capital, and help ensure financial stability. Sign up today to secure your place.

### Methodology

All figures, unless otherwise stated, are from YouGov Plc. Both surveys were carried out online. The total "Employee survey" sample size was 1,021 US adults who are businessmen/women. Fieldwork was undertaken between 5th - 11th January 2024. The total "Finance survey" sample size was 1,002 US finance professionals. Fieldwork was undertaken between 16th - 21st January 2024.

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