

Value of Commercial Cards within Procurement

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Change Happens...

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- COVID
- Rising Rates
- Float
- B2B
- Electronic/Digital
- Working Capital
- Virtual Card
- Control
- Fintech
- T/E Recovery
- Straight Thru Processing
- Remote work
- Paperless
- Visibility
- Mobile
- Value
- Disruptor
- Contactless
- Fraud
- Buyer/Supplier
- DPO & DSO
- Optimize
- Risk

- Industry studies are showing less and less is being done via check/paper
- During the pandemic more businesses began to “electronify” their payables
- Card payments are secure and can be “locked” to ensure payment accuracy

Benefits of Commercial Cards for K-12

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Improve classroom purchase efficiency and productivity



Streamline invoice processes for routine purchases, especially for classroom equipment and supplies



Ease in purchases and payments, especially in settings where not one sole purchaser, for example with teachers and their respective classrooms



Most school district purchases are for low dollar maintenance items

Classroom

- ✓ School supplies
- ✓ Technology & computers
- ✓ Cafeteria materials
- ✓ Utilities
- ✓ Cleaning & janitorial
- ✓ Structural repairs



Events

- ✓ Field trips
- ✓ Graduation venue booking
- ✓ School dance venues
- ✓ Sports uniforms
- ✓ Club tournament entry fees
- ✓ Facility management



Complete Control of Spend

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- Upfront lower dollar point-of-sale purchases
 - Traditional purchasing use
 - Virtual cards becoming more common for Travel
- “Middle” of buying process with online purchasing
 - MCC, # of transactions and purchase amount rules
- Back-end invoice payments
 - Single-use cards and/or Push payments
 - **77%** of businesses planned to adopt virtual cards in 2022

*Visa and National Center for the Middle Market, 2022 Mid Year Middle Market Indicator

- Float improves cash flow (Card first approach)
- Overall Working Capital value
 - Extend DPO for your organization and reduce DSO for your suppliers
- Drive electronic adoption
 - Vary payment terms based on payment type
(Ex: Card in 15, ACH in 30 and Check in 45-60 days)
 - Build into vendor terms/contracts

- Visibility over purchasing activity
- Auditing and reporting (Automation)
- Buying controls that can be managed/customized
 - Some banks allow for near real-time changes
 - Virtual card usage for infrequent travelers
- Contactless cards (minimize cash handling)

Visibility of Out of Policy Spend

- Commercial Card clients have employee misuse protections available through their program
 - Please speak with your issuer to learn more about your specific protections
- Provider's software solutions allows for real-time reporting to proactively identify potential employee misuse

- All payment methods have risk of Fraud
 - Checks – 66%
 - Wire – 39%
 - ACH Debit – 34%
 - Commercial Card – 24%
 - Virtual Card – 3%

- Merchants take on the responsibility for 1099's when paid with a Commercial Card
 - This was a change in 2011(IRC Section 6050W)

- Account Management
 - Proactive growth and program optimization
 - Supplier acceptance analysis
 - Ongoing industry insight sharing
 - Best practice consultation

These services and benefits are typically provided at no cost

- Commercial Card rebates add incremental value
 - Typically increases as spend rises
- Maximize rebate potential by using a single bank for all card spend
- Leverage earnings to pay for other projects

Thank you!