The virtues of virtual card payment

As companies seek ways to boost their efficiency, technology plays an increasing role. Payment methods are no exception.

This report explores the phenomenon of virtual card payments in corporate travel, and arms you with useful information including:

- Definitions of virtual card numbers
- What they offer for companies, travelers and suppliers
- Enhanced data and invoice collection as an optional service
- An oil and gas leader's virtual card payment success story

Think virtual card payment might be for you? We can shine some light on your travel program, too. Our teams are ready to guide you in the right direction.

Did you know?

It's been more than half a century since somebody first paid with a credit card. In 1950, Frank McNamara created the Diner's Club. Members would sign first and pay later.

Historically in business travel, card payments take two main forms. Companies and their travelers pay with corporate credit cards or business travel account cards (also known as "lodge", "BTA" and "ghost" cards).

Companies supply corporate cards to employees. They cover work-related purchases, and travelers process their expenses each month.

Lodge cards cover central travel spend, from airline fares and hotel bills to car rental. Travel Management Companies (TMCs) and online booking tools store (or "lodge") the card's account number for use during a trip's booking stage. After making the payment, they send all booking data and client-defined references (for instance, a specific cost center) to the card provider for reconciliation and reporting purposes.

For hotel bookings, direct bills represent another option. In this scenario, a company receives an invoice from a hotel. Their accounts payable team then processes this using a lodge card or bank account transfer.

Why can corporate card programs be problematic?

Traditional methods pose different issues:

Availability: Businesses don't issue corporate cards to everybody. Many employees—such as contractors, temporary staff, irregular travelers and new starters—face a lack of payment options.

Security: Corporate and lodge cards have high credit limits. They offer long validity dates and cover multiple purchases. Lack of control over their use can lead to fraudulent activity.

Reporting: Paying for hotels the "old" way wastes extra time and money. Why? Because companies depend on lengthy, manual administration to reconcile the data.

Transparency: Paying hotels with lodge cards only offers limited amounts of information such as dates and costs. This makes it tricky to get a detailed picture of what has been spent.

A better way to pay

Virtual card payment skips these pitfalls and allows businesses to pay for their travel centrally. At CWT, we connect to a company's card issuer during the booking process—and generate cards on their virtual account.

First things first: virtual card payments require no physical plastic. Instead, CWT sends hotels/low-cost carriers a unique, 16-digit virtual card number (VCN), three-digit security number and expiry date.
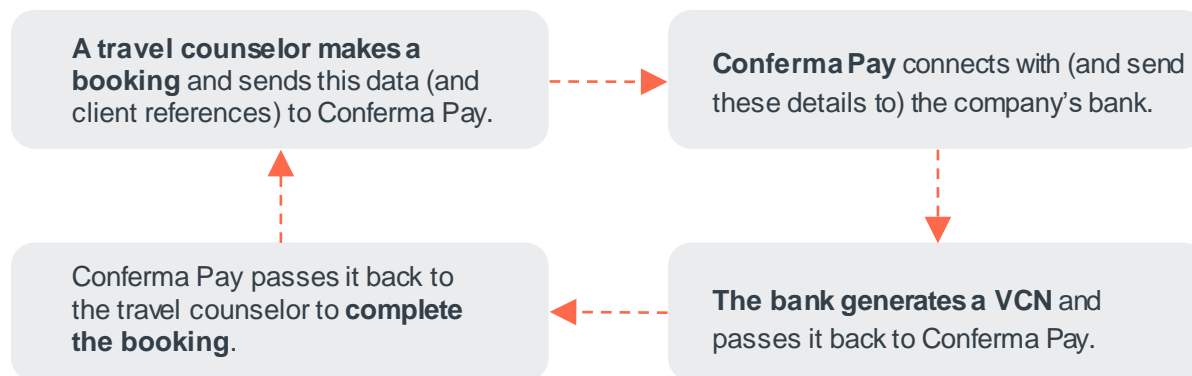
Each VCN comes with predefined usage parameters. Through Conferma Pay, we set it with an exact (or maximum) amount, design it for a specific payee and create it for a precise time frame.

Suppliers accept VCNs like any other credit card and process them as "cardholder not present" transactions. They aren't limited to specific currencies, either. They can be used almost anywhere.

Did you know?

We've teamed up with Conferma Pay, a technology vendor, to deliver this solution. Our touch points (online, offline and mobile) access Conferma Pay, which connects to banks to create, modify and cancel "virtual cards."

Using VCNs to pay suppliers

A travel counselor makes a booking and sends this data (and client references) to Conferma Pay.

Conferma Pay connects with (and send these details to) the company's bank.

The bank generates a VCN and passes it back to Conferma Pay.

Conferma Pay passes it back to the travel counselor to **complete the booking**.

Paying for low cost carrier (LCC) flights

Easy! The travel counselor enters the VCN into the payment screen to complete the booking.

Paying for hotels

After confirming the reservation, the VCN is automatically added to the booking. Hotels then charge the room (plus any other agreed expenses) to the card in question.

In both instances, VCNs reduce the amount of time spent handling and processing payments.

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Breaking the mold

Virtual card payments reduce the risk and inefficiency of traditional cards. Companies and their travelers experience several benefits:

1. **Anyone can use them**

   VCNs solve a payment challenge for those without corporate cards. They're available to anyone and offer a solution for infrequent travelers.

2. **They're more secure**

   Virtual card payment is safer and more secure. There's no physical card to be lost, cloned or stolen; and the fact they're limited to a single purpose keeps fraud at bay.

3. **Easy reconciliation**

   VCNs capture unique booking identifiers. This makes it easy to correlate booking and payment data.

4. **Better spending visibility**

   Virtual cards limit unauthorized expenses and encourage compliance. CWT instructs hotels what to charge to the VCN, according to a company's policies.

5. **Smoother hotel stays**

   For travelers, not having to carry a card brings peace of mind when it's time to pay. Virtual cards offer a touchless service, and fewer post-trip headaches. Even better—Conferma Pay's reporting and reconciliation tool "SNAP" ("Smart New Accounts Payable") slashes the hours spent reconciling payments.

6. **Maximize card payment success**

   Virtual cards are exempted from the need for "Secure Customer Authentication" (SCA) where merchants located in the EEA or UK must securely authenticate card payments.

VCNs and hotels: What to keep in mind

Virtual card acceptance continues to rise – but hotels may still have the odd hiccup. Front-desk staff may be unused to virtual card payment or misplace the details.

Traditionally, hotels expect guests to pay on site. Properties unfamiliar with VCNs may still expect a physical card at check-in (only using the virtual card details as a last resort i.e., the guest doesn't arrive).

Did you know?

Only faxes, secure emails and API connections can guarantee PCI-compliant data transmission. To sidestep this, hotels can register for "Conferma Pay Connect". This automated system finds the best way to securely transmit virtual card information to the hotel.

CWT avoids this issue by sending properties detailed payment instructions (outlining guest details including VCN/arrival dates/total cost) at time of booking. This removes confusion and reminds them to use the VCN to pay for the room, plus any incidentals like breakfast.

Hotel guests can also download the Conferma Pay app. This displays an image of the virtual card (both front and back) via smartphone 24 hours before the day of check-in. Users simply show it to the front desk or they can resend the payment authorization from the app to streamline their check-in experience.

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Enhanced Invoice Data powered by SNAP+ (optional service)

Conferma Pay's data enrichment solution SNAP+ collects hotel invoices for each virtual card hotel transaction using a professional, chasing and verification process.

> ### Did you know?
> 96% success hotel receipt collection

Benefits:

- Available across the entire Conferma Pay Ecosystem, Conferma Pay work with ANY Hotel worldwide
- Offers data enrichment, verification and data export processes for financial transactions of business trips
- Provides invoice collection, correction, itemization, and digitization services
- Delivers transparency on actual hotel spend including room cost, taxes, breakfast, drinks, incidentals, etc. without the manual process of chasing receipts
- Empowers value-add downstream services such as VAT reclaim or expense automation
- Enriched data is presented in detailed customizable reports within Conferma Pay's reporting & reconciliation tool SNAP

Should my company use virtual card payment?

Do any of these challenges seem familiar? Virtual card payment could be the answer.

With its myriad of benefits, the growth of virtual cards isn't a surprise. They work in different currencies. They save companies time and money. They're available to any traveler. And they boost security.

CWT's virtual card payment, powered by Conferma Pay already benefits multiple businesses worldwide. Why not yours? We can supply you with insight and help assess where it fits into your travel program. For further questions or advice, get in touch with a CWT representative today. Our teams' qualifying questions can determine where VCNs might work for you.

Setting up a virtual card account: Three things to remember

You've weighed the evidence and identified your payment needs. You're interested in setting up virtual card payment. What comes next?

1 Your company must open a virtual card account with its bank or card issuer. Check that this bank/ card issuer connects to Conferma Pay : https://confermapay.com/wp-content/uploads/2023/01/Banking-Partners.pdf

2 All major TMCs require an applicant to complete some form of on-boarding document. Our dedicated teams work with you to complete this.

3 Let hotel suppliers and travelers know that you're adopting virtual card payment. We offer notification letters for suppliers.

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Market leader saves time and money, boosts security with virtual card payments

An offshore drilling company was faced with a challenge. With remote sites across the globe, it relied on numerous hotels to accommodate its workers. An inefficient payment structure—coupled with regular changes to its crew roster—caused booking headaches. What happened?

Safer payments

Problem: Settling hotel invoices with lodge cards caused security issues. Accounts payable teams would fax staff an image of the company lodge card, exposing sensitive information. This led to several instances of fraud and forced the company to change cards repeatedly.

Solution: Moving to single-use VCNs reduced the need to use direct bills.

Result: The company lowered its exposure to card fraud and actively stopped a scam when thieves attempted to clone a batch of VCNs.

Compliance and savings

Problem: A lack of control over card spend saw huge spikes in room costs. Rotating crews and subcontractors regularly charged extra food and drinks to their rooms—breaking travel policies and exceeding budgets.

Solution: Virtual cards allowed the company to dictate what travelers could (and could not) pay for.

Result: The company limited hotel charges to approved items only. This helped travelers stay in policy and saved the company money.

Easier reconciliation

Problem: A drawn-out card statement—covering multiple stays—slowed down the reconciliation process. Ploughing through booking, payment and invoice records cost the company more in labor, too—they needed four full-time staff members to reconcile transactions.

Solution: Each VCN transaction offered a unique ID, making it easier to identify and track a transaction's lifespan.

Result: Reporting became simpler: the company went from a dedicated team to just one person needing half a day each week to reconcile payments.

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