Corporate Cards Continue to Lead Travel Programmes, Though Virtual Payments Are on the Rise

Alexandria, Va. (17 October 2019) – According to new research from the Association of Corporate Travel Executives (ACTE), developed in collaboration with Mastercard and the NAPCP (a global professional association serving the commercial card and payments industry), the use of corporate cards for business travel continues to expand globally due the security, efficiency and convenience that both employees and companies derive from their usage. Travel managers also report increased utilisation of virtual cards and single use accounts to help manage spend for infrequent travellers, helping manage a bigger piece of the total corporate travel budget.

The global study conducted by ACTE, Evolving Payments in Corporate Travel, found that when it comes to paying for corporate travel expenses, a majority of organisations (67 percent) continue to use corporate credit cards, with 60 percent saying they are very or extremely satisfied with them. Sixty-three percent say it is their preferred payment method. And while just 15 percent of organisations surveyed use virtual cards or single use accounts for business travel, another 28 percent plan to adopt them in the future.

Why Corporate Cards?

Traveller and travel managers’ need for simplicity underlies the continued leadership of corporate cards. For many travellers, using corporate cards avoids the need to pay for travel costs up front and eliminates onerous reimbursement processes. For companies’ travel management executives, corporate cards allow for better expense tracking and reconciliation, provide transparency into which airlines and lodging their travellers are using, and if travel policies are being followed.

“For many organisations, the adage of ‘if it isn’t broken, don’t fix it’ applies when it comes to payments,” said Leigh Bochicchio, executive director, ACTE. “The corporate card has long been the gold standard for the industry, and its benefits should not be discounted. The beauty of a corporate card programme is it can be customised based on the needs of the organisation and its culture.”

Personal Cards Are Not Well Suited for Business Travel
A key payment challenge organisations contend with is employees’ use of personal credit cards. Forty-eight percent of respondents say personal cards are used within their organisations, likely driven by two factors: first, the organisation may not have a formal policy in place prohibiting this; second, travellers are motivated by the appeal of earning cash back rewards, frequent traveller points or other travel benefits like airport lounge access.

However, the drawbacks for the organisation are clear. The use of personal cards offers little or no transparency into spending, inhibits travel managers’ ability to perform their duty of care responsibilities, prevents organisations from imposing reasonable restrictions on cards’ use, and can make it extremely difficult to manage reimbursement and expense reconciliation.

“When organisations’ employees use corporate T&E cards, they’re able to capture enriched data to reconcile expenses, prevent misuse and overspending, and ultimately, negotiate better rates with suppliers,” said Jeff Feuerstein, senior vice president, Global Commercial Product Management at Mastercard. “The cost of employees using their personal cards far outweighs the benefits, so it’s crucial to have clear corporate card usage requirements and to educate employees about why corporate card usage works in both the organisation’s and their favour.”

**There Is a Better Way**

While there is a continued preference for corporate cards, the study showed that there are unmet needs for some travellers and travel managers, particularly in areas of controlling or limiting card usage. Managing the spend of those who do not have company-issued cards, like consultants, interview candidates, or infrequent travellers, rose to the top as well. While not all companies feel as though corporate cards are the answer, they still require an alternative solution to personal cards.

The solution may lie in virtual cards, which offer travellers a single or multi-use account number for corporate travel purchases. These cards offer many of the benefits of corporate cards (e.g., the ability to capture spend data and avoid the use of personal cards) while also solving other challenges. For example, virtual cards allow travel managers to place limits on which merchants travellers can spend at, which categories they can spend on, when in time the funds can be spent, and on budget. Other key benefits of virtual payments include the enhanced data captured for each transaction and the absence of physical cards, which reduces the administrative burden of managing credit limits and monitoring ongoing usage of traditional cards.

“Virtual cards can be a great tool for organisations to add to their payment toolkit,” said Heather Miller, community engagement manager for the NAPCP. “Organisations have found success in using virtual cards as a solution for contract employees, interview candidates and non-frequent travellers. A virtual card offers all the benefits of the traditional card programme, such as data visibility and controls, while creating a better
experience for the traveller who does not need to pay out-of-pocket for company expenses. The industry anticipates a growth in the adoption of virtual cards as more organisations start to realise the benefits.”

The Path Forward

There are clear benefits in utilising each of these company-issued card payment options, yet travel managers have numerous considerations when evaluating their options. The size of their organisation, centralized or de-centralized nature of travel programme management, volume of employee travel, budget limitations, how the organisation utilises data, and tools at their disposal for managing and analysing travel spend all have a strong influence on the types of payments that will work best in any organisation.

Added Bochicchio, “Adopting a new payment method should be approached the same way as any change to a corporate travel programme: Identify what your organisation needs and what’s acceptable within your culture and work closely with your card provider to design and implement the right programme within your company. There is no one ‘right’ way to do things in this industry other than to be nimble and open to new options and technology.”

About Evolving Payments in Corporate Travel

To produce this report, ACTE Global surveyed 290 business travellers and corporate travel managers around the world via a combination of open-ended and multiple-choice questions. The survey was conducted in June 2019. To read the full study, click here.

About ACTE Global

The Association of Corporate Travel Executives (ACTE) has a 30+ year reputation for leading the way corporate travel is conducted. As a global association comprised of executive-level members in more than 100 countries, ACTE pioneers educational and technological advances that make business travel productive, cost-effective and straightforward. ACTE advocacy and initiatives continue to support impactful changes in safety and security, privacy, duty of care and compliance along with traveller productivity that supports global commerce. Learn more at www.acte.org.

About Mastercard

Mastercard (NYSE: MA), www.mastercard.com, is a technology company in the global payments industry. Our global payments processing network connects consumers, financial institutions, merchants, governments and businesses in more than 210 countries and territories. Mastercard products and solutions make everyday commerce activities – such as shopping, traveling, running a business and managing finances – easier, more secure and more efficient for everyone. Follow us on Twitter
About the NAPCP

The NAPCP (www.napcp.org) is a membership-based professional association committed to advancing Commercial Card and Payment professionals and industry practices worldwide. Serving a community of almost 20,000, the NAPCP is a respected voice in the industry and an impartial resource for members at all experience levels in the public and private sectors. For two decades, the NAPCP has provided unmatched opportunities for continuing education and peer networking through its conferences, regional forums, webinars, website, virtual demonstrations, newsletters and regular communication. The association sponsors research and publishes timely and relevant white papers, survey results and other documents. The NAPCP also offers the Certified Purchasing Card Professional credential (CPCP).

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