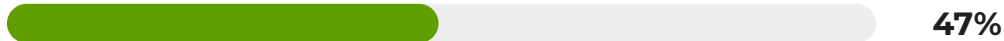**Bottomline**

Virtual Cards 101

A Payment Method that Drives Security, Efficiency, and Working Capital Optimization
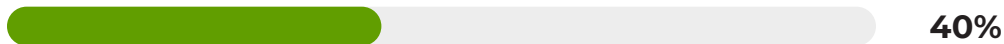
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Virtual Cards: Your Key to Payment Efficiency

As accounts payable (AP) departments begin to recognize the value of a streamlined and efficient accounts payable function, they are focused on:
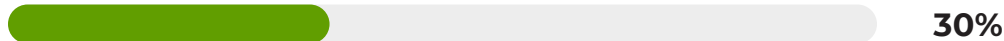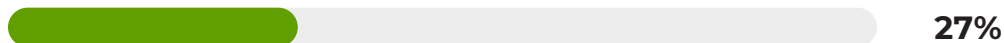
Reducing paper

47%

Implementing automation

40%

Reducing costs

30%

Improving connectivity and collaboration with their vendors

27%

Source: Ardent Partners Research

As one part of an organization's overall invoice-to-pay automation strategy, virtual cards play a key role in optimizing the overall payments mix. Virtual cards are important because they address not only your organization's need for payables efficiency and costww reduction, but they also help reduce fraud while providing opportunities to earn rebates on AP spend.

What Is a Virtual Card?

A virtual card is a credit or debit card that contains account details, such as account number, expiration data, and CVV needed for payment, but without an associated physical piece of plastic. Instead, you provide a virtual card to cardholders and vendors electronically, eliminating the need to safeguard a physical card. Virtual cards also provide efficiency for you and your vendors.

Cards — both physical and virtual — are an ubiquitous payment type that consumers and businesses are comfortable accepting. The networks that transmit card payments, such as Visa and Mastercard, are well-known and trusted. That should make inroads to your supplier community easier and more straightforward if you haven't already adopted virtual card.

4 Top Benefits of Virtual Cards

Virtual cards are gaining momentum — and with good reason. They provide additional security and controls that aren't available with payment types like check and ACH, and are easy to use.

This efficiency helps reduce costs, and virtual card rebates provide a financial incentive for AP departments to add this payment method to their mix. Plus, vendors love the convenience, speed, and ease of using virtual cards, as well as the detailed remittance data that certain virtual cards provide.

Here are just four of the ways your AP function — and your vendors — benefit from adopting virtual card:

1

Security & Control

A virtual card with a unique 16-digit randomly generated number, expiration date, and CVV can only be used once, limiting fraud risk associated with data breaches and other attacks. The card account details are securely stored and only obtained by authorized users.

Virtual cards also leverage the built-in security and controls of the card networks, making them a highly secure form of payment. You issue virtual cards for a specific payment amount and set controls to decline the authorization if the vendor pulls a different amount, making it easy to verify the vendor transaction against the card issued and flag transactions that don't match.

With some solutions, comprehensive reporting, user behavioral monitoring, and payment risk scoring allow you to identify red flags or anomalies that could indicate possible fraud before it actually occurs.

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2

Efficiency & Cost Savings

As a digital payment, virtual cards are much less costly than checks, which require high-speed printers, mailing, and secure storage. With efficient email delivery, virtual cards also help you eliminate the expense of stopping payments and reissuing lost checks.

Virtual cards digitally deliver payment instructions and data to vendors and back to AP for reconcilement. Exact match controls make virtual cards easy to use and reconcile, which ultimately streamlines key components of your invoice-to-pay process.

Virtual cards also reduce Positive Pay mismatches, saving time. Straight-through remittance delivery helps to automate cash application for vendors, reducing inefficiency and processing costs in accounts receivable (AR). Vendors also typically receive payments faster than paper checks.

Adding virtual cards to a broader payment mix can help improve AP efficiency even further. As part of an integrated payments solution that includes all payment types and connects to your ERP, your new streamlined process becomes much more efficient than disparate payment technologies or programs.

3

Rebate Generation and Working Capital Optimization

In addition to being an efficient payment method, virtual cards also enable you to earn cash back on your AP spend. They can allow your organization to optimize working capital by providing payment terms flexibility, plus the ability to pay earlier while holding on to cash. With integrated reporting and analytics, you can easily demonstrate ROI to the larger business based on rebates earned for your virtual card program.

Historically, AP has been viewed as a cost center. Virtual cards help AP make a meaningful revenue contribution to your organization, elevating the department's strategic value to your business.

4

Increase Vendor Satisfaction

Virtual cards streamline the AP process and reduce both fraud and costs for AP departments, but this payment method also benefits your vendors and their AR function.

The gains you make in efficiency and straight-through processing mean that your vendors get paid faster. To help ensure that vendors actually process card payments in a timely manner, some solutions send reminder email notifications to vendors and payers prior to payment expiration dates.

Additionally, some solutions provide vendors with value-added tools, including collaborative portals that allow AR teams to track incoming payments. The ability to receive robust remittance detail along with the card payment in the format of a vendor's choice also greatly streamlines their cash application process. Having this detail readily available also reduces inquiries to AP, which saves time and resources for both you and your vendors.

A Vendor Enrollment Program Accelerates Adoption

Your organization may be concerned that your vendors won't be receptive to adopting the cards, perhaps due to a poor past experience with card payments or general resistance to change. Educating vendors on the value of virtual cards will drive increased acceptance.

To accelerate adoption, work with a payments solution provider that is committed to your vendor onboarding effort. For those vendors that are not currently accepting cards, customized vendor enrollment campaigns designed to meet your payables optimization goals will be critical. The partner you work with should be able to clearly articulate the benefits and features of your card program in a way that drives adoption. If you have implemented a solution that offers virtual card and ACH, your solution partner can offer ACH to vendors who are unable to accept virtual card to ensure you maximize overall payment automation.

Virtual cards streamline the AP process and reduce both fraud and costs for AP departments, but this payment method also benefits your vendors and their AR function.

Bolster Your Payment Strategy with Paymode-X

Virtual card is a valuable payment method to have in your mix, with benefits for your AP department and your vendor community alike. However, it is just one of a number of payment types that your AP team will utilize. Premium and traditional ACH, check, and sometimes wire payments also have their place in your payment strategy. ACH especially is another cost-effective, secure, and convenient payment type that helps AP teams move toward digitization, and some solution providers enable your AP team to earn rebates on ACH transactions in addition to virtual card rebates.

To maximize cost savings and streamline the AP process, your organization should adopt an integrated payables solution that combines virtual card, premium and traditional ACH, and check payments. This approach not only helps streamline payment processing and reconciliation, it also allows you to adopt a flexible payment strategy that aligns with different use cases and vendor preferences — and adapts as your business evolves and grows.

With 400,000+ businesses already transacting electronically through its network and included vendor onboarding services, Paymode-X will drive significant adoption of both virtual card and ACH payment types — ultimately maximizing cost savings and rebates for your organization. With an array of built-in security technology services, Paymode-X offers you peace of mind above and beyond what you'll realize from other electronic payment solutions.

View this video for an in-depth look at achieving full payment automation and monetizing AP spend.

Watch Now

About Bottomline

Bottomline helps businesses transform the way they pay and get paid. A global leader in business payments and cash management, Bottomline's secure, comprehensive solutions modernize payments for businesses and financial institutions globally. With over 30 years of experience, moving more than $10 trillion in payments annually, Bottomline is committed to driving impactful results for customers by reimagining business payments and delivering solutions that add to the bottom line. Bottomline is a portfolio company of Thoma Bravo, one of the largest software private equity firms in the world, with more than $130 billion in assets under management.

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