

# Selecting A Corporate Payment System



## CAPTURING SPEND DATA, MATCHING IT WITH TRAVEL MANAGEMENT COMPANY

booking data and integrating it with automated expense management systems allow travel managers to compare booked versus actual spend. With greater visibility and control, managers can increase compliance and negotiate better supplier discounts. Card programs also provide such benefits as company rebates, security management and simplified payment processes for travelers. Additionally, the wider use of virtual cards allows organizations to track business expenses without issuing corporate cards for contractors, potential recruits and less frequent travelers. It also may not be long before corporate cards become integrated into mobile wallet solutions.

### I. ESTABLISH OBJECTIVES

Understand the objectives of senior executives, particularly in human resources, finance and accounting, but ensure the travel manager is engaged. Some attainable goals:

- A. Improve financial and administrative processes and maximize travel cost savings through data integration and negotiations.
  1. Secure rebates on spending volumes and control/reduce bad debt by cardholders.
  2. Leverage consolidated card spend for air, hotel, car and meetings.
  3. Reengineer travel expense reimbursement procedures and efficiencies.
  4. Improve cash management, extend float and reduce/eliminate cash advances.
  5. Improve and bring uniformity/speed to the processes of paying and accounting for travel, fleet and/or goods and services.
  6. Streamline accounting and reconciliation methods.
  7. Enhance the management of currency exchange.
  8. Evaluate and facilitate value-added and goods-and-services tax refund filings.
- B. Improve policy compliance and noncompliance monitoring.
  1. Reduce expense report fraud.
  2. Track preferred supplier usage and identify program leakage.
  3. Implement/improve data reporting tools.
  4. Control spend by placing blocks on non-business merchant category codes.
- C. Increase traveler productivity and support.
  1. Reduce time required for completing expense reports with automated line item uploads in expense tool.
  2. Provide en route services to travelers, including travel accident insurance, baggage

insurance, car rental insurance and emergency assistance.

3. Reduce travelers' out-of-pocket expenses by providing an easy, safe and widely accepted form of payment for en route services (as well as access to cash via automated teller machines).
  4. Allow travelers to separate business expenses from personal expenses, which will free personal lines of credit and improve data quality.
  5. Provide standardized business controls.
  6. Provide data and enable digital receipt capture via mobile devices.
- D. Enhance management data and controls, and comply with global tax and Sarbanes-Oxley regulations. Commercial card programs electronically provide actual expense data made available in a central database for compliance monitoring, supplier management, budget review and tax reporting. Electronic data transfer eliminates duplicate entry, provides greater fraud and risk management controls, and facilitates use of automated audit tools.
1. Run reports by merchant category code to identify use of preferred and nonpreferred suppliers.
  2. Use reports to increase expense management efficiency and identify new negotiation opportunities.
  3. Import commercial card data into electronic contract management tools.
  4. Commercial card data can be combined with booked data from TMCs, suppliers and other sources, to provide a more complete view of expenses and trips, and identify leakage.

### II. PROGRAM EVALUATION

- A. Establish a cross-functional team typically comprised of travel, payroll, finance, accounts payable, HR, legal, procurement, internal audit, IT, security, treasury and tax department representation. Consider assigning a project manager. Identify a senior management sponsor in finance.
- B. Determine the requirements of the payment program.
  1. Number and location of travelers who will use the card, including frequent travelers, especially those

who travel internationally and senior executives.

2. Spending by category: air, rail, ferry, hotel, rental car, limousine, meals, entertainment, dues and subscriptions, etc.
  3. Geography.
    - a. Determine estimated charge volume and potential cards in force for each country/region.
    - b. You may need to consider whether more than one issuer is required to issue local currency cards in all countries with significant employee populations.
    - c. Consider how implementation and ongoing service would be provided to each country and in which languages.
    - d. Understand local culture, language issues, labor union regulations, card acceptance, currency and other laws pertaining to card liability, employee data privacy and card issuance in each country.
    - e. Recognize the degree to which global data consolidation will be required.
    - f. Consider where spend will take place and consider the FX rates.
  4. Issuance and usage policies (mandates versus guidelines, allowing or disallowing personal use of corporate card, etc.).
  5. Billing, payment and liability options.
  6. Interfaces with other front-end and back-end systems.
  7. Data consolidation specifications.
  8. Reporting and reconciliation specifications, including financial closing requirements and timing.
  9. Types of card products required.
  10. Consider how to take advantage of payment innovations, including those made possible by smart-phone technology.
  11. Bidders need client-held days to price the bids; offer department breakdowns if available.
  12. ATM accessibility and foreign currency requirements.
- C. Establish the process.**
1. Describe the organization's culture and readiness for a new or changed card program, including variances by country.
  2. Outline criteria for success: acceptance/utility requirements,

technological capabilities, service structure and support and consulting expertise in addition to financial offers.

3. Detail contract requirements, including organizational and country-specific privacy policies and language that ensures the organization owns the card data.
  4. Consider an automated request-for-proposals tool.
  5. Consider holding a pre-bid conference, if practical. This can help frame the RFP document.
  6. Set times for issuing documents, developing proposals, reviewing and making final decisions—usually more than a 90-day period. Include key dates within the RFP.
  7. Schedule presentations and technology demonstrations. Consider a two-step process in which only finalists are asked to present.
  8. Obtain client references, perhaps those with similar travel patterns, industry sector, spend, size, policies and geographical coverage.
  9. Determine selection criteria and list in sequence of priority, such as financial, reporting, acceptability and implementation.
  10. Identify elements for review. These should track to the RFP sections and questions asked of the bidders. Financial sections should be separate and show rebates and thresholds for earnouts.
  11. Develop scoring systems to facilitate objective decisions.
- D. Examine card types.**
1. Corporate card: Issued to individual employees and used for all types of travel purchases that are ultimately expensed to the corporation, either directly or indirectly after employees file expense reports for reimbursement.
  2. Ghost/lodge/BTA card: A central card housed with an agency that allows individual air, hotel, car rental and/or train expenses to be directly charged to and paid by the corporation. This type of card drives travel bookings through the designated agency and reduces employee liability for large debt. Reconciliation is more complicated and expensive.
  3. Virtual and temporary cards:

Includes cards for trainees or visitors, prepaid or stored-value cards, budget or declining balance cards, single-use cards, specific date ranges, meeting cards, and cards acceptable only with specific merchants.

- E. Supplier options and configurations.**
1. An exclusive or preferred agreement with a supplier for a single reporting solution that provides global spend data for all business units.
  2. An agreement with one primary supplier that includes multiple card and payment solutions and such spend management solutions as sourcing and contract management.
  3. An agreement with a primary supplier and an account with a separate card provider for a particular service: For example, a master number all employees use for air travel but without plastic cards (i.e., ghost cards/Central Travel Accounts or direct bill) or single-use, virtual accounts for hotel and car bookings, emergencies and ticket changes en route.
  4. A central travel solution for air tickets to facilitate ticket reissue and credit tracking, and simplify charge allocation if your expense management tool can allocate charges back to individual travelers.
  5. Diverse agreements with multiple suppliers: Organizational divisions with different cultures might need different card programs, though treasury departments often desire consolidated banking relationships to better leverage currency exchange and overall costs.
- F. Liability structures, billing and payment options.**
1. Corporate liability: Under this structure corporations take responsibility for payment. There are, however, two options for billing:
    - a. Central bill/central pay: The corporation receives a consolidate bill of all T&E charges and pays. This assures suppliers receive timely payment and allows organizations greater float.
    - b. Individual bill / corporate pay: The individual receives a bill for his/her own charges and is required to reconcile charges or file all charges through an

- expense system before the corporation pays.
2. **Joint & Several liability:** Structured as individual bill/individual pay, but the contract between the corporation and the payment provider will identify a set time for which the individual is responsible (generally 60 or 90 days); after that time, the payment provider will begin to bill the corporation for outstanding charges.
  3. **Individual Liability:** Mainly implemented in North America, this liability/payment structure may not be legally acceptable in some markets:
    - a. **Individual bill/individual pay:** The solution provider pursues individual cardholders for outstanding balances; ultimately, however, the corporation is invoiced for all unpaid balances or has unpaid charges deducted from the rebate. While this option may reduce corporate administrative activity, it may cost the organization rebates if cardholders pay late. Calculate the average days held internally and the savings to the organization versus its impact on the rebate. Ensure card payment terms outside the United States are acceptable to each sector or business unit and are consistent with accounting procedures in those countries.
    - b. **Individual corporate cards** with strip billing and payment: Organizations can request all air, hotel, phone or other categories be stripped from individual bills for central pay. Card companies get paid more quickly this way, but organizations also need to weigh reconciliation costs.
  4. **Payment settlement:** Suppliers continue to accept checks for individual payments, but more individual and all corporate payments are now electronic. Balances are usually owed monthly, although organizations must consider overall terms with shorter days of funds outstanding to maximize rebates. Organizations must determine how to balance rebates and payment management.
  5. **Billing formats and data feeds:**

Advise suppliers if your organization has requirements for statement formats, billing cycles or data feeds to enterprise resource planning, general ledger or other systems to ensure compatibility.

**G.** Some card issuers offer their own expense reporting tool or maintain alliances with other third parties. All major card suppliers can send data directly to any expense reporting system. Consider:

    1. The total cost of the expense reporting tool versus the expected ROI. The total cost of ownership should be based on supplier fees, implementation and training costs, and ongoing management, support and infrastructure costs.
    2. If your organization works with a data provider that also offers expense reporting tools, including SAP, Oracle, etc.
    3. The use of an expense tool offered by your card issuer versus a third-party or home-grown option. If a tool already is in use, determine if bidders can integrate with it.
    4. Hosting the expense tool behind your firewall versus the software-as-a-service model. Consider data ownership and privacy issues, in-house information technology and account support and costs.
    5. Is the supplier tool compatible with your existing infrastructure and can it interface with such related internal or external business systems as accounts payable, auditing, general ledger, HR and payroll?
    6. Who will administer and pay for reprogramming the tool to interface with the corporate accounting system, accept card data downloads and align with policy?
    7. Who will implement the tool, send out and communicate the changes, facilitate training and provide ongoing support? What is the supplier's standard implementation timeframe? Implementation in a multi-location organization can be complex and costly.
    8. Which departments—IT, HR, procurement, travel, accounting, etc.—can help evaluate such tools?
    9. Does the system offer prepopulation of expense reports with corporate card data? If so, is the data prepopulated frequently and accurately? Is prepopulation limited to standard corporate card data or can it integrate such additional data as hotel folio details, taxes, fees, and car rental and airline ancillary items?
  10. How easy is it for cardholders to review card charges, add details and required documentation and submit? Can there be more than one approver or layers of approvers to speed payment?
  11. Can the tool be customized to the organization's branding and business unit or geographical needs?
  12. Are the automated audits and policy controls sufficient or must you use other external systems? Can the tool automatically flag and identify expenses for value-added tax reclaim and group expenses according to accounting codes?
  13. Does the tool provide mobile functionality to create, view, submit and approve expense items or reports via mobile phone?
  14. Does the tool offer receipt imaging, archiving, payment or other services?
  15. Does the tool automatically convert foreign currency transactions? Does the supplier levy fees for those transactions? Are those fees negotiable? Is the tool localized for taxes, government regulations and business practices?
  16. Is the tool capable of providing management reports at the same level of detail as the expense report?
  17. Can the provider establish customized policy compliance rules and controls within the enterprise reporting system?
  18. Can the tool evaluate bookings versus actual expenses, and can the issuer work with the preferred travel agency for booked to billed reports? Ask for real-time demonstrations of this function or check client references carefully.
  19. Can the tool be used for expenses beyond travel, including purchasing card, fleet or small-dollar purchases? Can the tool accept feeds from more than one card issuer?
  20. Can direct-bill programs be integrated to show company-paid expenses

as opposed to individual-paid?

- H. Loyalty program tie-ins: Some card programs offer their own rewards programs or tie-ins to those offered by other suppliers. These can work with or against policy and may impact rebate potential (cashed-in points often are deducted from your rebate).
- I. Restaurant rebates and hotel or other discounts can be achieved through special programs offered by some card provider programs, especially those aimed at small and midsize accounts. Other discounts and perks may be provided with executive cards.
- J. Related spending management programs.
  1. Procurement cards (also called purchasing cards or p-cards): Most T&E card providers also offer card programs for corporate purchasing. Buyers can benefit from consolidating spending with the same provider and, in many cases, achieve commonalities in card set up, access controls and reporting. But procurement cards may have different requirements for taxes, process reengineering, back-end data integration and data capture. T&E cards generally capture basic data with air segment detail, while purchasing cards also capture point-of-sale data, such as sales tax or product codes. Look at approval and reconciliation processes for T&E and purchasing cards for opportunities to improve or combine processes and data flows. If multiple card platforms are being considered, ask the supplier if all spend will be combined to calculate a single rebate or if there will be separate rebate programs.
  2. Meeting cards: Costs from meetings can represent a significant and largely untapped savings opportunity. Organizations may provide corporate meeting cards primarily to corporate meeting planners to help track expenses, ensure compliance with preferred hotels and other suppliers, leverage volume to improve supplier negotiations, reduce the need for written checks and ensure proper expense allocation. Billing data can be integrated into a meetings management system, driving automated reconciliation and more robust reporting.

3. A one-card solution: Some issuers offer travel and entertainment, procurement and fleet—or any combination—on a single platform. Examine employee usage to determine any benefit to such a combination and understand the reporting distinctions offered by the supplier. Consider the amount of overlap of employees who would be issued both purchasing and T&E cards. If significant, a one-card solution may be useful.
4. Fleet cards capture enhanced data at the point of sale, enabling managers to monitor fleet efficiency. Fleet cards can be assigned to a vehicle or a driver, reduce misuse/unauthorized fueling and provide reporting on mileage, miles per gallon, grade of fuel and other data vehicle and driver data.
5. Prepaid or virtual/single-use accounts allow organizations to pay via a card program but control the amount, date, merchant and more. Organizations have found the ability to generate an account number instantly and set the controls useful to pay hotel room night or meeting expenses or pay travel expenses and collect necessary data for contractors, recruits, nonemployees or infrequent travelers. Embedded in an airline record, the 16-digit account number becomes a unique identifier for reporting and simplifies the reconciliation process.
6. With virtual cards, program managers can specify transaction amount limits, merchants, expiration dates and sometimes the number of uses. The cards especially are useful for infrequent travelers, contractors and job recruits. Some solutions have mobile apps that allow a user to bring up a front-and-back image of the virtual card number on a smartphone to show to a front desk clerk or email, fax or text the card information with a single click.
7. Debit card options have emerged in Europe as a means to avoid airline fees on credit cards. Debit cards have greater risk of liability than charge cards.
8. As of May 2015, mobile wallets, from the likes of Apple Pay and

Samsung Pay, were not available to use with corporate cards. However, card networks and issuers are working to bring the solution to the corporate space. Companies must determine security protocols in case a phone is lost or stolen for company data that is integrated and shared with the phone and mobile wallet. Considerations will vary depending on whether employees use company-issued or personal phones.

- K. Consider your purposes in using card-generated management information to help determine:
  1. How is information broken down?
    - a. By spending categories and specific suppliers.
    - b. By activities.
    - c. By organizational levels and units.
    - d. By geography, language, culture and currency.
    - e. By industry and market.
  2. How many sources of data are integrated into the reporting (e.g., card, hotel folio, booked data, etc.)?
  3. Who needs access to information and how will they receive it? Do you need to interface data to one or multiple general ledgers?
  4. What is the frequency of reporting data (how often are data downloaded into an expense reporting system)?
  5. What are the capabilities for electronic data transmission and report generation?
- L. Size and scope of a program.
  1. How many cards will you issue, broken out by country?
  2. On what basis will cards be issued: frequency of travel, employee type/title, number of expense reports or expenditures?
  3. Do you need travel insurance, purchase protection or roadside assistance?
  4. Do you want to provide to some travelers executive-level cards, airport lounge access and concierge services? A limited group of senior officials can generate added supplier costs.
  5. Will you limit card use to business expenses or let employees charge personal expenses? If so, how will employees report and pay for personal expenses and consider

what liability structure should be in place, e.g. individual vs corporate? Do your employees have a delinquency history?

6. For individual liability programs, determine organization policy and procedures for employees denied cards by the supplier.
  - a. Will the organization guarantee payment for those cardholders refused credit cards? If yes, what will the approval process be? Can a prepaid card be issued? Will the organization provide denied applicants direct billing, single-use cards, ghost cards, prepaid cards, cash advances or other payment methods?
  - b. Will the organization support employees who exceed credit lines? Is there a process in place to increase credit lines on an as-needed basis?
7. Determine a policy on delinquency and late fee reimbursement, and align this to your organization's T&E reimbursement and submission deadlines. Will the employee be liable for late fees? Set guidelines and a notification process to suspend or terminate cards.
8. Set restrictions on maximum amount per transaction, frequency and ATM use for cash advances.

### III. SUPPLIER SELECTION

- A. Identify providers who can meet your needs and those with which your organization has established banking relationships.
- B. Does your organization do business with a card provider in other areas (human resources, fleet, purchasing card, etc.)? If so, secure intra-organizational assistance to drive down costs or increase payment incentives based on pooled volume.
- C. Some travel agencies and global distribution systems work closely with issuers and or card networks to provide itinerary data to supplement [and] enrich card data for better reconciliation.
  1. Coordinated management reporting. Match TMC and card supplier data to identify discrepancies in travel reservations and actual spend, often referred to as a leakage report.
  2. There may be some advantages in implementation and coordination in situations where travel agencies have established relationships with card suppliers.
- D. Issue a formal request for proposal or a less-structured request for information to learn of card supplier offerings.
  1. This process may require a predetermination of qualified suppliers and possibly a pre-bid conference.
  2. Assemble a team of representatives from financial, travel, human resources, accounting and legal. Senior management support is critical.
  3. After drafting a set of focused questions to qualify and differentiate provider respondents, consider creating a format or using an automated sourcing tool through which suppliers must submit bids and specifications to help compare financial arrangements and services. Such tools enable a greater number of suppliers to participate in the sourcing process with virtually no additional effort.
  4. Consider including a list of minimum contract terms and conditions.
- E. Ask bidders for references from organizations similar to yours and check with non-cited accounts identified through industry sources because bidders always offer up their most loyal customers. Also attempt to identify and contact accounts that bidders lost.
- F. Reporting capabilities.
  1. Which reports are standard, and what is required to receive customized reports? How are ad hoc requests handled and priced?
  2. How many hotel chain, property and spending category folio level details are provided? How is it sorted and presented? Does it break down geographical area by chain instead of chain by geographical area?
  3. Does the card capture data on air trips with more than four legs?
  4. How are air ticket refunds tracked and credited?
  5. How many fields are available on card reports and how many characters are allowed per field? How much flexibility exists for customizing the available fields?
  6. How are ancillary airline fees tracked and reported? Does the supplier use any third-party data or analysis to better identify such fees?
- G. Consider data access. As an alternative to paper reports and statements, most suppliers provide online access to reporting and query tools. To create your own reports with supplier-provided software, consider:
  1. The cost of such capabilities.
  2. Frequency of account data updates.
  3. Does the software help create ad hoc reports, charts, tables and graphs? Can it transfer files into programs for communication and writing reports?
  4. Will an administrator on the organization's side require training? If so,
    7. Can you build a hierarchy for issuing reports, allowing some executives/business units to get summaries and others to get specific, detailed reports for their departments? Do the reports provide drill-down capabilities?
    8. To spot trends and developing problems, which prior-period comparisons are provided?
    9. Does the supplier provide performance benchmarks? Can you benchmark your spend to that of other companies in the same industry or of a similar size? How often will this information be provided? Such information can improve negotiating leverage with other travel suppliers.
    10. What is the reporting frequency and the time from close of billing to report?
    11. What is the turnaround time and fee for the supplier to produce a customized report?
    12. In which local languages and currencies are product reports provided? Can the reporting be rolled up to provide a consolidated, global view?
    13. Is the data captured and integrated centrally across T&E spending data sources (for example, payment card integrated with hotel folio, enhanced airline data and booked data)?
    14. How long is data stored? What is the backup process?
    15. How often is the data reporting system updated?
    16. Do reports meet travel and purchasing requirements?

- what is the timeline? Is the training individualized or generic? Will support be guaranteed?
5. Request samples of standardized and customized management reports from actual accounts.
  6. Can the data interface to your general ledger, expense, procurement or other systems?
  7. Can you split cost allocations?
- H. Data security:** How will data encryption be managed? Who will have access to the files? To what extent will you allow the card company to use your spending data for internal marketing and forecasting? How many employees in your organization will have access to secure modes of data transmission between the organization and card provider? Develop an understanding of the security and redundancies of the card issuer with respect to their data facilities.
- I. Billing policies and practices.**
1. Procedures.
    - a. What are the billing cycles (daily, weekly, monthly, bimonthly or quarterly), and how closely can billing coincide with accounting cycles?
    - b. Are statements available online?
    - c. Can statements be customized?
    - d. What is the method and cost for converting charges made in foreign currency? Card companies charge currency conversion fees that range between one percent and three percent of the transaction cost. While such fees have been increasing for basic cardholders, they typically are less costly than converting cash in foreign countries. ATM withdrawals also incur their own currency conversion fees. Do not accept automatic fee increases during the contract period without advance notice and explanation.
  2. Account reconciliation.
    - a. Does the card supplier assist in reconciling central air billings with tickets actually used? Can it reconcile travel agency data with billings?
    - b. Is enhanced data passed from the issuer or card network to facilitate reconciliation? Is it automated or manual? What is the match rate?
  3. Dispute avoidance and resolution.
 

How user-friendly is the supplier process for disputed charges and is there suspension during investigation of disputes, and for how long?

    - a. How does the supplier check statement accuracy?
    - b. What are the procedures for reporting and tracking disputed charges? Can you resolve a transaction dispute online?
    - c. How are delinquent accounts, suspensions and cancellations handled?
    - d. Does the supplier provide delinquent payment reports on outstanding charges after giving employees 30 to 45 days to pay their bills? Will overdue accounts be canceled automatically? Will there be a penalty if payment is not made by a specific timeframe?
- J. Liability provisions:** Responsibility for fraud, misuse and employee delinquency is critical for suppliers and client organizations. Suppliers usually have policies to address them, yet seek clients' help in minimizing exposure. Agreements should cover:
1. Exemption for the organization from liability for purchases made with lost or stolen charge cards that have been reported to the card issuer.
  2. Exemption from liability for charges after the organization notifies the card issuer of employee termination. A maximum period of liability after employee terminations or departures should be negotiated for charges before the card is returned and cancelled.
  3. The roles of the supplier and client in dealing with delinquencies.
  4. Whether liability provisions vary by country.
  5. Whether the card issuer offers optional insurance to protect the organization against employees' unauthorized use of the card.
  6. How losses will affect rebates.
- K. Fraud prevention:** What controls are in place? Does the supplier have fraud insurance coverage? Who is responsible for covering the cost of fraudulent purchases? Define controls and establishment of spend patterns at the beginning of a program. Note executive travel patterns and countries visited, as they often get flagged in the beginning of a program. What type of effort will the card supplier make to investigate and resolve issues?
- L. Spending limits:**
1. Can limits be varied by cardholder, rank, division or travel frequency?
  2. If limits are used, are they monthly or rolling? If rolling, what is the time frame?
  3. Can they be varied by type of merchant, so an organization can cap or block spending with some retailers?
- M. Cash services and management.**
1. Decide whether to provide cash access to selected travelers, all travelers or on an as-needed basis.
    - a. Locations of automated teller machines and issuer offices in relation to business destinations.
    - b. Cash-dispensing and currency-conversion fees.
    - c. Varying limits on the number and amount of cash advances by cardholder, rank or place in the firm?
    - d. Cash advance reporting.
    - e. Funding and payment processes.
  2. Some card issuers offer convenience or courtesy checks that can be used like cash; amounts are billed with card charges.
  3. Reimbursement: Some providers offer direct-deposit reimbursement to cover travelers' out-of-pocket expenditures, reducing cash-related administration processes.
- N. Rental car insurance:** Most charge card programs provide supplemental rental car insurance coverage, but the terms vary. Consider:
1. What level of car rental insurance is provided—collision or loss damage waiver?
  2. Is the insurance primary or secondary coverage? Secondary coverage kicks in only after exhausting the rental agency's or employer's insurance.
  3. What is the limit on a claim, the maximum rental period covered and the type of vehicle? Some policies exclude vans.
  4. Are there age coverage limits?
  5. Eliminate coverage that is redundant with corporate coverage.
  6. How will coverage and liability vary by country?

- O.** Air travel/accidental death and dismemberment insurance: Some coverage is standard, but program details differ. Ask:
1. Is coverage door-to-door or only while airborne? Does it apply only when travel is via common carrier? Does it cover terrorism? Does it cover personal travel purchased using the corporate card? Does it cover unforeseen emergencies?
  2. Does it cover travel expenses, injuries or deaths that result from accidents or "Acts of God" during travel? Compare card base versus corporate coverage to see how to handle acts of war or terrorism.
  3. Are other types of insurance offered, such as:
    - a. Lost or delayed baggage and airline default.
    - b. Hotel burglary or medical evacuation coverage.
  4. How does coverage vary by country?
- P.** Emergency services: Inquire about referrals for local doctors and lawyers, lost passport, driver and financial assistance.
- Q.** Trip-planning and follow-up offerings.
1. Destination information.
  2. Service provider discounts.
  3. Visa and customs regulations.
  4. Track and reclaim value-added tax.
- R.** Executive card features: Although premier level cards have higher annual fees, prudent distribution of these cards can be a good value. Features can include 24/7 VIP customer service, airport lounge access, free international airline companion tickets, leisure travel booking assistance, increased insurance coverage and delivery services for baggage checked on airlines.
- S.** Supplier background.
1. Cards issued, management team experience and growth rate.
  2. Charge card history, related businesses and financial results.
  3. Organization and infrastructure.
  4. Multinational support.
  5. Current financial strength.
  6. Related and complementary products, including other payment products, automated sourcing, contract management and spending management solutions.
  7. Experience training for the account management team that would be assigned to your organization.
- 8.** Ongoing support and consulting for card program expansion.
- 9.** Capabilities as a provider for payment reporting tools.
- 10.** What is the credit check process for employee cardholders and whether will it impact individuals' credit?
- T.** Acceptance: Suppliers compete aggressively on these numbers, so make sure figures are meaningful.
1. Number of merchants honoring the card by business category and region and explain how the provider calculates acceptance numbers.
  2. Would the card network, via issuer request, be willing to do an "acceptance match" for all of the organization's top merchants? Since most card suppliers promise full acceptance, there should be no special charge or fee for extending this to key merchants not already in the card bidder's program. It may not be feasible to add smaller merchants, especially in some foreign countries.
  3. Assess acceptance and the merchant fees for the type of card you will be using. Most airlines, hotels and car rental firms accept every corporate card, but merchant fees can vary. T&E cards differ by restaurant and retail merchant acceptance. There are vast differences for procurement cards.
  4. Are any merchant fees passed on to cardholders? This is not typical for airlines, but in some locations this is becoming an issue as the TMC passes the fee back to the client organization.
  5. Does the card issuer have a dedicated internal group or an alliance with an external company to initiate card acceptance for key suppliers without it?
- U.** Evaluate global support capabilities.
1. Does the card issuer work with banks in various countries to issue cards in local currencies and consolidate data?
  2. Is there a single point of contact for customer service, with regional or local contacts in multiple countries but with one global manager in your organization's headquarters country?
- V.** Evaluate both immediate and long-term supplier support for strategic and mechanical matters. This includes:
1. Implementation.
    - a. How long will it take to launch? Get a timeline from the supplier.
    - b. What is the enrollment process? Can cards be distributed from a list from human resources or must each employee complete and sign an application?
    - c. Will cards be mailed directly to employees or sent to one centralized contact for distribution?
    - d. What training materials and resources will be provided? Does the supplier's software have built-in help documentation for reference?
    - e. Will the supplier monitor the launch and field questions?
    - f. Can the card company ensure success of the launch? Consider a key performance indicator for implementation and contracted service levels with incentives and penalties.
  2. Account management.
    - a. Will there be one or more individuals dedicated to your account? If not, how much time will support personnel allocate? Confirm the experience of your selected team, and the average length of service provided to a client. How many clients will that person handle?
    - b. Confirm your executive sponsor at the supplier.
    - c. Is there an implementation team? To whom would you escalate issues during the implementation, if necessary? What are the standard response times during implementation?
    - d. When and how will your account be transferred from launch to ongoing relationship management team?
    - e. What are the supplier's procedures for measuring satisfaction, troubleshooting and problem resolution?
  3. Card administration.
    - a. Will your organization have a dedicated service team, even if you select more than one card supplier?
    - b. Can you apply for cards, terminate accounts, change addresses and

perform other account maintenance online in real time?

- c. Is there a 24-hour worldwide number to report lost or stolen cards? What are the provisions for replacing them? How long does it take to issue a replacement? Are there options to expedite replacement cards in case of emergencies? Set a performance metric in this area and report it monthly.
  - d. At what point before expiration dates will employees receive a replacement card?
4. Merchant support: What are the processes for converting merchants, particularly for the purchasing card?
  5. Will the selected supplier provide transitional services at the end of the agreement if you change providers? Will they accept contract provisions guaranteeing the transition?

#### IV. MAKING A DEAL

When negotiating, remember that a charge card supplier is most motivated to control the variables of funding and card issuance costs, and credit losses, and also is interested in float and how quickly you'll pay your bill.

##### A. Fees.

1. Many commercial card suppliers do not charge annual fees, even for smaller corporate customers with annual air spending as low as U.S. \$1 million, but they usually charge fees associated with mileage loyalty programs, elite member privileges and rush card applications.
2. A supplier may waive fees for a smaller account if the organization is willing to assume liability for all employee charges, if the organization has a good credit history, has other mandated card programs with low client-held days, banking relationships with the supplier or if it is located where the supplier wants to build market share.
3. Other fees to define:
  - a. Penalty charges, late fees and over-the-limit charges: Are these fees assessed monthly or applied to every charge made over the limit?
  - b. Fees for such services as cash advances from ATMs, loyalty

programs, management reporting, foreign exchange, reconciliation and daily expense reporting.

- B. Signing bonus/rebates: A card supplier sometimes offers a signing bonus or rebate for organizations with annual spend on commercial card programs measuring in the millions. Many issuers require a three-year contact, and five-years is not uncommon.

1. Rebates are tied to the organization's annual card spend, payment terms, speed of pay (client-held days), average transaction size, losses, whether a loyalty program is part of the requirements (some suppliers deduct from the rebate when employees cash in loyalty points) and other performance factors, including credit performance.
  2. Payment terms and the organizational commitment to get employees to pay on time affect rebate negotiations.
  3. Typically, rebates vary in terms of basis points of the organization's volume, but for large spenders can be significant. Rebates typically are paid annually, but sometimes quarterly or monthly. Confirm any large ticket exemptions to rebate calculations. Maximizing float sometimes can be more cost-effective than securing a rebate.
  4. Ask the supplier to define rebate calculation structure, performance factors and payment schedule.
  5. Ask the supplier to provide support documentation for all of their rebate reductions, including bad debt and frequent traveler program charges.
  6. The economics of the merchant system differ in various parts of the world. If you are issuing cards globally, funds available for rebate will vary considerably. Issuers could propose a blended rate or rate by region.
- C. Ask the supplier to demonstrate how the proposed program will save money. Provide information on current methods and costs for such functions as cash advances and expense report accounting.
  - D. Specify contract length, study limitations and responsibilities. Spell out specific implementation

and service requirements in writing for legal review.

- E. Some corporate payment system suppliers will incorporate the organization's logos, imprinted organization/business unit name or co-branding on the actual card face. However, putting the organization name and/or logo on corporate cards identifies them and risks fraudulent activity or may make the cardholder a robbery target.

#### V. IMPLEMENTATION

Communicate with your organization's travelers in advance of rolling out a card program. Be ready for their questions and confusion.

- A. Plan to roll out the program in manageable pieces. Determine the unit most ready to adopt the card.
- B. Design an implementation and communication plan and announce the new payment program in advance of the date that the cards are activated. Send reminders. Back it up with a direct letter or memo from a senior sponsor. Your issuer may be able to provide communication templates.
  1. Ensure each impacted country is engaged, including legal.
  2. Sell the program in terms of traveler convenience and service benefits.
  3. Communicate policies governing the use of the card and specify how violations will be handled. Determine card control features, such as spending and velocity limits, based on policy.
  4. Get cards into travelers' hands just before cards are activated.
  5. Schedule a followup employee training session around the time that the first or second monthly bills arrive.
- C. Establish a point of contact for input and questions from travelers. For initial or ongoing training, consider hosting a recorded educational session about the card benefits and use.

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