Selecting a Corporate Payment System

THE PAYMENT INDUSTRY OF LATE HAS EVOLVED RAPIDLY, LAUNCHING A SPATE of mobile and virtual products like virtual payment platforms, mobile wallets and chip cards, as well as cards that use biometric data. These advancements are due in part to technological innovation but are primarily driven by a continual effort to enhance data security, protect transaction data and combat identity theft, all key concerns of business travelers and their companies. While it's critical for T&E managers to remain abreast of the wave of payment system progress, mastering the basics of a corporate card program remains paramount so that organizations can ensure visibility into traveler spending and collect data on travel expenditures, which travel managers can use to negotiate deals and monitor compliance. The following guide can help assess payment providers' offerings.

I. ESTABLISH OBJECTIVES

Understand the objectives of senior executives, particularly in HR, 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 or eliminate cash advances.
  5. Bring uniformity and speed to paying and accounting for travel, fleet and goods/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. Automate card data feeds into expense reports to reduce time required for completing reports while reducing manual errors and employee fraud.
  2. 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 ATMs.
  3. Allow travelers to separate business expenses from personal expenses, which will free personal lines of credit and improve data quality.
  4. Provide standardized business controls.
  5. Provide data and enable digital receipt capture via mobile devices.
  6. Reduce hassles with dealing with currency exchange while traveling.

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 that monitor usage of negotiated rates and volume discounts.
  4. Commercial card data can be combined with booked data from TMCs, suppliers and other sources to provide a more comprehensive view of expenses and trips to identify leakage. Data can be used to optimize travel polices and streamline reconciliation.

II. PROGRAM EVALUATION

A. Assign a project manager to establish a cross-functional team comprised of travel, payroll, finance, accounts payable, HR, legal, procurement, internal audit, IT, security, treasury and tax department representation. Identify a senior management sponsor in finance.

B. Determine payment program requirements.
  1. Number and location of travelers who will use the card, including frequent and international travelers and senior executives.
  2. Spending by category: air, rail, ferry, hotel, rental car, limousine, meals, etc.
  3. Geography.
    a. Estimate charge volume and cards in force for each country/region.
    b. Consider whether more than one issuer is required to issue local

currency cards in 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.** Consider the degree to which global data consolidation will be required.
   - **f.** Consider foreign exchange rates.
   - **g.** Companies with employees based in China may require additional considerations, including the possible use of the state-backed China UnionPay network.
4. Issuance and usage policies, such as mandates versus guidelines and allowing/disallowing personal use of a corporate card.
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. Card products required depend on travel needs and employee types.
10. Consider innovations like mobile wallets, biometrics and virtual payment technology.
11. Consider whether the provider issues chip-signature or chip-PIN authentication
12. Bidders need client-held days to price the bids; offer department breakdowns if available.
13. 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 country variances.
2. Outline criteria for success: acceptances, 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 RFP tool.
5. Consider holding a pre-bid conference, if practical. This can help frame the RFP and specific requirements.
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, spend, policies and geographic coverage.
9. Determine selection criteria and list them in priority, such as financial, reporting, acceptance and implementation.
10. Identify elements for review. These should track to RFP sections and questions asked of 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 employees and used for all types of travel purchases that are expensed to the corporation, either directly or indirectly after employees file expense reports.
2. Ghost/lodge/BTA card: A central card housed with an agency that allows individual air, hotel, car rental and/or rail 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. Alternative cards: For trainees or visitors, prepaid or stored-value cards, budget or declining balance cards, single-use virtual cards with specific date ranges, meeting cards, and cards restricted to 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 a 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 like a master number for a ghost card or central travel account that all employees use for air travel or single-use virtual card numbers.
4. A central travel solution for air tickets to facilitate ticket reissuing and credit tracking and to simplify charge allocation if your expense management tool can allocate charges back to individual travelers.
5. Diverse agreements with multiple suppliers: Divisions with different cultures might need different card programs, though financial 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. However, liability offerings may vary due to market norms and country regulations. There are, however, two options for billing:
   - **a.** Central bill/central pay: The corporation receives a consolidated bill of all T&E charges and pays. This assures that suppliers receive timely payment and allows organizations greater float.
   - **b.** Individual bill/corporate pay: The individual receives a bill for his or her own charges and is required to reconcile charges or file all charges through an expense system before the corporation pays.
2. Joint and 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.
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 U.S. are acceptable to each 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 required statement formats, billing cycles or data feeds to enterprise resource planning, general ledger, etc.

G. Some card issuers offer their own expense reporting tool or maintain alliances with 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. Whether your organization works with a data provider that also offers expense reporting tools.

3. The use of the card issuer's expense tool versus a third-party or homegrown option. If a tool is in use, see 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, account support and costs.

5. Is the supplier tool compatible with existing infrastructure, and can it interface with such business systems as accounts payable, auditing, general ledger, HR and payroll?

6. Who will administer and pay to reprogram the tool to interface with the corporate accounting system, accept card data downloads and align with policy?

7. Who will implement the tool, send and communicate changes, facilitate training and provide ongoing support? What is the supplier's standard implementation time frame? 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 pre-population of expense reports with corporate card data? If so, is the data pre-populated frequently and accurately? Is pre-population limited to standard corporate card data, or can it integrate hotel folio, taxes, fees and car rental and airline ancillary items, etc.?
10. How easy is it for cardholders to review charges, add details and required documentation and submit expense reports? Is the system flexible in number of approvers to speed payment?
11. Can the tool be customized to the organization's branding and business unit or geographical needs?
12. Can the tool be used for out-of-pocket expenses only? Can travelers without corporate cards submit expense reports for out-of-pocket expenses?
13. 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 reclamation and group expenses per accounting codes?
14. Does the tool provide mobile functionality to create, view, submit and approve expense items or reports?
15. Does the tool offer receipt imaging, archiving, payment, voice and geolocation receipt capture or other services?
16. 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?
17. Is the tool capable of providing management reports at the same level of detail as the expense report?
18. Can the provider customize policy compliance rules and controls within the enterprise reporting system?
19. Can the tool evaluate bookings versus actual expenses, and can the issuer work with the preferred TMC for booked to billed reports? Ask for real-time demonstrations of this function or check client references carefully.
20. 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?
21. Can direct-bill programs be integrated to show company-paid expenses as opposed to individual-paid?

H. Loyalty programs: Some card programs offer their own rewards programs or tie in to programs offered by other suppliers. These can work with or against policy and may reduce the company's rebate, as points are cashed in. Explore ways to incentivize employees to use the corporate card.

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. For midsize companies, multi-use cards can handle both T&E and procurement expenses, though they may have more limited functionality.
2. Meeting cards: Costs from meetings can represent a significant and largely untapped savings opportunity. Organizations may provide meeting cards primarily to meeting planners to help track expenses, ensure compliance with preferred 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. One-card solution: Some issuers offer T&E, procurement and fleet or any combination on a single product. Examine employee usage to determine any benefit to such a combination and understand reporting distinctions. With a significant overlap of employees to whom both purchasing and T&E cards would be issued, 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 vehicle and driver data.
5. Prepaid, reloadable and declining balance cards: When used for per diems or other expenses and when the company centrally pays for flights and lodging, such cards reduce the burden on travelers. They don't require additional credit lines, as they're based on a company's available funds, so they're useful for companies with limited credit and for companies with employees who don't have corporate cards. Managers can block cash withdraws and merchant categories. The cards are valueless once funds are exhausted.
6. Virtual/single-use cards: This tool adds controls and better reconciliation to the benefits of traditional central billing accounts. Administrators instantly generate a virtual account number to pay lodging, meeting or travel expenses and collect necessary transaction data, whether for traditional business travelers or for contractors, recruits, nonemployees or infrequent travelers. They can specify transaction amount limits, merchants, expiration dates and sometimes the number of uses. When embedded in an airline record, the 16-digit account number becomes a unique identifier for reporting and simplifies the reconciliation process.

Some virtual card providers offer apps that allow a user to bring up front-and-back images of the virtual card on a smartphone to show to a hotel front desk clerk or that enable the traveler to email, fax or text card information.

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. Networks in recent years enabled mobile wallets like Apple Pay and Android Pay for corporate cards. 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. Some suppliers launched biometric authentication through fingerprint or photograph for added security.

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)?
3. Who needs access to information and how will they receive it? Will data interface to one or multiple general ledgers?
4. How often is data downloaded into the 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? Consider what liability structure should be in place, (e.g., individual versus corporate). Do your employees have a delinquency history?
6. For individual liability programs, determine 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. Select a card network like MasterCard, Visa or American Express and an issuer. Talk with both to understand the role each plays and the value each brings.

B. Do other departments within your company—such as HR, fleet and purchasing—do business with a card provider? If so, pool volume to drive down costs or increase payment incentives.

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. Coordinate management reporting. Match TMC and card data to find discrepancies in bookings and actual spend, often referred to as a leakage report.
2. There may be advantages in implementation and coordination in situations where travel agencies have established relationships with card suppliers.
3. There may be negotiating leverage in bringing card and travel business to organizations that are partners.

D. Issue a formal RFP 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, HR, 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 submit bids and specifications to help compare financial arrangements and services. This enables more suppliers to participate with virtually no additional effort for the organization.
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 through industry sources. Bidders always offer up their most loyal customers. Attempt to 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 or 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?

7. Can you build a hierarchy for issuing reports, allowing some executives/ business units to get summaries and others to get specific 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 reports provided? Can the reporting be rolled up to provide a consolidated global view?
13. Does the data integrate with other sources? For example, does the payment card report hotel folio line items, enhanced airline data and booked data? Is the T&E data consolidated across all regions, including regional partner card issuers, for a complete view of your global travel program?
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?

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 need training? If so, what is the timeline? Is it individualized or generic? Is support 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. Is the data and reporting solution owned by the supplier or outsourced to a third party?

I. Billing policies and practices.
1. Procedures.
   a. Are billing cycles daily, weekly, monthly, bimonthly or quarterly? 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 1 percent and 3 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.
   e. Do foreign exchange fees appear as separate line items or are they included as part of the exchange rate?
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 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 time frame?

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 canceled.
3. The roles of the supplier and client in dealing with delinquencies.
4. Liability variance by country.
5. Optional insurance to protect the organization against employees' unauthorized use of the card.
6. How losses will affect rebates.

K. Fraud prevention: Who is responsible for covering the cost of fraudulent purchases? Does the supplier have fraud insurance coverage? What controls are in place? Define controls and establish 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 vary 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 if, when and to which travelers to provide cash withdraws.

a. Investigate locations of ATMs and issuer offices in relation to business destinations.

b. Research cash-dispensing and currency-conversion fees.

c. Vary limits on the number and amount of cash advances available to cardholders by rank or job title.

d. Cash advance reporting.

e. Funding and payment processes.

2. 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 terms vary.

1. What car rental insurance is provided—collision or loss damage waiver?

2. Is the insurance primary or secondary coverage?

3. What is the limit on a claim, the maximum rental period covered and the types of vehicle?

4. Are there age coverage limits?

5. Eliminate coverage that is redundant with corporate coverage.

6. How will coverage and liability vary by country?

7. How long does the cardholder have to file a claim?

O. Air travel/accidental death and dismemberment insurance: Some coverage is standard, but program details differ.

1. Is coverage door-to-door, or does it only apply while airborne? Does it apply only when traveling via common carriers, and what are considered common carriers (e.g., do hotel shuttles fall into that category)? Does it cover terrorism or unforeseen emergencies? Does it cover personal travel put on the corporate card?

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 terror.

3. Are other types of insurance offered:

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 followup offerings.

1. Destination information.

2. Service provider discounts.

3. Visa and customs regulations.

4. Track and reclaim VAT.

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 checked bags.

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 will it impact individuals' credit?

T. Acceptance: Suppliers compete aggressively on these numbers. Ask them to explain how the provider calculates acceptance numbers to ensure figures are meaningful.

1. Number of merchants honoring the card by business category and region.

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 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. Get a timeline from the supplier on the launch period.

b. What is the enrollment process? Can cards be distributed from an HR list or must each employee complete an application? What type of implementation support does the supplier provide?

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.** When and how will your account be transferred from launch to the ongoing relationship management team?
   - **d.** 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 emergency cases? 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 supplier provide transitional services at the end of the agreement if you change providers? Will it 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, but they usually charge fees associated with mileage loyalty programs, elite member privileges and applications for rush cards.
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 or 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, daily expense reporting, rush cards, receipt copies and statement copies.

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, average transaction size, losses, whether a loyalty program is part of the requirements and other 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 and for large spenders can be significant. Rebates typically are paid annually but also quarterly or monthly. Confirm any large ticket exemptions to rebate calculations. Maximizing float sometimes can be more cost-effective than securing a rebate. Some corporations accelerate payment terms with issuers in exchange for larger rebates.
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 its 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, and 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 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 payment program in advance of the date that the cards are activated. Include videos, webinars or instructor-led training. Send reminders. Back it up the plan with a direct letter or memo from a high-level person in the company who supports or sponsors the program. Your issuer may be able to provide communication templates.

1. Ensure that each country that is impacted is engaged, including the local legal department.
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 they 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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