

Commercial Card

- ✓ **Commercial Card vs. Business Card**
- ✓ **How Virtual Cards help reduce Fraud**

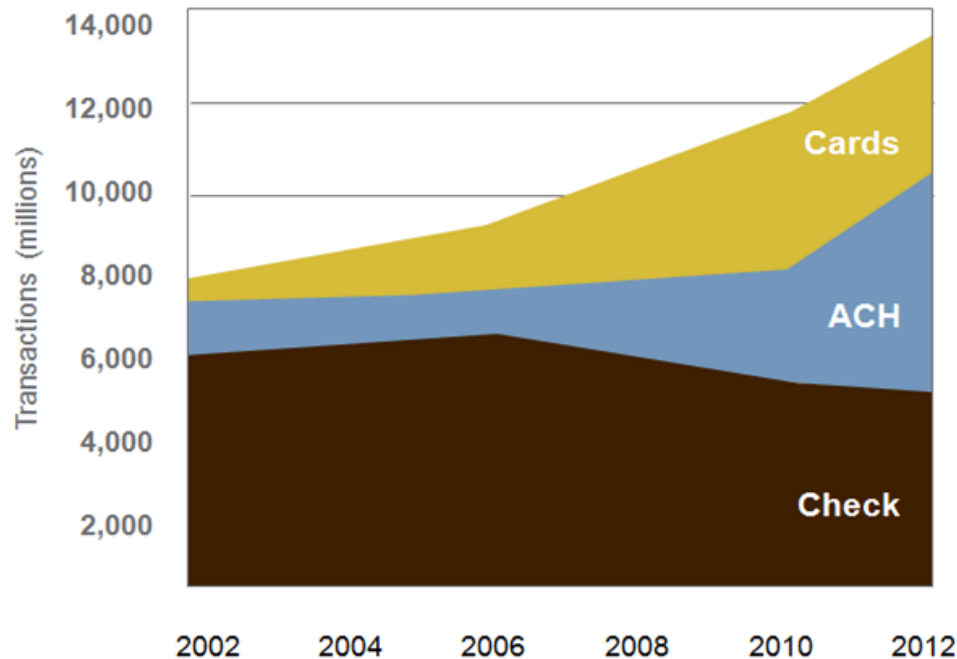
Presented to:



October 6, 2016

FACTORS DRIVING ELECTRONIC PAYMENT PROCESSES

Given the tangible benefits electronic payments deliver over paper-based checks, it is not surprising that adoption of electronic payments has significantly increased over the past five years, while check usage has declined.



Benefits

- Cost reduction
- Decreased paper consumption
- Compression of procure-to-pay cycle
- Ability to capture rebates and early payment discounts
- Improved visibility
- Reduction in fraud

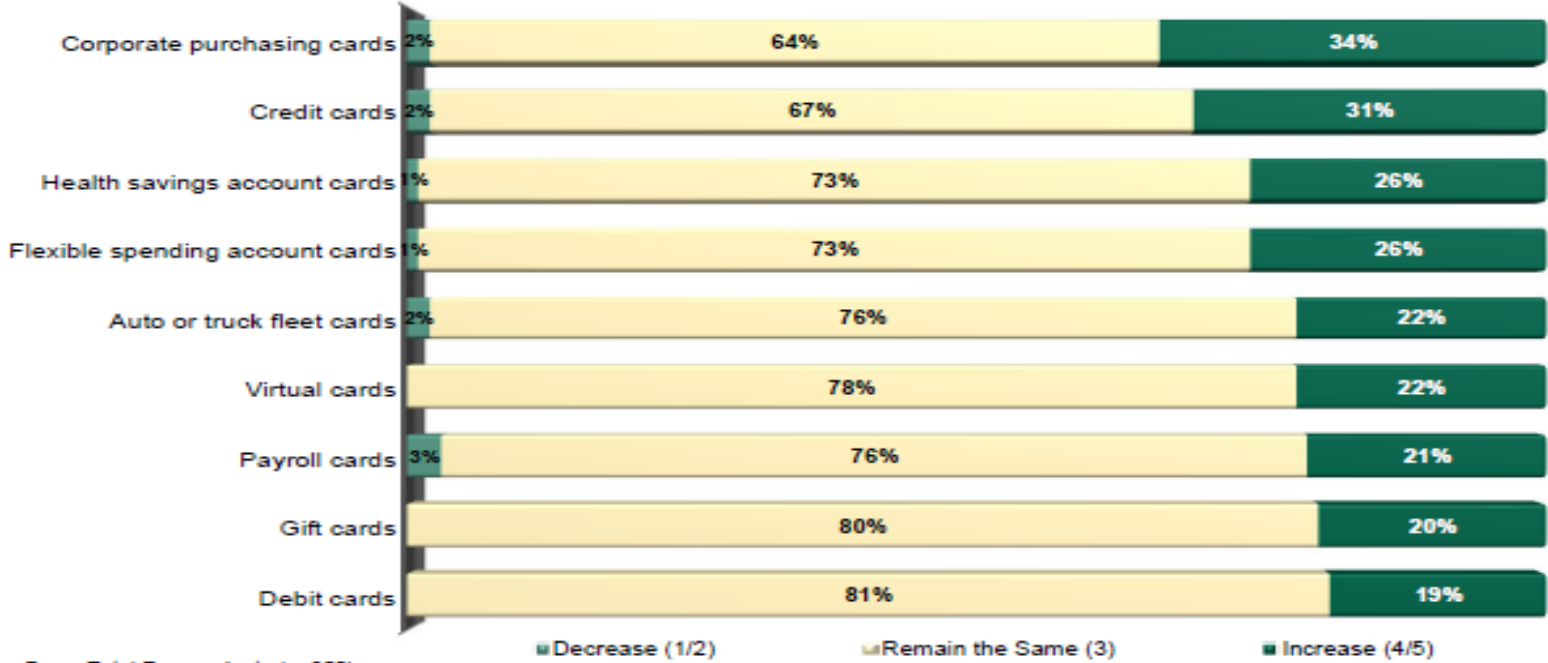
GOVERNMENT AND HIGHER ED USAGE OF ELECTRONIC PAYMENTS

- Is your department or agency currently using electronic payment systems in addition to or as a substitute for paper checks?

	GOV	EDU
Yes currently using	75%	75%
We are planning on implementing in the coming year	7%	5%
Planning on implementing in 2 or more years	2%	2%
No plans at this time	16%	18%

Source: The Governing Institute: State and Local Viewpoint on Electronic Payments and P-Cards

Card Type Payments

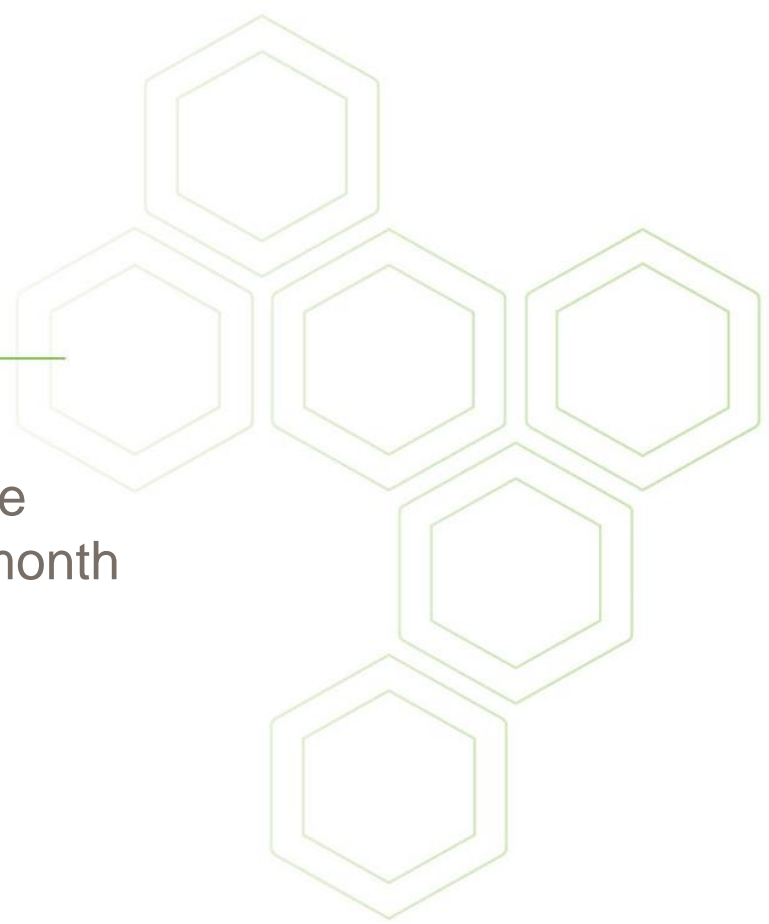


Base: Total Respondents (n=250)

*According to a 2013 Commercial Payments Study completed by Greenwich

BUSINESS CARD

- Smaller Credit Limits
- Liability may be personal or corporate
- Can carry a balance from month to month
- No dedicated Account Manager
- Monthly or Annual Fees
- Very little reporting; if any at all
- No automated AP Integration
- No Virtual Card Creation
- Aggressive Rebate Program
- No expectation of spend



PCARD (PURCHASE) or COMMERCIAL CARD

- Larger Credit Limits
- Used to make AP Payments(Large Volumes & Large Dollar)
- Can NOT carry a balance from month to month
- Corporate Liability
- Dedicated Account Manager
- None or minimal Monthly or Annual Fees
- Detailed reporting- can be used as Expense Reporting Tool
- AP Integration
- Virtual Card Creation
- Rebate Program
- Expectation of Spend annually is high

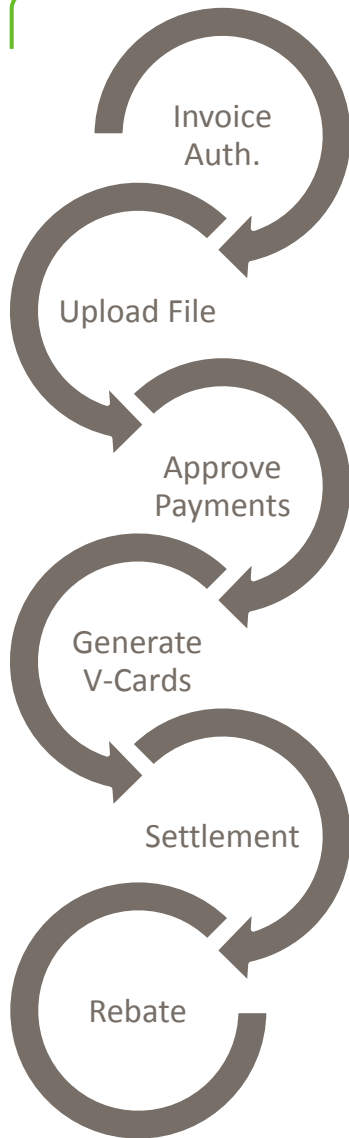
Virtual Cards

Virtual Cards



- No plastic card involved; instead the number is generated electronically
- Unique credit card number that is generated to settle a specific transaction
- Virtual card can be created for instant use or emailed directly to vendor/supplier via encrypted email message
- Can be created for one or multiple transactions
- Can be created for specific dollar amount or up to a dollar amount
- Batch Processing – upload a file of payments, unique card created for each payment and then emailed directly to your vendors/suppliers. Received within minutes of approval of file

Virtual Card Batch Processing



Invoices are entered and authorized within your A/P system. Payment type is set to card.

A/P system generates card payment file which is then uploaded to a Virtual Card portal.

Card payments are approved within the Virtual-Card portal.

Virtual-Cards are assigned by MasterCard and distributed to suppliers via secure email.

Suppliers authorize and process Virtual-Cards through their merchant provider. Payments post to your Commercial Card.

Rebate earned.

HOW CAN VIRTUAL CARDS REDUCE FRAUD?

The virtual credit card number is typically issued for the exact amount of the transaction, significantly reducing the possibility of fraud.

The screenshot displays a web application interface for managing virtual cards. The browser address bar shows the URL `https://virtualcard.huntington.com/app/index#`. The user is logged in as Peggy Bronson (Peggy.suebronson@yahoo.com) for CCSC Sales Demo Company. The interface includes a navigation sidebar with icons for home, cards, transactions, and user profile. The main content area is titled "Manage Cards" and features a virtual card image with the number 5560 8990 0049 7632 and a MasterCard logo. To the right of the card image is a form for card details, including fields for Amount (\$ 92.48), Exact Dollar Amount (Yes/No), Number of Transactions (1), Name (Peggy Bronson), Expiration (12 / 16), Notes, Invoice Number (45,67,87,90), and PO Number. Below the card image are buttons for "Copy", "Active", and "Block Card". A "Card Information" section lists: Cardholder Name: Virtual Card, Total Amount: \$92.48, Issued Date: 09/14/2016, Expiration Date: 12 / 16, Status: Created, and a link to "View Payment Details". A "Vendor Information" section is partially visible at the bottom.

Manage Cards Update Close

Huntington MasterCard

5560 8990 0049 7632

12 / 16

Copy Active Block Card

Card Information

Cardholder Name: Virtual Card
Total Amount: \$92.48
Issued Date: 09/14/2016
Expiration Date: 12 / 16
Status: Created
[View Payment Details](#)

Vendor Information

* - Required fields

Amount *

Exact Dollar Amount? Yes No

Number of Transactions

Name

Expiration *

Notes

Invoice Number

PO Number

Card Images No image files for the Virtual Card

SUPPLIER ENABLEMENT & VENDOR ENROLLMENT



- ❑ Step 1 – Vendor Matching
- ❑ Step 2 – Vendor Outreach
- ❑ Step 3 – Ongoing Support

Card Benefits Buyers and Suppliers

Buyers

- Improve working capital
 - Move from daily to monthly funding
- Improve reconciliation
 - Better payment tracking
- Increase control
 - Transaction level MCC & velocity controls
- Increase efficiency
 - Automated processes
 - Save \$71 per transaction over traditional check payment

Suppliers

- Save 37% vs. traditional payment methods
 - 10X faster Order-To-Cash cycle
 - Reduced bad debt
 - Reduced paperwork and errors
- Increase revenue
 - **55% of Buyers** would choose a Supplier who accepts card over one that does not
 - **49% of Buyers** said they would buy more if a Supplier accepted card

MasterCard and Kaiser Associates, US Supplier Acceptance Analysis and US Supplier Incremental Revenue Analysis

Best Practices

PURCHASING CARD BEST PRACTICES

- Executive Mgmt. Team drives an organizational change
- Perform detailed spend analysis Card Match to quantify opportunity and business case
- Set clear goals upfront: check reduction, card spend
- Target largest check writers under \$7500 first
- Mandate use of Card under approved \$ amount
- Insert card use requirement into your RFP's
- Select provider and brand with quality resources for support and training: initial and on-going
- Make sure bank reporting systems can integrate well with your existing systems
- Require training and document rules of the road
- Audit regularly and impose penalties
- Quantify program success and market it throughout organization..... Often!
- Quarterly reviews with bank and brand
- Always look for new opportunities
- Implement virtual accounts program for larger \$

Commercial Card

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