Successful Commercial Card Programs

What Citi® Clients are Doing

Treasury and Trade Solutions

Executive Summary

Commercial Cards remains one of the most effective and efficient tools to manage corporate spend on a global basis. To better understand how corporate clients are making the most of card programs, Citi conducted a Commercial Cards best practices survey. The survey gathered insights on current programs and future initiatives from existing clients. Overall, more than 60 participants from over 45 companies across various industries took part in the survey.

Amongst the findings of this survey, major trends include the expansion of commercial card programs internationally, thereby creating more global consistency in card use. Furthermore, more corporate clients are looking to migrate from ACH and check payments to more secure and cost-effective Virtual Card Account (VCA) solutions. To make the most of these programs, clients are mandating the use of corporate cards, and many are leveraging Citi's digital tools to self-service and integrate with external systems, such as ERP and expense management solutions. Commercial cards are being used to overcome the challenges of decentralized meeting management processes to drive efficiencies through the organization. This white paper will delve into these topic areas and provide valuable insights into the best practices of our survey participants.

Survey Participants Responded...

34% listed "Global Growth" as their Top Priority for 2017
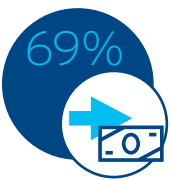
69% indicated that their company intends to move from ACH/Check payments to VCA in a year

88% mandated the use of corporate cards
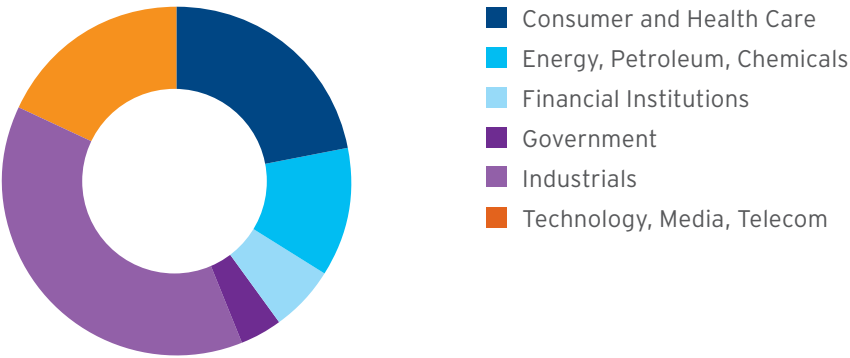
50% reported that meeting management is decentralized and/or managed by individuals

Survey Overview

Survey Participants by Program Sector

Sector Breakdown:

- Consumer and Health Care
- Energy, Petroleum, Chemicals
- Financial Institutions
- Government
- Industrials
- Technology, Media, Telecom

Getting the Most Out of Cards: Top Corporate Commercial Card Priorities

The use of commercial cards remains on the rise. And with continued global growth objectives, more and more corporate clients are turning to card products to support their travel and expense management needs. To gain a clearer view of what's on the minds of our clients, Citi conducted its "Commercial Cards 2016 Best Practices Survey" in October of last year.

The majority of survey participants had programs in a number of markets and had a variety of Commercial Card products with Citi. Amongst the key findings, we found the following critical priorities around the use of commercial cards:

- 34% of respondents listed "Global Growth" as their top priority for 2017
- 71% expect their travel budget to remain the same in 2017
- 96% have integrated an Expense Management System with their Commercial Cards program (Most of Citi's clients utilize Concur as their Expense Management System of choice)

Which Expense Management System Do You Use?
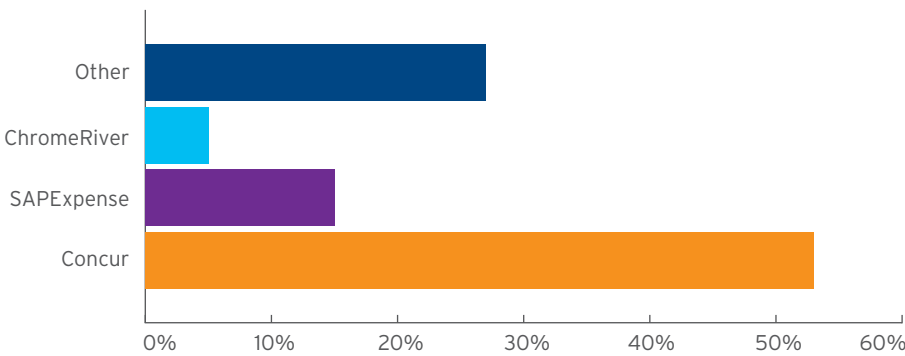
Being Selective is a Virtue When Choosing a Commercial Card Provider

When it comes to choosing a Commercial Card provider, making the right choice is important. That's why companies frequently turn to their Treasury organization for help with this critical decision. Overall, 75% of survey participants said their Treasury organization was integrally involved in choosing a corporate card provider. Most companies valued Citi's global proprietary footprint and global reporting tools as their main reason for choosing Citi. This aligns with the fact that more and more companies are moving to a shared service center model. In fact, 80% of survey participants said that they have a shared service center, with 68% saying they had one shared service center, globally.

Reasons for Choosing Citi

1 Global Proprietary Footprint
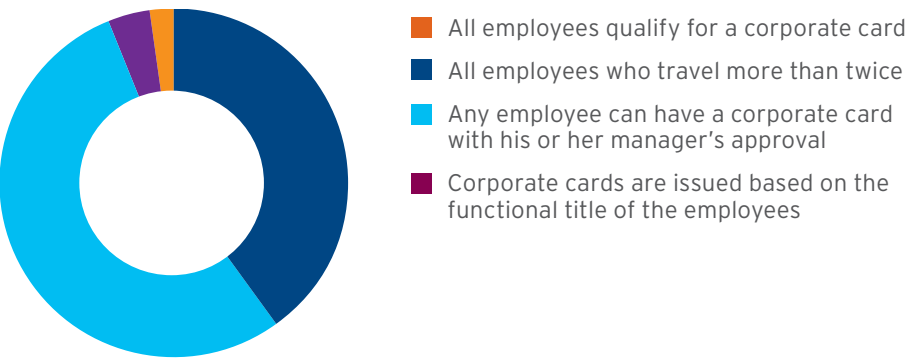
2 Global Reporting Tools

Simple Steps to Ensure Travel Card Program Success

Mandating the use of corporate cards for employee travel is considered a best practice by many companies. Of our survey respondents, 88% indicated they mandate that employees put all of their travel-related expenses on their corporate cards so long as the merchant accepts the cards. Over half of the survey participants stated they have a corporate liability travel card program. Another best practice is for companies to take liability for the program in order to ensure that employees will not be denied a card due to a low personal credit score.

Is Getting a Card in the Cards for You?: Who Gets a Corporate Card?

More than 75% of survey respondents indicated they have a travel policy in place today to determine card eligibility amongst their employees. The qualifying criteria for getting a corporate card differs from organization to organization, with the majority of companies issuing a card to employees who receive their Manager's approval.

What is the Qualifying Criteria for Employees to be Issued a Corporate Card?

- All employees qualify for a corporate card
- All employees who travel more than twice
- Any employee can have a corporate card with his or her manager's approval
- Corporate cards are issued based on the functional title of the employees

Best Practice: In order to ensure the Commercial Card program meets your business objectives, it is critical to choose a provider that matches your footprint and aligns with your business strategy.

Best Practice:
Mandate cards for payment of employee travel to maximize spend and increase controls.


The Move Away from Check and ACH: Latest Trends in B2B Payments

There is a continuing move away from check and ACH payments today. This trend can be seen by the growing conversion rate of ACH and check payments to card payments. As many as 69% of survey participants indicated their company intends on moving ACH/check payments onto VCA within the next year. While fewer organizations are transferring ACH/check spend onto Purchase Cards, those that plan on doing so expect to complete this transition in 2017.

Equally dominant is the trend towards combining Purchase Card (P-Card) and Virtual Card. P-Card is most frequently used for non-strategic or incidental spend, while VCA is preferred with strategic suppliers. Depending on the organization's profile, the VCA type varies among web-based, file-based or API. The choice is often determined by whether or not the organization utilizes an Enterprise Resource Planning (ERP) system, which allows for more advanced levels of integration.

Virtual Card Integration Options

- Web
- Batch
- Application Program Interface
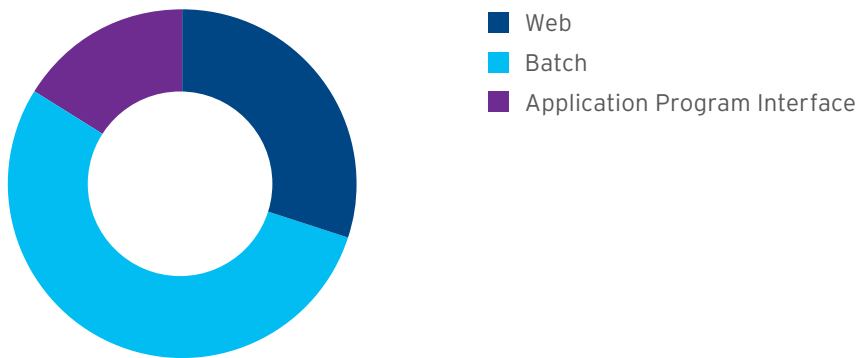
What Makes a Successful B2B Card Program Tick?

Any successful Business to Business (B2B) card program relies on the backbone of an accurate B2B policy. Most of the surveyed organizations have a well-defined B2B policy in place, which in the majority of cases is reviewed every five years, however, several organizations indicated they review it annually, while only a small percentage do not review at all.

One of the key provisions of any B2B policy is the specification of usage. It is surprising that as many as 45% of all surveyed organizations do not prescribe a specific dollar amount in their policy. 39% of respondents indicated that amounts between $1,000 – $4,000 fall under the P-Card remit, while higher amounts are settled either via VCA or alternative payment methods like ACH or check.

What is the Dollar Amount That You Recommend Your Employees Use a Purchasing Card for Purchases?
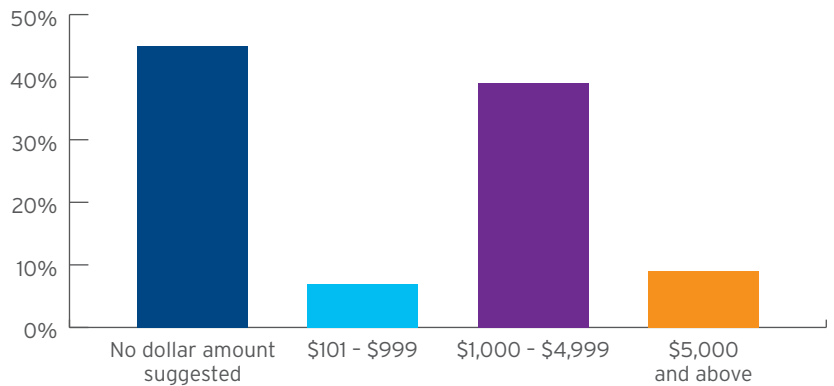
Best Practice:
Establish a B2B policy that suits your business objectives and then ensure your employees are aware of the policy and remain compliant. Review the policy at least every five years to be certain the policy is still effective and aligns with your overall strategy.

Best Practice:

Manage the Meetings and Events category centrally to gain visibility into all spend and place greater controls on the program.

Centralization is Key to Managing a Meetings and Events Program

Out of all marketing activities, Meetings and Events (M&E) is considered the second largest revenue driver for many organizations – right after web content.

It might come as a surprise then that only about half of the surveyed organizations have a pre-determined M&E budget that is being monitored. This might be because more than 50% of respondents mentioned that the M&E category is being managed separately by individual entities rather than centrally, which might present challenges in achieving critical efficiencies.

Are Meetings and Events at Your Organization Managed Centrally or Managed Individually by Each Entity?
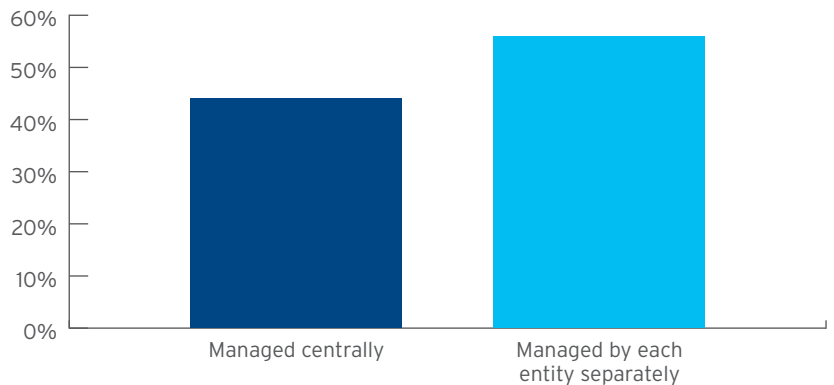
Citi has partnered with Cvent to help address these challenges. The goal is to simplify the meetings management process, while eliminating costs associated with manual processing due to a lack of integration, providing increased overall control and visibility for the organization.

While almost all respondents utilize card products today for M&E payments, only 11% incorporate Cvent software as part of their solution. Companies have an opportunity to take advantage of potentially significant financial benefits by holistically managing this powerful category.

Are You and Your Cardholders Benefiting from Digital Tools?

The old saying goes – you can lead a horse to water, but you can't make him drink. When it comes to Citi's highly useful digital tools, encouraging cardholders and program administrators to take advantage of these tools holds the promise of enhancing the overall employee experience, while enabling Program Managers to focus their efforts on program optimization and growth.

More than 80% of surveyed customers encourage their cardholders to use CitiManager® to view their statements; however, only 37% verify whether cardholders have actually registered with the portal.

As for the Online Maintenance feature, available via the tool, only 26% of respondents confirmed their organization utilizes this tool to its full capacity. Most companies, while familiar with the tool, still have development potential in that space.

SMS or text message alerts are another digital feature that has proven popular. As many as 85% of surveyed companies indicate they have benefited from this Citi offering.

It is apparent that most companies realize that digital tools can significantly enhance not only program management, but most importantly, cardholder experience. However, work is still needed to make digital solutions part of every organization's standard toolkit.

Are Your Cardholders Utilizing the CitiManager Online Tool Today to View Their Statements?

Yes 82%
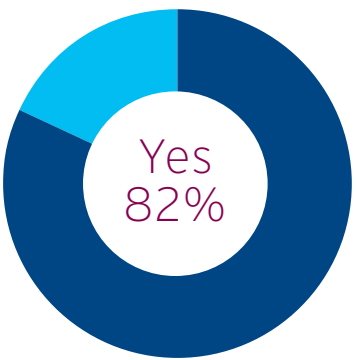
Are your cardholders aware that SMS alerts are offered by Citi?

Yes 85%
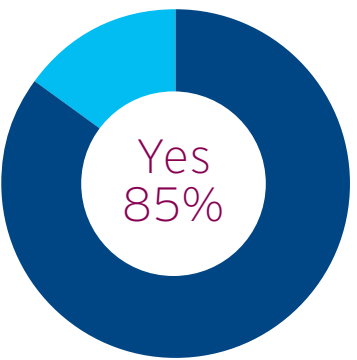
- ■ Yes
- ■ No

The Importance of Ensuring Commercial Card Compliance

Achieving global commercial cards compliance is a difficult, yet vital task. It relies on a clear process of mandating the use of cards, followed by consistent program audit and delinquency management.

Given the potential for, and impact of, employee misuse and fraud, compliance with company commercial card policies is a key area of focus. As such, the majority of companies surveyed have commercial card policies and procedures in place, criteria for card issuance, as well as mandate employee use of cards. In fact, 88% of surveyed companies insist that employees must utilize their corporate cards.

The risk of not mandating employee commercial cards usage is significant. Failure to do so can result in non-compliance with the company's travel policy, while the use of personal cards for corporate spend can result in spend leakage, decreased visibility into travel spend and can result in difficulties in reconciliation.
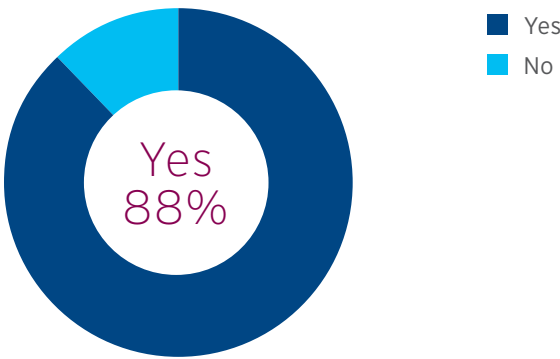
Best Practice:

Ensure compliance by leveraging Citi reporting tools and disseminating the policy to your cardholders and their Managers.

Best Practice:
Enhance the cardholder experience by working with your cardholders to enroll them in CitiManager and relevant alerts.

Do you Mandate Employees to Use Corporate Cards?

Yes
88%

■ Yes
■ No

The overwhelming majority of companies surveyed ensure that program audit and delinquency monitoring is part of the Program Manager's responsibilities. Depending on the size of the company, these activities might require a specialized team or a tailored set of tools to allow time to conduct effective transaction data analysis. Almost half of the companies surveyed rely on a combination of Citi tools, such as Citi Custom Reporting System (CCRS) or Program Audit Tool (PAT) and internal audit tools, as well as expense management systems.

As Citi continues to invest in further development of proprietary tools, cards program audit and delinquency monitoring should become increasingly automated and a global standard for all.

Partnering for Success

The world is more connected than ever and companies are working to align their global business practices. Therefore, it's no surprise that Program Managers are seeking to build globally consistent digital cards programs. Citi looks forward to working closely with its valued partners in 2017 and beyond to achieve these important goals.