



the payments association



Exploring Corporate Payments Cards

In conversation with...



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The Payments Association's guide to 'The Payments Association's Guide to Corporate Payment Cards' [here](#)



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Could you describe your backgrounds in the payments industry, and your role at FIS?

I've been in the payment industry for more than 20 years. From my perspective, it's fantastic to be part of shaping payments, because they're such an important part of everyday life. They help us interact and exchange goods, and are so important for consumers, for corporates, for banks. I have the privilege of being in charge of the European banking and payments team at FIS, and of knowing that my company has contributed to the process of shaping payments.

I am also part of the European Women in Payments network. I founded the network around five years ago and have now moved onto the advisory board. Part of that is making sure that there is more focus on diversity in the payment space.

COVID had a massive impact over the past 18 months. Can you describe how that's affected corporate payments in particular?

I always feel that corporate payments are also impacted on how consumers pay. What we've seen over the last couple of years, even before COVID, is that corporates are looking for a more seamless, more digital way of being able to organise their payments. When you think about it, corporates pay quite a lot of money to banks to manage their payments. What they're experiencing is something that is

much less slick, much less organised and more difficult to deal with than it is on the consumer side.

There is a prevalent trend of corporates turning to financial institutions and challenging them to help them digitalise their payments, and make it much easier and more seamless than it is today. They're looking for payments to be much more integrated into all of their systems.

Obviously, with COVID, that has incredibly accelerated the drive to digitalisation even further. That is true for corporates as well. One of the key challenges is that many corporate payments are still paper-based. COVID really impacted that, and has really given that digitalisation of corporate payments an extra boost.

One of the ways of really bringing that out is commercial cards. In the US, there is a \$1 trillion dollar spend in corporate cards, and that trend continues globally, driving more usage of commercial and corporate cards. But at the moment, only 10% of the payments in Europe are going through commercial cards. These card programmes can help digitalise payments, and integrate them better into corporate systems. We believe that is going to increase over time.

How would you describe COVID's impact on the Travel & Expense sector? How likely is it that spending will recover to pre pandemic levels?

In the T&E sector, you can see the entertainment sector coming back really quickly. But obviously the entertainment sector is impacted by travel. And travel is just taking a lot longer to get back to normal. I think the world's expecting consumers to get back to their normal travel.

But I think business travel will be impacted forever by what happened. In fact, recent research in the UK shows that business travel may only recover to 80% of pre-pandemic levels. We've come to understand that we hadn't been using the modern tools that were available to us in the way that we can. But travel will gradually recover.

I think one of the key things we've all realised is that it's still very important for people to meet each other. We also realised that virtual meetings can't completely replace the importance of meeting people in person.

Digitalising commercial cards can be helpful in that regard. We're bringing out a product called Express Pay which brings virtual cards together with the travel industry, which will make it a lot slicker and easier to pay and travel.

What was the main impetus or driver regarding the move from physical plastic cards to virtual cards and digital payments? Was it efficiency benefits or more to do with cost?

From my perspective it's really both. These benefits have really changed the minds of people around virtual cards. There is the ease with which you can use them on your mobile phone and include them frictionlessly into your digital journey. You don't have to manually enter data with virtual cards, which makes the experience so much easier and slicker.

That actually also helps to cut costs, and in some respects reduces fraud. It's not easy to pull your virtual card out of the mail, whereas it's much easier to do mail fraud on physical cards. On multiple levels, virtual cards make payments so much easier, and all of these things coming together are driving the increase in commercial cards.

How do virtual cards help with optimising data reporting and gathering business intelligence analytics? Is it a lot faster now for organisations to get those insights from virtual cards?

Absolutely, because virtual cards bring together an ecosystem. What they do is integrate into different systems and automatically bring different data flows together. For example, when employees complete their expenses, instead of having to type in details, your virtual card will automatically bring all of that up in your expense system. It saves time and also helps to avoid mistakes.

In terms of the flexibility that virtual cards give for things like spending controls, how do they compare with other corporate payment solutions in terms of the benefits that they give to corporates?

It really depends on how much flexibility you have in your corporate spending. Bigger companies have been relatively well served with setting limits and being able to manage their payments. On the other hand, SMEs really struggle because they fall between what the consumers get and what the large corporates get. With virtual cards, you can get that same kind of flexibility.

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Looking at the overall market landscape right now, what role do challenger banks play in the corporate payment space at the moment, and how are they disrupting the corporate payment market?

The nature of the challenger banks is often very digital and they don't have old legacy systems to cope with when putting in place new payment processes. A lot of the challenger banks have come out and started using Open Banking. It's a way of disrupting the market landscape. Open Banking is obviously mandated on the consumer side, and it's going to be interesting to see how that manifests when it comes to B2B payments as well.

A lot of people have been quite negative about the prospects for Open Banking - do you think it's going to take off over the next couple of years?

I absolutely do. I think Open Banking took a bit of time for people to figure it out and help consumers to understand what services it can bring. But now we can see those services coming out and the consumer uptake. If I can have this experience as consumer, why am I not having that experience as a corporate? This will permeate through into the corporate world, and that's where the disruptor banks and challenger banks come in.

We're seeing quite a few fintechs focus on the corporate space. We haven't seen that many disruptive banks really focus on the corporate space, and it's an opportunity for banks to step up in that space and leverage some of the experience that they've gathered in Open Banking to make payments a lot slicker.

A great example would be request-to-pay. For example, while RTP's been used in the Netherlands for consumer-to-consumer purposes,

we're now seeing use in business-to-consumer payments. You can further elevate business-to-business payments. For example, if I send out RTPs to multiple people because I've split money for a gift, it actually shows me who has paid me and who hasn't. So there is a lot of functionality that an SME, for example, could leverage from systems like that to facilitate collections.

How different is the UK and Europe to the rest of the world in terms of corporate payment usage compared to the US? Do you think Europe is catching up or doing things differently in some regards?

Europe has more of a digital approach than the US has. The US has a lot more usage of cards and cheques compared to Europe, whereas Europe has more integration with back-end systems. What we're seeing now in Europe is how commercial cards are picking up because of the ease of use, and ease of integration into back-end systems.

We can see the growth really picking up over the next couple of years. The use of commercial cards will have a CAGR of about 25% over the next five years. So you can imagine there's going to be a lot of activity in these B2B ecosystems, where they will bring efficiencies in how the transactions are being processed.

The last piece, which is relevant to corporates, is that you can speed up getting paid. We're bringing products to market around invoicing and getting paid which will generate even more slickness into that market.

Sometimes it's not that a corporate doesn't want to pay. It's just that their systems, especially in large corporates, are just so complex to get the payment through. When you can ease that whole supply chain,

then the payment will come through a lot quicker. Obviously that's really important to all the corporates in terms of cashflow management.

As an example virtual cards can be used to pay at delivery of goods for example: dematerializing payment, reducing processes and ensure cash flow improvements.

So looking at what's new in terms of technology, how do you see the development of instant payments or initiatives like crypto payments impacting corporate payments going forward?

I think crypto payments will take time to become accepted. The problem in my mind with crypto payments is the volatility of that crypto currency, which means you don't know how much you're going to get paid.

When it comes to the real-time rails, that's where we can see cards and payments coming together. The speed of the payment will increase a lot more.

How do you see this automation helping to impact in a positive way things like fund settlement reporting, and helping to drive cross border trade?

Integration makes it much easier to enable cross-border trade with real-time networks coming together, and making it a lot cheaper and faster. With some of the instant payment schemes, a lot more information can come through with the payments.

There will be overlay services that will include a lot more detail in the payment that will make it much more efficient for corporates to process payments, send payments out and get payments back in and then process them through one of their back-end systems. We've only just started on that journey.

There's so much opportunity in that space that we have not yet leveraged it to its fullest potential. FIS is currently working on different partnerships to bring to the market. We see our partnership with Cardlay as really progressive in how we provide solutions in the commercial card space. It's really about that integration with all the core and back-end systems, and revolutionising how the payments get processed.

Do you see that partnership model growing and helping to evolve in corporate payments?

Absolutely. Cardlay is one example of our partnerships in this space, but we have a lot of focus in the B2B space. It's all about connecting the different ecosystem partners and bringing new solutions to the market. What you can expect from FIS over the next couple of months and years is a constant feed of new solutions, often in partnership with certain fintechs that provide a layer on top of the core processing. FIS brings that combined power to the market. We can see solutions coming out in the corporate space that are akin to BNPL in the consumer space. There is a lot of innovation happening.

Looking towards risks and opportunities, can you describe the challenges posed for corporate payments by security requirements and regulations?

Absolutely. Banks and corporates already struggled with keeping up with all the regulation in payments. We could see that when SEPA came on board. There was a huge opportunity for banks to make the regulations seamless for their corporate customers.

For corporates, fraud is a big, big issue because they are not offered the protection that consumers are offered. Because of digitalisation,

you can actually prevent fraud a lot better. It's easier to oversee and put in checks and balances in a fully digitalised end-to-end process than it is when you're going from digital to paper.

In each of those transformation steps, information gets lost, and it poses a security threat. Digitalising the end-to-end workflow is where a lot of the security protection can come in. With a digitalised work stream, it's easier to then apply upcoming regulations on top of that. This is why the whole industry should challenge themselves to step away and out of paper-based payment processes.

Would FIS be considered an ideal case study to highlight the importance of the partnership model, and what do you think other providers could learn from your example?

FIS is a very big FinTech, one of the biggest in the world, and so for us to work with some smaller partners, it really requires a playbook to help our partners integrate and work with that mindset. We have a FinTech desk, where we work through our playbook and ensure we've covered all the bases required to make those collaborations much more effective and efficient. The collaboration with Cardlay is a great example of coming to market very quickly, and it's really exciting in terms of what we can bring to bear there.

How do commercial card programmes support an organisation's overall financial strategy? What would you describe as the main cost and operational benefits for things like cashflow, fraud, protection and reporting?

When it comes to full protection and reporting, it's obviously easier to manage than paper-based

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systems. You can then also look at making specific arrangements in terms of what fraud protection you're offered against some of your purchases depending on the scheme that you're using, whereas you don't get that offered in a normal purchasing programme. We've seen significant reduction in fraud happen there. That's a really important point to consider when looking at how to process corporate payments.

We've seen operational efficiencies increase anywhere from 25 to 50%, simply due to removing paper-based processes. One of the things that corporates really struggled with through the pandemic is delays to mail and deliveries. It really made corporates question how they need to process things more in digital form.

Everything starts and ends with a good back-end platform. When making the link between the corporate and the consumer space again, in the consumer space, there is a lot of talk of frictionless payments or invisible payments.

Depending on the amount and frequency of your spending, you want something to go really smoothly and avoid friction. When you have the right back-office systems, you can see all of your payments, and set the level of scrutiny and automation that you want on each of those payments, depending on value and volume. When it comes to digitalising and automating that, you can then also choose very effectively which payment rails you want it to go through. Depending on the payment rails, it will give you further automation and protection, which really can help corporates structure payments correctly.

What steps must be taken for an organisation to set up a successful corporate payments or commercial cards strategy?

I would say come and talk to us! It's funny how few organisations think about effectively getting paid, because it's such a crucial thing to your business success. Everyone likes getting paid on time! The way that you treat your suppliers and your supply chain is really important. So it's not just about how you as a corporate get money in, it's also about how to get money out and manage that effectively.

As we further digitalise the whole of our world, putting payments on the strategic agenda, managing that strategically, and getting good advice on how to do that effectively, is imperative for corporates. Oftentimes, the whole process is an afterthought, because that's not the core business of most companies if they're not in the financial sector.

By putting it on the strategic agenda, corporates need to then figure out whether they can do it themselves, or whether it's easier to find the right partner. That's where fintechs can come in and define how to make it more effective for the corporate. You need to decide on the right partnerships: the right banking partnership, and the right back-office partnership.

Do you find that a lot of your clients, when they're implementing a corporate payment solution, it helps them to negotiate better terms or conditions with the suppliers that they're working with?

When you are effective at paying, that can really come to bear in how you negotiate and make that a part of the payment terms. Paying on time can become part of your strategy.

There is a big difference in payment habits culturally, and regionally, and those come into play in the corporate world. Being paid and paying quickly are important factors to take into consideration.

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