

The Benefits of Virtual Card Payments

B2B payments continue to rapidly transition from paper checks to e-payments because they offer many advantages to buyers and suppliers.

The two most common forms of vendor e-Payments are the [traditional ACH](#) and the newer, but faster growing [Virtual Cards](#).

Adding virtual payments to your accounts payable workflow is certainly a more efficient method for paying invoices. But beyond quicker supplier payments, the additional benefits of virtual payment processing are significant.

In this paper we will explain how virtual card payments work and what the benefits are for both businesses and their suppliers. **Virtual Cards are quickly becoming the payment-of choice for buyers, and after reading on you will see why.**

What are Virtual Cards?



A virtual credit card is a unique 16-digit computer generated number used to settle a specific vendor payment transaction issued for a specific dollar amount. Designed as a more secure [alternative to ACH and check payments](#), virtual cards are essentially “card-less” credit card payments.

Virtual cards can be processed by anyone who accepts traditional credit card payments, which typically includes the vast majority of your vendor community.

Security and Control

According to a recent J.P. Morgan survey report, 62% of companies were targets of payment fraud in 2014, with the most targeted methods being checks, credit/debit cards and wires.

Unlike checks and ACH payments, with virtual payment cards, suppliers no longer have to share or expose their bank account information.

This presents an even stronger benefit in using virtual cards, as information tying back to your bank account is never exposed. Virtual card numbers are randomly created for a one time transaction and specific amount, so no trail to a physical credit card exists.

Your virtual payment cards are “locked down” to a specified amount, time limit and a maximum credit limit for every payment.

So, if a thief were to get a card number without the exact payment amount and/or it's outside the time window; the card number is little more than a chain of unrelated numbers. And rendering a potential threat as “useless” is probably your best level of payment security!

Want to know if virtual cards are the best option for you?

Find out now with our **FREE Payments Analysis**.

[Get My FREE Analysis](#)



Reduced Exception Processing

As stated earlier, virtual cards can only be used once, are tied to a specific dollar amount and have a short expiration date.

This means that the account will not process payment for any amount higher or lower than the pre-set amount. This important financial control virtually eliminates the possibility of either short payment or overpayment. This provides the added benefit of reducing time-consuming and costly exception processing.

Better Transaction Detail

Two of the most popular ePayments alternatives to virtual cards are ACH and wire transfer.

The problem with both of those methods is the lack of space afforded for remittance information. ACH provides only 80 characters of space to add transaction details, whereas wire transfers are limited to 140 characters.

Virtual payment cards have no such space limitations. This enables the customization of remittance information to simplify and potentially eliminate manual reconciliation... and speed the transition to ePayments.

1.

Your company submits a payables disbursement file to our Intelligent Payment Hub via our secure portal.

2.

We generate the Virtual Card numbers and deliver to your suppliers via email, which includes detailed remittance information.

3.

Your suppliers process the payments just as they would any other credit card transaction.

4.

We provide you with a file containing all processed transactions for automated reconciliation.

FAQ

Will my vendors accept Virtual Card payments?

Not all because some cannot accept credit cards and each vendor has their own preferred method of payment.

But [Virtual Cards offer numerous benefits](#) to organizations looking to move into paying invoices with electronic methods as opposed to spending the money on printing and mailing paper checks. And virtual cards are an attractive form of disbursement that will readily be accepted by many of your vendors ... especially if you properly communicate to them the value and that it's your preferred method of payment.

What are the benefits of virtual cards?

Virtual Cards offers many benefits to both buyers and sellers as summarized here:

Your Vendors

Eliminates dealing with paper checks, bank deposits, and bank check processing fees.

Cash automatically deposited into their bank account.

No more dealing with lost or stolen checks.

Detailed remittance information provided for easy reconciliation.

More secure payment with reduced exposure to check fraud.

Preferred vendor status over those who do not accept virtual payments.

Your Organization

Eliminate the hassles of dealing with paper checks-Streamlines the disbursement process.

Lower payment processing costs. More secure disbursements.

Reduced exposure to check fraud which cost business over \$13 billion annually.

Improve cash management.

Strengthen your vendor/supplier relationships.

Potential to generate revenue by earning rebates for your AP spend.

Summary

A virtual card program has many benefits for both your business and suppliers. It will streamline the payment process, reduce costs, improve cash management and mitigate exposure to payment fraud.

Utilizing our Intelligent Payment Hub, virtual cards are a safe, secure and easy way to administer vendor disbursements, and they are widely accepted. What's more, the convenience and improved cash flow it provides to your suppliers can serve to strengthen your relationships.

The keys to successfully implementing a virtual card program are to develop a detailed vendor onboarding plan coupled with a systematic and comprehensive vendor enrollment and communication program. If you are too busy or short on time and resources to deal with all your vendors, let us do it for you with our comprehensive Vendor Outreach and Enrollment Services.

Find out how automating supplier payments will save you time and money.

[Speak to an Expert](#)

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