



Darren Blair on:

Virtual Card Finds Footing Amid Market Volatility.



Optimizing B2B payments means providing a consumer-like experience while ensuring a seamless workflow, security and centralized control over spend within the enterprise. Those requirements don't change in the midst of a pandemic, either. Rather, they're perhaps even more important amid market volatility.

Digitizing payments is a crucial first step to keep cash flowing between business partners, says Darren Blair, head of B2B at Conferma Pay. But, he noted, organizations need to be smart about the technologies they choose to deploy. "Electronic payment methods allow organizations to retain the controls they require within procurement and finance teams," he told PYMNTS in a recent interview. "I think organizations have an opportunity to be tactful and thoughtful in terms of how they look to deploy these solutions."

The value proposition of the virtual card was certainly strong before the pandemic. Now, said Blair, the payment technology may play a critical role in helping organizations remain agile through disruptions like work-from-home requirements and supply chain squeezes.

The Virtual Card Value Prop

The consumerization of B2B payments has been a powerful theme for organizations hoping to optimize their financial transactions.

"The ultimate goal is to make payments a more convenient, accessible and secure experience," said Blair. "While they're eager to provide that consumerized experience to employees at work, they can only do that if they can retain layers of control."

The virtual card is a tool that can provide a streamlined experience for the end user while still ensuring that employees' data remains secure and internal spend controls remain in-place, he said, pointing to the v-card's ability to facilitate spend for a defined amount of money and a defined user. Even if that card number is compromised, the card is designated only for a particular purchase, and it expires once that purchase is made.

At the same time, the transaction is digitized to allow for automated and integrated reconciliation and spend analysis.

These features not only mitigate the risks often associated with physical commercial cards – that is, the risk of compromised card and cardholder data – but also the risks and drawbacks of more legacy forms of B2B payment, including the paper check.

While overcoming the inertia of change within an enterprise can be a challenge, Blair said that virtual card technology is already familiar to many businesses, particularly in the area of corporate travel. Applying this technology to other areas of spend, including procurement with the tail end of the supplier base, can ease firms away from legacy payment methods without the pain of entirely novel technologies.

"It's not all-or-nothing," Blair said of the decision to adopt virtual cards. "Corporates can leverage all of the payment mechanisms they already have today, while at least trying out some of these new technologies."



Virtualizing the Card in a Pandemic

There are myriad ways the pandemic has upped the value proposition of the virtual card, according to Blair.

For a start, the virtualization of the physical commercial card not only facilitates safer contactless payments, but also ensures that cards can be issued in accordance with internal spend controls from anywhere for any employee, whether they're working from home or not.

With so many organizations facing financial hardships, it's important for businesses to understand the value that their payment mechanisms provide – not only to themselves, but to their business partners as well. The capabilities of straight-through processing can be especially important for corporates' suppliers, taking away the burden of manually processing cards.

“What we're looking to do in the B2B payment space is to not only provide automation to the buyer, but actually provide automation to the supplier end of the equation as well,” Blair said. “With straight-through processing, which ultimately comes from a buyer-initiated payment, it's actually delivered straight into the supplier's bank account without any action required by the supplier.”

For vendors, this can mean faster access to the capital they need to remain in business, pay their own suppliers and meet growing demands from their business partners throughout the supply chain. For the buyer, accelerating payment to suppliers means minimizing supply chain disruptions.

The pandemic has introduced unprecedented levels of volatility and uncertainty in the market today. Yet it has also accelerated the enterprise's digitization journey, one that Blair said should include an electronic payments strategy.

Yet organizations must be tactful about which digital payment tools they implement. Ensuring that payment solutions can meet the needs of a remote workforce without compromising security and control will remain a vital priority in the months ahead. The virtual card, Blair noted, can not only meet the needs of an organization in the context of the COVID-19 crisis, but can actually provide a win-win scenario for both buyer and supplier to optimize B2B payments and related workflows, positioning these firms to thrive in times to come.

References:

<https://www.pymnts.com/news/2020/conferma-pay-virtual-card-finds-footing-amid-market-volatility>:

