![Conferma Pay logo]

Stuart Davenport on:

Virtual cards ride tailwinds from pandemic, enabling decentralized spend management.

In B2B, it's approaching 'ditch-the-plastic' time.

In an interview with PYMNTS, Stuart Davenport, Chief Innovations Officer at Conferma Pay, said that the innovation in consumer payments has given some tailwind to the digitization of commercial payments – and the adoption of virtual cards.

At a high level, he told PYMNTS, "certainly for consumers at the moment, there's a rapid recognition of how payments can be made easier and a lot more efficient than they have been in the past."

He pointed to the rise of challenger banks like Monzo, that allow users to create accounts and get cards within minutes. Digital wallets and P2P services make money transfer instant, using mobile devices as points of contact.

Such ease of use and speed are not (yet) part of the commercial payments landscape, where paper-based and inefficient processes mean that approvals and reimbursements can be laborious.

Those inefficiencies have been spotlighted by recent national lockdowns that are now returning to various countries (and here in the U.S., depending on where you look, dot the landscape and they may be on the rise). Remote working and contactless are the new normal.

In a significant enhancement for incidentals spend management, the mobile can now be leveraged by businesses to enable employees to request cards from their managers when required, and the managers in turn will be alerted directly on their mobile phones to approve or decline those requests. This is not just a simple rendition of a 16-digit PAN for online spend but for in-store, in-app and in-transit usage too.

These enhanced virtual cards, said Davenport, "avoid plastic and reduce fraud. It's often also incremental spend because virtual cards can be used in different ways." Such cards, he added, allow for rich data to be transmitted with payments and for tokens to be integrated into the process as well.

The movement towards work-from-home across all manner of verticals also means that having procurement cards available in a central office or locations is ineffective at best – and inaccessible at worst. Employees working from home, noted Davenport, may not have access to cards, or to the physical checks that are typically printed and mailed out to suppliers.

Conferma, he said, has been working with commercial card issuers (more than 50 of which are currently connected to Conferma's platform) to enable additional products and features that can be offered to the issuers' corporate customers with virtual cards.

Through APIs and a single point of integration, the platform helps to ensure smooth issuance for those partners, who have back-end systems in place that stretch back over decades – and where making changes to drive scale as they bring virtual cards to market would incur significant costs.

Employers benefit by being able to issue cards on request (through instant issuance) to employees, extending credit lines to them and gaining a real-time view of payment activity. In the end, corporates are able to de-centralize, but maintain control over, payment activity. Companies can specify who can access cards, determine which projects can see funds spent on, restrict the merchants that can be paid and, as Davenport said, "configure activity right down to 'only this particular merchant, this terminal will actually be able to bill that card, and only once.'"

Digitizing B2B

With the emergence of digital-first mindsets, noted Davenport, B2B firms are seeking more straight-through processing.

"Historically, a lot of virtual cards might be sent to suppliers," he told PYMNTS. "They would receive it and manually process those transactions. Now, what we're seeing is the requirement that these payments can go straight through to the supplier's acquirer and be processed automatically."

When that happens, he said, remittance and reconciliation can be automated and streamlined. Credit terms embedded within virtual cards can benefit suppliers' cash flows. In such cases, suppliers may be willing to take a discount in order to be paid more quickly (and the discount, of course, helps buyers' own bottomlines while still maintaining the credit line they have with the commercial card issuer).

Virtual cards "are on a fast-track to replace the issuance of physical plastic," Davenport told PYMNTS, as issuers that have never issued virtual commercial cards are adopting digital-first mindsets.

References:

https://www.pymnts.com/news/b2b-payments/2020/virtual-cards-decentralized-spend-management