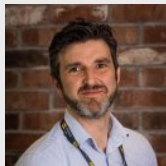# Technology and Innovation

Taking Virtual Payments: Unlocking Business Success with Virtual Card Payments
Steve Paul

Biography

Steve Paul is Deputy CFO at Equals Money (https://www.equalsmoney.com) and joined the company after a career in the commercial and financial sector, leading change projects at major UK banks such as TSB and Lloyds Bank.

He has significant experience in leading teams through listed company audits, commercial business partnering of market leading product launches, renegotiation of contracts in excess of £100 million, finance and MI support for £1 billion divestment, company sale process & IPO.   In May 2023, he became the Deputy CFO of Equals Money.

Steve and the team's expertise and thought leadership can be found in blogs at https://equalsmoney.com/blog

Steve Paul
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Abstract
Investing in payments is key for businesses to grow, yet many UK firms are still relying on slow, outdated processes such as BACS and invoicing. However, virtual cards, digital versions of the plastic or metal payment cards that you might have in your wallet, can offer the solution to an array of operational inefficiencies and challenges, from facilitating greater overview of spend, to fortifying security and bolstering fraud prevention. In this article, the author explores the benefits of virtual cards, and how taking payments virtual can be a key to unlocking business success.

Introduction

In a world of struggling supply chains and unexpected economic circumstances, cash flow and profitability is a top priority for many businesses. But shockingly, over half (55%) of businesses are still relying on manual checks for their B2B payments – meaning they don't have a clear view on what their teams are spending and expensing[1]. This is set to change, however as digitization is increasingly re-shaping the way businesses keep track of their money.

One product of digitization that is rapidly growing in popularity among corporate organizations is virtual cards. Managing business payments requires meticulous

tracking of invoices, follow-ups, and reconciliation, which can be time-consuming and prone to errors. Virtual card payments, on the other hand, offer automated systems that integrate seamlessly with accounting software, simplifying financial management and saving your finance and accounting teams valuable time and money.

Fortified security and fraud protection
The financial impact of fraud can be devastating to businesses, potentially leading to significant financial losses, disruption of operations, and damage to reputation. Lacking the magnetic strip and visible numbers of physical cards, virtual cards are much harder to infiltrate by unauthorized persons, offering businesses crucial protection against fraudulent activity.

A virtual card works like any other digital payment method but is a single use payment solution. It uses a randomly generated single-use 16-digit number and three-digit CVV code that appears to an online merchant just as a physical card number would for a specific amount to be charged once.

Virtual card providers often also offer online management platforms where cards can be cancelled or paused instantly if suspicious activity occurs, or a card is suspected as lost.   Many of these platforms also allow the cards to be un-paused

or replaced from the same place. By relying on virtual cards for payments, businesses can make more secure payments and better protect their finances from the impact of fraud.

Greater visibility over spending

Constantly generating a stream of real-time data and reports, virtual cards allow finance professionals to know exactly what your teams and departments are spending and where. What's more, virtual cards can be issued instantly, allowing employees to start spending immediately, with all expenses tracked within the same centralized platform.

Virtual cards can be used in a variety of ways: shared amongst members of a company for things like online subscriptions and software; created for a single use that becomes void after the purchase it was created for; or for individual transactions such as in-person purchases, attached to a specific balance. This provides clear purposes and limits for the cards, empowering employees to take payments into their own hands while making them feel engaged and valued.

Employees can request funds when they're low or checking their PIN if they've forgotten it. Financial controllers can then respond to top-up requests, pause and block cards, and monitor budgets.

Improved vendor relationships

Maintaining good relations with suppliers and vendors is key to keeping a supply chain running smoothly. Through utilizing virtual card payments, businesses can by -pass the issues and errors associated with manual payment and in turn improve key relationships through faster and more accurate transactions.

Virtual card payments also allow businesses to seamlessly handle both large, recurring payments in addition to one-off smaller needs allowing the versatility and flexibility necessary to adapt and grow.

The way forward

The ability for virtual card programs to be integrated into a company's existing ERP and accounts payable systems means it can be a key driver in the streamlining accounts payable systems. By having greater visibility over business transactions and cashflow a business can work on cutting unnecessary expenditure, develop better budgeting and forecasting, increase working capital through better cash management, giving the business the opportunity to focus on its profitability and growth.

Reference

1 Visa's B2B Payments Chief Says Don't Call Innovation a Resolution – Call It a Mission (Critical) (30 January 2023). Pymnts. Available at: https://www.pymnts.com/opinion/2023/visas-b2b-payments-chief-says-dont-call-innovation-a-resolution-call-it-a-mission-critical/