



Virtual Payment Cards Are Picking Up Steam

payments business customers automation

Summary: Virtual payment cards have been around for a while. But, their use is increasing. Global virtual card spending is expected to reach \$355B in 2022. Businesses are finding several uses and benefits in using virtual payment cards. Community financial institutions will want to take note, so that they can be prepared to best support them.

The idea for an electronic book was first floated in the 1930s, but it wouldn't become a reality until 1997 when E Ink Corporation developed a technology that allowed digital screens to reflect light in the same way that paper does, without the need for backlighting. The company's Rocket eBook was the first electronic book to hit the market. Still, electronic books didn't really gain traction with consumers until Amazon introduced its Kindle eBook device in 2007 - almost 80 years after the innovation of this technology.

Like eBooks, virtual payment cards have been around for a while, yet they are now beginning to gain real traction. One group in particular that has begun embracing digital cards is businesses. As an ever-increasing amount of commerce is done online and electronically, businesses have started utilizing them as a more convenient way to make business-to-business (B2B) payments. [Global virtual card spending is expected to reach \\$355B in 2022](#), up from only \$136B in 2017, according to Accenture. Further, Juniper Research predicts that virtual cards will account for [80% of B2B transactions within the next 5Ys](#). As community financial institutions (CFIs) look for ways to strengthen their appeal and value to businesses, they may want to explore virtual cards too.

A simpler option

Virtual cards are one-time use electronic versions of credit cards that are secured by randomly generated 16-digit numbers, expiration dates, and unique verification codes. They can be accepted by any organization able to process traditional credit card payments. Their single-use structure reduces the likelihood of fraud and limits the damage that can be done if someone does get ahold of the number. This advantage makes them an attractive option for businesses to use, since it mitigates their risk.

Multiple uses

One way that many small businesses have begun using virtual cards is as an alternative to sharing company-issued credit cards among various employees. Replacing physical company cards with one-time use virtual cards helps businesses by:

- Reducing the risk of employees falling victim to fraud, such as phishing attacks
- Eliminating the need to cancel cards when compromised
- More closely monitoring spending among employees
- Easily implementing spending limits in individual situations

These benefits are particularly useful following the shift to remote work that occurred in many businesses. According to recent research, 31% of employees now submit more expenses, than they did before the

emergence of COVID.

The single-use feature holds many benefits, yet repeat virtual cards can also be used with a particular vendor or organization. This allows businesses to **continue the convenience of automated payments**, where needed.

Using virtual cards can also make things **easier on the accounting side** for businesses. This includes:

- Enabling automation and real-time tracking of payments
- Linking individual cards to specific vendors, invoices, or employees
- Reducing the overall cost of tracking payments

Opportunities for CFIs

For CFIs, virtual cards provide an appealing way to target business customers, particularly small businesses, that often face more hurdles when it comes to payment options. Virtual cards offer rapid cross-border payments, without incurring additional costs, and with lower fraud risk. This makes it easier for small businesses to expand their geographical footprint.

Many financial institutions realize the value of virtual cards for businesses. According to the findings of The New User Experience, a recent survey conducted by PYMNTS and FIS, [66% of financial institutions believe the ability to offer business customers virtual card options is “very” or “extremely” important](#) in helping to reduce payment friction. Now is a good time to look into the virtual card options you can provide your customers to ensure that you continue to support their payment needs.

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ECONOMY & RATES

Rates As Of: 05/09/2022 05:39AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.85	0.00	0.79
6M	1.41	0.00	1.22
1Y	2.00	-0.09	1.61
2Y	2.67	-0.05	1.94
5Y	3.05	0.09	1.78
10Y	3.15	0.21	1.63
30Y	3.27	0.27	1.37
FF Market	FF Disc	IORR	
0.83	1.00	0.90	
SOFR	Prime	ORER	
0.78	4.00	0.82	

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