

Take the personal out of business expenses



It's common for companies to ask employees to pay for business expenses with their personal credit card – especially those that make purchases infrequently. In fact, recent research by Visa and industry experts suggests there are approximately 77 million full-time employees (FTEs) that do not have their own corporate credit card¹. If the need to make a purchase arises, most of these FTEs will use their personal credit card to pay for it.

The practice of paying for business expenses with a personal card isn't limited to an organization's FTEs. There are also contingent workers — interns, contractors/freelancers, consultants, guest speakers and recruits to consider. These workers have no other choice but to use their personal card for business travel expenses.

The impact of using personal cards for business expenses

When an employee pays for a work expense with their personal credit card, they are lending their company money. Though it's common for companies to ask employees to pay for these expenses with their personal credit card, is it fair? Consider these points:

- For the employee with little access to or poor credit, paying for business expenses with a personal card can be both stressful and embarrassing. The employee could face card declines, need to ask a manager or, in some instances, a co-worker to pay for the expense on their behalf.
- Coupled with the time it takes for an organization to process reimbursements, paying business expenses with a personal card can be a financial hardship for some employees. Slow reimbursement could lead to the employee incurring finance charges. Balances left unpaid until reimbursement could negatively affect their credit score.
- For some, a credit card is a cushion for unforeseen emergencies. Business expenses, especially if it's last minute or expensive, can wipe out that cushion leaving the employee unable to pay for their unexpected personal emergency.

¹Visa (2018), Infrequent Travelers Analysis, Internal U.S. Bank report: unpublished.



Why do companies have employees use their personal cards for business?

Despite the points outlined above, many companies readily allow employees to pay for business travel with their personal card.

By using their personal card, employees can reap the benefits of their personal card's rewards program — accruing points for business expenses they'll be reimbursed for later. Consequently, many employees see the practice as a key benefit.

As a result, many of these companies are wary about adopting a corporate card program. Fearful of the impact that low employee engagement and morale can have on their company, many don't want to challenge the status quo.

And some finance professionals believe that a corporate card program is too costly. If the bill is paid by the organization, there's a belief that it creates more work for the finance department. Corporate cards run the risk of fraudulent use and questionable expenses because employees have no "skin in the game."

The proven value of corporate cards

When implemented with well-documented and communicated expense management policies, corporate cards can offer significant financial, operational and security benefits.

- **Financial benefits** Your organization can generate additional revenue from cash back rebates when using a corporate card for business expenses. The more spend captured on a corporate card, the larger the potential rebate.
- **Improved oversight** Corporate cards feature tools that provide visibility into individual payment transactions so you can easily understand whose spending what and where, as well as controls that govern the type of expense a card is used for. These tools can also help you quickly recognize patterns of fraudulent behavior and non-adherence to expense policies that would typically be hard to identify with a manual process and next to impossible to identify when employees use their personal card for business expenses.
- **Reduced expense fraud** Paper-based payment methods are inefficient and prone to fraud, making it more difficult to identify and control expense report fraud. By directly importing charges made on a corporate card, an organization knows the exact expense amount. It's more difficult to inflate expenses or otherwise manipulate receipts.
- **Virtual payment accounts** Virtual accounts can extend the value of your corporate card program. Infrequent travelers – employees, contractors, consultants, recruits – create manual expense management challenges that virtual accounts can solve. In addition, the risk of fraud/misuse can be reduced by deactivating the cards of infrequent travelers and paying with virtual accounts instead.
- **Increased efficiency** Replacing paper-based processes with an integrated corporate card program and automated expense management solution eliminates manual processes for tracking, and analyzing payments. This in turn can reduce administrative costs, speed up payments, and improve internal policy adherence, reconciliation and expense analysis.