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Corporate Card Issuers Seek More Nuanced Cost Tracking (American Banker)

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Corporate credit card issuers are beefing up their analytics and using sourcing controls to help business customers manage their employees' spending.

The capabilities will soon become must-haves for issuers, observers said. "It's important for banks to differentiate themselves, to provide more information around the payment," said Aaron McPherson, the research manager of payments at IDC Financial Insights. "It's no longer just about the payment, but the services around the payments."

Companies such as Spendvision Holdings Ltd. and Ariba Inc. are offering a growing selection of white-label tools to view, manage and analyze procurement and travel that banks can in turn offer as a product to their corporate card customers. These tools enable customers to analyze spending and run custom reports to help make more informed sourcing decisions, refine travel and entertainment policies, and identify ways to wring out more savings - such as negotiating rates with suppliers.

"If you have a complete view of all hotel bills, that's powerful leverage when it comes to pricing," said Andrew Bartolini, the vice president of global supply management research at Aberdeen Group.

The demand among corporate card customers for these services is high. A survey published by CFO Europe Research Services last year found that less than 40% of chief financial officers were satisfied with the savings delivered by their companies' corporate travel programs. Seventy-one percent of CFOs said it was very important to integrate travel technology with expense management systems, but only 18% said their companies had highly integrated these systems.

Banks are responding. **Bank of Montreal** and Citigroup Inc. last year began using Ariba's online tools to provide clients with better data and control of spending in a source-to-settle solution.

SunTrust Banks Inc. has developed its own Enterprise Spend Platform, using technology from by Spendvision. SunTrust has moved 600 corporate customers to the platform and has reported that average card spending among users has quadrupled to \$1,600.

Other companies in the expense management/transaction management space include American Express Co., which started a partnership last year with Concur Technologies Inc., the largest provider of travel and entertainment management services; and MasterCard Inc., which bought purchased Orbiscom Ltd. last year.

As new as these offerings are, Bartolini expects they will quickly become the norm. "In two to three years, it will be table stakes; it'll be baseline for commercial card providers to offer analytics and link to expense reporting systems."

In response, Spendvision has rolled out a new level of dynamic transaction management that can better control procurement and travel expenses. These capabilities can help corporate customer manage their payments and help banks manage their capital commitments.

Spendvision has streamlined the process of applying and canceling cards, changing PINs and raising credit limits, all with the goal of eliminating the need to use a bank's call center.

Robert Kirby, Spendvision's chief executive, said that if a cardholder with a \$2,000 spending limit is traveling for two weeks, a corporate card customer could temporarily increase that limit to \$5,000, and set that line to later revert to its original level.

Of equal interest to some banks are the tight controls on spending that can limit fraud and streamline the payment cycle. For instance, if an employee wants to buy a computer for \$1,000, the Spendvision system could enable a bank to simultaneously fund a zero balance corporate credit account to \$1,000, send a requisition for the computer, as well as an alert that the vendor has 24 hours to process the payment.

By allowing the bank to fund the card accounts for the precise amount at the specific time a transaction is occurring, the bank avoids tying up excess capital in the form of an unused line of credit. "This impacts banks credit capacity for other uses," Kirby said.

Michael Sisk is a contributing editor for Bank Technology News.