

Virtual & Prepaid Payment Outlook 2015



Results of a recent survey of travel professionals show that corporations continue to struggle with reconciling ghost / lodge charges and figuring out payment solutions for non-corporate cardholders, according to nearly four of 10 corporate travel professionals surveyed earlier this year for UATP by The BTN Group.

For both payment types, respondents said they used them to solve pains for nonemployees such as recruits, infrequent travelers or others not authorized for corporate cards.

Most Challenging Aspect Of Corporate T&E Payment For Organization?

Figuring out payment solutions for non-corporate cardholders	38%
Reconciling ghost/lodge charges	36%
Getting data	26%
Integrating / managing data	26%
Identifying suppliers from reports	20%
Managing payments / rebates	13%

Source: The BTN Group/UATP survey of 268 corporate travel professionals in December 2014-January 2015

While reconciliation and solutions for non-corporate cardholders topped the list of payment challenges, data concerns surprisingly came in a distant third and fourth. Of those who cited other concerns, payment concerns identified were all about more timely submission of expenses by their own employees.

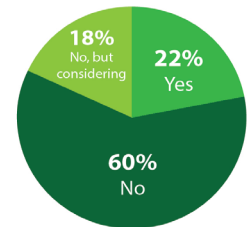
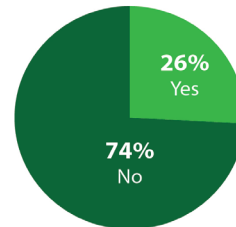
Prepaid Card and Virtual Card Use Low, Around 25%, but Growing.

About one-quarter of survey respondents said they had used prepaid cards and even fewer – just 22 percent – said they had used virtual cards, but an additional 18 percent said they were considering virtual card solutions this year for a variety of reasons, including reconciliation, fraud prevention and non-employee travel.

Virtual, Prepaid Use For Travel Or Meetings?

Prepaid

Virtual



Source: The BTN Group/UATP survey of 268 corporate travel professionals, December 2014-January 2015

The vast majority of survey respondents—74 percent for prepaid cards and 60 percent for virtual cards—said they had yet to use such products. However, several noted plans to launch programs, pilots or more research this year on both new product offerings.

Survey Response Demographics

The online survey garnered responses from 268 managed travel professionals, including 140 who said they were employed by corporations, 65 by travel management companies and 63 suppliers. Of the corporate travel manager segment, 19 percent said their organizations had annual air volume of more than \$50 million, 10 percent cited annual air volume of \$25 million to \$50 million, 20 percent cited annual air spend of \$5 million to \$24.9 million, 23 percent cited annual spend of \$1 million to \$4.9 million and the remaining 28 percent cited spend of less than \$1 million.

Prepaid Card Used Primarily for Hotels

Within the segment of prepaid card users, nearly 70 percent of respondents said they use prepaid cards for hotel payment. More than one-quarter said they had used prepaid cards for both air and meal payment, but just 20 percent said they had used it for car rental or ground transportation expenses. About 15 percent of respondents said they had used prepaid cards to load enough funds to cover all expected expenses for a trip.

Top Uses For Prepaid Cards

Hotel	70%
Air	26%
Meals	26%
Car rental	20%
Ground transportation	20%
All-load card with funds for entire trip	15%

Source: The BTN Group/UATP survey of 268 corporate travel professionals, December 2014-January 2015

As for the benefits of prepaid cards, respondents overwhelmingly cited reconciliation, ease of use and budgeting. Several respondents also noted the enhanced fraud protection and control that prepaid cards offered to their organizations.

“This eliminates the need for the arduous process of direct billing,” noted one respondent while another said it was “an alternative to the challenge of direct bill or invoice.”

For those who had yet to use prepaid cards, the primary reason was that existing corporate cards met their needs, according to 47 percent of respondents. Fifteen percent of respondents said they just didn’t see the value of prepaid cards, while 13 percent had concerns about fraud on such products. About one-third of respondents said they simply preferred to reimburse for out-of-pocket expenses based on charges submitted and therefore weren’t interested in prepaids.

Virtual Cards Also Used Primarily for Hotels

For those who already used virtual cards, or planned to this year, the attraction, according to more than three-quarters of respondents, is a hotel payment mechanism for non-corporate cardholders such as recruits, contractors or temporary workers. Virtual cards also were attractive for air payment for such individuals, according to 42 percent of respondents, while just 35 percent cited the payment means for car rental charges. About one-third of respondents said they used, or considered virtual payments for meeting costs while another 27 percent cited it for meeting deposits.

Fewer than 19 percent of respondents said they had used or considered virtual cards as a replacement to plastic used in their organizations

Top Uses Or Considered Uses For Virtual Cards

Hotel charges for non-corporate cardholders	77%
Air charges for non-corporate cardholders	42%
Car rental charges for non-corporate cardholders	35%
Meeting costs	34%
Meeting deposits	27%
All T&E – to replace cards	19%

Source: The BTN Group/UATP survey of 268 corporate travel professionals in December 2014-January 2015

Hoteliers Ask For Notice Of Virtual Card Use

At a recent industry conference, several hoteliers called upon corporations and TMCs to alert them when payment would be by single-use-cards to prevent the hoteliers from accidentally running a payment test on a single-use card. The hoteliers said increased communications would alleviate any issues and noted that nothing about a 16-digit card number distinguishes individual, lodge or prepaid/virtual cards. None of the survey respondents cited any such concerns or issues.



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