



SNAPSHOT:

# T&E Cards



**T**oday, the corporate prepaid T&E vertical is quite small, but with immense opportunity for growth. MasterCard's most recent prepaid sizing study puts the global corporate prepaid opportunity—outside of payroll cards, which take up the lion's share of the corporate market—at \$134 billion by 2017.

**WITH A PROJECTED \$6.4 BILLION GLOBAL OPPORTUNITY,** T&E cards are among the verticals that will drive growth as companies of all sizes seek the efficiency, cost saving and spend controls prepaid solutions can deliver.

In the U.S. specifically, Mercator Advisory Group estimates that in 2012, \$480 million was loaded onto open-loop prepaid cards for meetings and corporate events, which includes travel, lodging and meal expenses. That total was estimated to hit \$504 million in 2013. (Mercator's data for 2013 hasn't been analyzed yet.)

## THE CASE FOR PREPAID T&E CARDS

Credit and charge cards have dominated the T&E market for large corporations, while most small and midsize enterprises have opted for employees to pay for travel expenses up front from personal funds. Prepaid cards have advantages over both options:

### FOR THE EMPLOYEE

- Don't have to front personal funds and wait for reimbursement.
- Simplifies expense reporting.
- Company spending policies are easier to follow when using a RAN card.
- Compared to cash, prepaid cards make it easier to use different currencies, are more secure and more easily trackable.



### FOR THE EMPLOYER

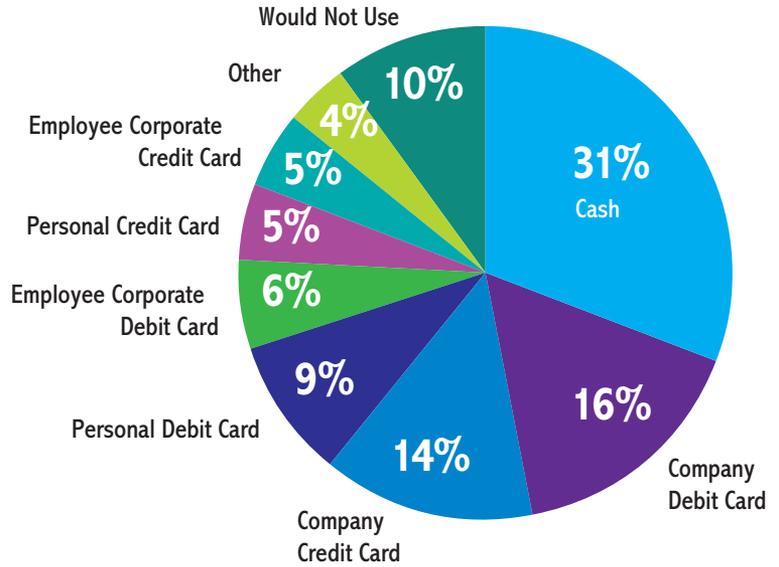
- Provides every employee with a payment card, without affecting a business's credit line.
- Controls employee spend. Many providers offer restricted authorization network (RAN) programs, so companies can limit what or where their employees can make purchases. Employers also can set different parameters for different employees and make changes to those parameters online—even while the employee is traveling.
- Simplifies expense reporting/accounting.
- Increases security and fraud controls compared with petty cash.
- Incurs minimal upfront cost and operational changes.

## SNAPSHOT: T&E Cards

### PAYMENT METHODS REPLACED BY CORPORATE PREPAID CARDS

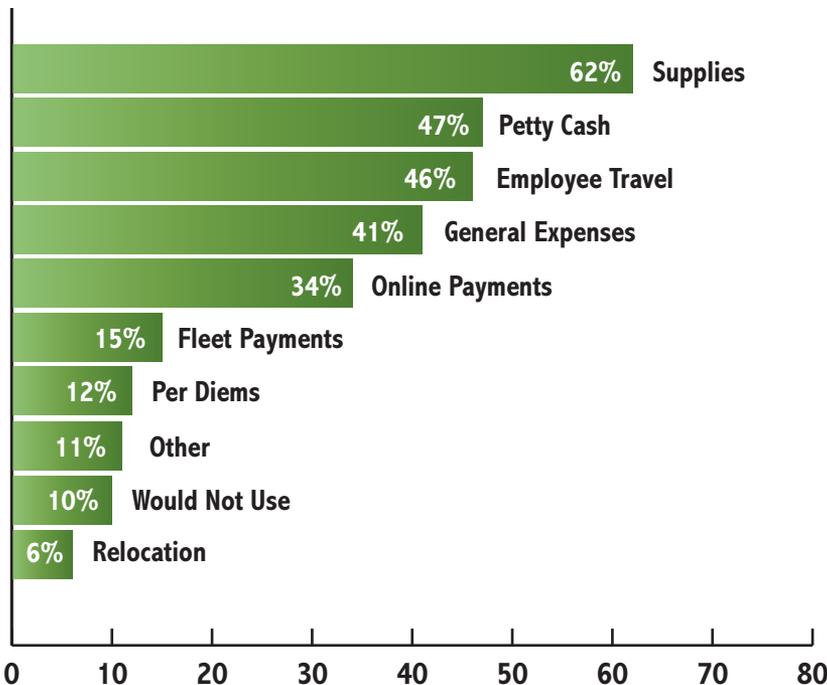
More than 30 percent of respondents said a prepaid business card would replace cash to pay for business expenses, and another 30 percent said the card would replace using a company debit or credit card. (The survey used "prepaid business card" for corporate prepaid cards.)

SOURCE: Visa Inc. internal market study of 107 small business owners who pay for company expenses primarily with checks or cash.



### WHY USE CORPORATE PREPAID CARDS?

As part of an internal market study conducted in June 2013, Visa Inc. surveyed 107 small businesses owners or financial decision makers who mostly use checks or cash for business expenses. Nearly half of respondents said they would use a corporate prepaid card for employee travel. (Respondents were able to choose more than one.)



Netherlands-based XXIImo BV says companies can save 7 to 9 percent a year on their petrol expenses by using its corporate expense card because of volume agreements it has with fueling stations. The annual saving was calculated by comparing the regular price of petrol used over a six-month period with the price XXIImo users actually paid. XXIImo's Visa-branded Mobility Card was a 2013 Paybefore Award winner for Best Corporate- or Government-Funded Program.



**NEXT-GEN T&E MOVES MOBILE**

As prepaid cards make inroads into the T&E market alongside credit, mobile devices could change the way these solutions are delivered and used. Going mobile can make any T&E solution more convenient for the employee and create efficiencies for the company because mobile devices have more capabilities than plastic.

For example, a mobile device can send and receive information, locate itself and “talk” to other functions, such as an expense management app or a mobile trip itinerary, according to a recent white paper from the Association of Corporate Travel Executives (ACTE) and AirPlus International, a business travel management solution provider. Despite these potential benefits, implementation or even an understanding of mobile payments in the corporate world is limited.

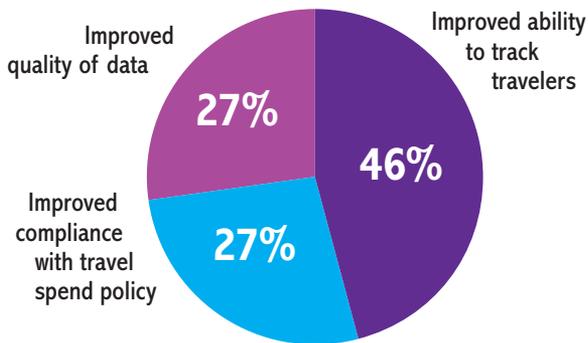
In a survey of ACTE members, **53** percent of respondents rated their knowledge of mobile payment as **BEGINNER LEVEL**, **41** percent rated their knowledge as **MODERATE**, and only **6** percent rated themselves as **EXPERT**.



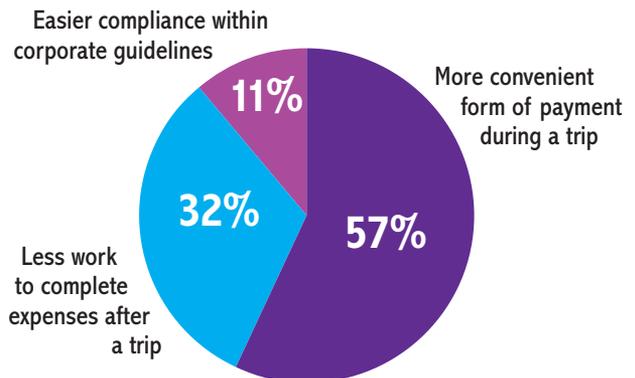
**43%** of corporate travel managers think mobile payments would **make life easier** for their employees who travel. But **42% don't know**, suggesting providers have an opportunity to educate and sell mobile prepaid solutions.

**THE BIGGEST ADVANTAGES OF MOBILE PAYMENTS**

**FOR COMPANIES**



**FOR CORPORATE TRAVELERS**



SOURCE: AirPlus International

David Parker, founder and CEO, Polymath Consulting, contributed to this analysis of prepaid T&E cards.