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A photograph of a white desk with a black coffee mug, three silver paper clips, a black pencil, and a white eraser.

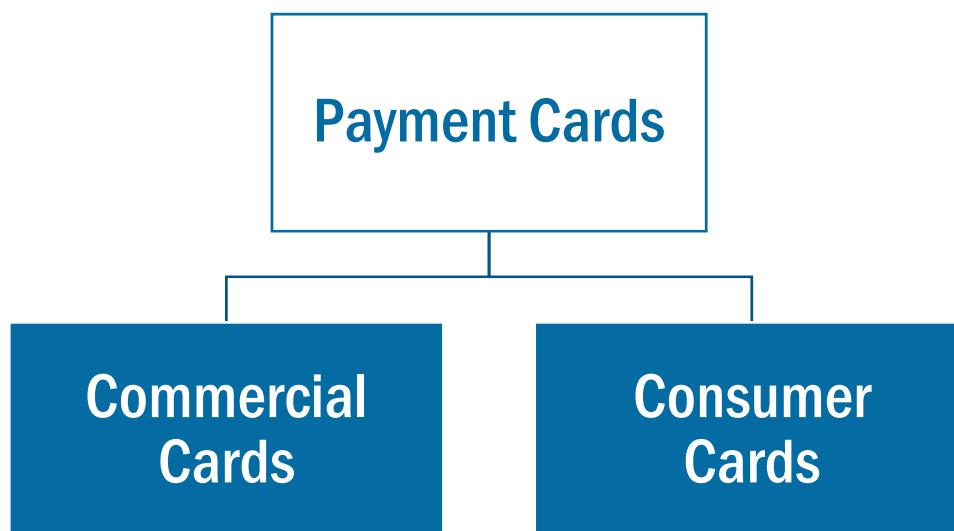
An Introduction to Commercial Cards

By Lynn Larson, CPCP



What are Commercial Cards?

In contrast to cards used by consumers, Commercial Cards are charge cards used in the business world to pay for business expenses. They help diversify an organization’s payment strategy (to reduce the reliance on checks), providing a cost-effective option that can also help improve processes. Sometimes people simply refer to them as “company cards.”





Who Uses Commercial Cards?

All types of organizations use Commercial Cards:

- Companies/corporations of various sizes, especially middle market and larger
- Government agencies
- Higher education institutions
- Not-for-profit entities



These card-using organizations are also known as buying organizations, end-users, and end-user organizations.



Are Business Cards the Same Thing as Commercial Cards?

Business Cards, also known as Small Business Cards, are different than Commercial Cards.

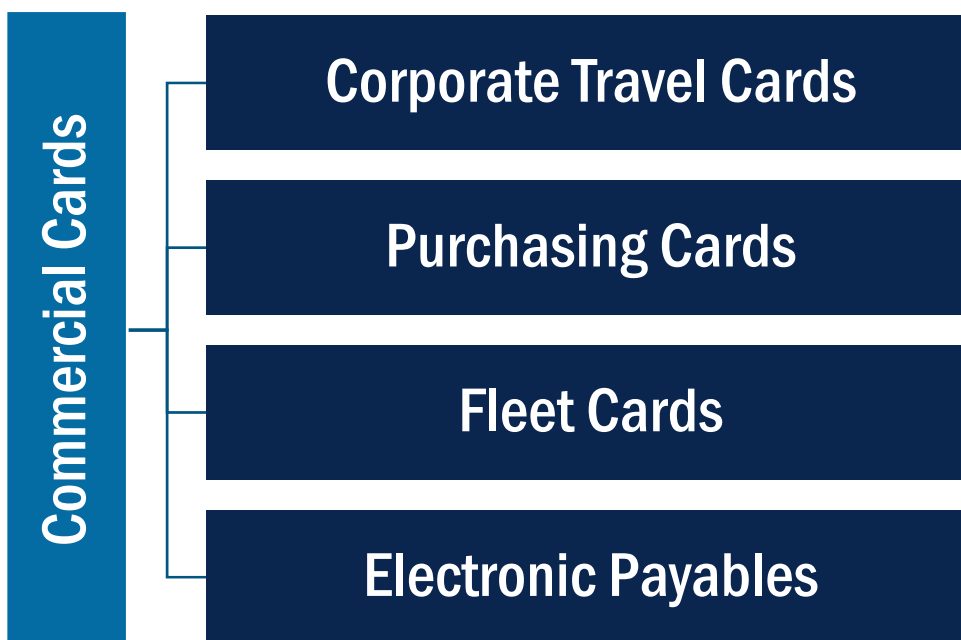


Common Characteristics of Business Cards

- Issued to/used by smaller organizations
- Provides an alternative to a business owner and employees using personal/consumer cards for business expenses
- Organization usually allowed to carry a balance on the cards each month (subject to an interest charge), unlike Commercial Cards
- May include credit and/or debit cards



What are the Primary Types of Commercial Cards?



“Also Known As”

- **Corporate Travel Card:** Travel Card, Corporate Card, Travel & Entertainment (T&E) Card
- **Purchasing Card:** P-Card, ProCard, Procurement Card
- **Fleet Card:** Vehicle Card, Fuel Card
- **Electronic Payables:** ePayables, Electronic Accounts Payable (EAP)



About Corporate Travel Cards

Used for business travel and entertainment (T&E) expenses, options include:

- cards issued to individual employees
- card number associated with a central travel account (CTA) retained by an organization's travel management company (TMC) to pay for reservations made through the TMC



Having corporate liability (organization pays the card issuer directly) reduces certain risks and eliminates the need for employees to submit reimbursement requests to their employer.



About Purchasing Cards (P-Cards)

Purchasing Cards help organizations streamline the purchase-to-pay (P2P) process for goods and services, especially low-value purchases, which generally comprise the majority of payments.



By issuing cards to employees, departments can obtain what they need directly from suppliers. This eliminates the need to push everything through the procurement department for a purchase order (PO). In addition, accounts payable (AP) makes one monthly payment in full to the card issuer instead of hundreds of payments to many different suppliers.



Examples of Purchases Made with a P-Card

- Office supplies
- Maintenance, repair, and operations (MRO) goods
- Printing and advertising expenses
- Shipping/courier expenses
- Subscriptions, membership dues, event registrations
- Catering for business events



Every organization determines the P-Card strategy that works best for them—purchase types, spend limits, and suppliers.



About Fleet Cards

Typically used at the point of sale for fuel and vehicle maintenance expenses, the cards may be issued different ways:

- to individual employees
- assigned to each vehicle



Fleet Cards typically offer specialized reporting along with unique controls, such as:

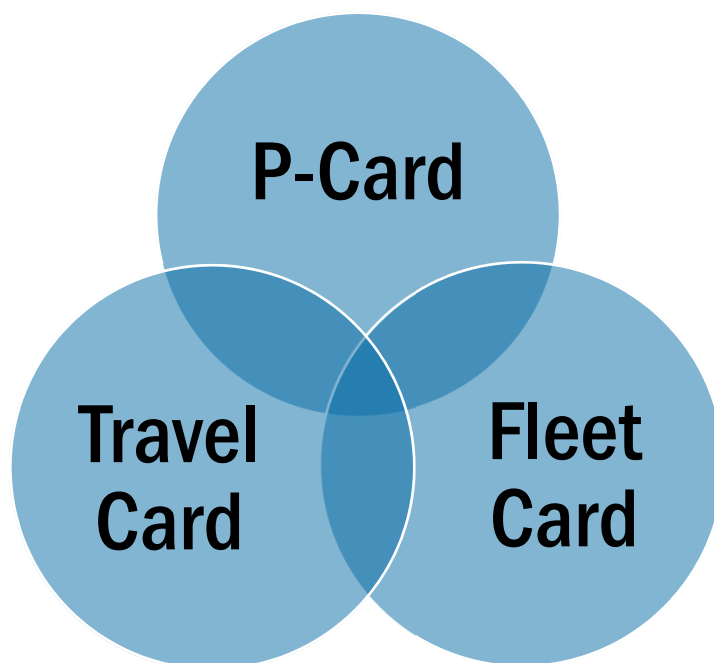
- the ability to limit the type of fuel and number of gallons purchased
- requiring drivers to enter the vehicle mileage in conjunction with refueling



A Blend of Commercial Card Types: One Card Programs

A “One Card” program accommodates a variety of expense types on each card—most commonly, goods and services, travel, and fuel.

- The organization does not have to manage two or three separate card programs.
- An employee does not need more than one card.





About Electronic Payables (ePayables) Solutions

These payment solutions are designed for a more traditional purchase-to-pay process that relies on invoice receipt and approval prior to payment. ePayables are typically managed by AP.



<https://www.recharged-education.com/epayables>

Two Primary Options

Pull = supplier-initiated

Supplier must process a transaction to some type of Virtual Card, which has built-in controls to prevent duplicate payments and over charging.

Push = buyer-initiated

Supplier does **not** process a charge transaction. Supplier receives payment directly into its bank account via the merchant account.



About Lynn Larson and Recharged Education

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Lynn Larson, a Certified Purchasing Card Professional (CPCP) since 2007, has more than 20 years of P-Card experience.

She established Recharged Education in January 2014. Prior to that, she fulfilled the role of education manager for the NAPCP, a professional association for the Commercial Card and payments industry; and was the P-Card program manager for the Federal Reserve Bank of Minneapolis.

Recharged Education serves end-user organizations and industry providers alike by offering resources focused on P-Cards, other Commercial Cards, and more.

Customized products and services include:

- training
- consulting
- content development