



5 reasons your suppliers will welcome virtual card payments



For most payer organizations, the benefits of a virtual card program are clear: rebate revenue, processing efficiencies, reduced risk of fraud, improved cash flow. But did you know virtual card payments also offer valuable benefits for your suppliers? The U.S. Bank Supplier Enablement team works closely with suppliers of all sizes across a variety of industries and has found many suppliers enthusiastic about virtual card payments. There are five key benefits suppliers cite for making the shift from traditional payment methods:

1. Guaranteed payment, faster

In a world where cash flow is everything, prompt, guaranteed payment can make a meaningful business difference. For your suppliers, this is a huge advantage, which makes it a powerful selling point for switching to virtual cards from checks. Virtual card payments can be processed immediately upon receipt of an invoice. And there's no more risk of delayed payment because checks are delayed or lost in the mail. Maximizing this benefit for suppliers does depend somewhat on your [payment terms strategy](#), which is a valuable tool to help your accounts payable department play a more strategic role in the organization.

2. Less time reconciling payments

Virtual card payments deliver efficiencies to both buyers and suppliers, including easier and more streamlined reconciliation on both sides of the transaction. Matching checks and ACH transfers to invoices can be time consuming for suppliers, because these payment methods provide minimal remittance information, so reconciliation is typically a manual process. Whether done when the payment is received or at the end of the month as part of a larger reconciliation process, accounts receivable teams likely spend hours digging through emails and paperwork to reconcile check and ACH payments. In contrast, virtual cards provide rich remittance information that can even include level III data (robust line-item detail such as quantity, product code, description, etc.) as part of the payment, which makes reconciliation easier and month-end significantly less stressful.

3. Focus resources on higher value work

Employee time is precious. As companies face ongoing pressure to accomplish more with fewer resources, ensuring team members can focus on the most impactful work is key. Virtual card payments give your suppliers a way to automate important receivables tasks so employees can focus on responsibilities that drive more bottom-line benefit. Plus, there is less time spent chasing payments and reissuing lost checks or remittance data.

4. Achieve preferred supplier status

We all want to work with people and companies that make our lives easier. Many organizations encourage suppliers to accept card payments by automatically including card-accepting suppliers in their expense management system and showcasing them on their internal purchasing website. This makes it easier for employees to find and place orders with these preferred suppliers. While not every company has this kind of system, 86% of organizations expect to increase virtual card spending through 2024,¹ making card acceptance an important factor in supplier selection. Being easy to work with builds loyalty.

5. Explore payment options

One aspect of card acceptance is finding the right option for your suppliers. For suppliers that don't have card processing capabilities, our U.S. Bank Payment Solutions team can enable this service. We can also provide straight-through-processing, which doesn't require any action by the supplier to process the payment. Alternatively, we can introduce them to Proxy Pay, which allows virtual card payments through the supplier's preferred channel (such as a website or via phone), and they can still benefit from the reconciliation data and streamlined process of accepting cards directly. You don't want to overwhelm your suppliers with all the different ways they can be paid, but it is important for them to know they have options when it comes to making the switch.

While there are costs to accepting card payments, for many suppliers the financial benefits far outweigh the fee. Understanding this is an educational process. The good news is that U.S. Bank can help you and your suppliers understand how to make the most of this more efficient approach to payments.

To tap into our supplier enablement expertise,
visit usbank.com or contact us directly.

¹2022 RPMG Virtual Card Benchmark survey.

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