

Commercial Cards

Leading the Charge for Expense Control and Process Efficiency

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With the ever-escalating pressure to reduce costs, treasurers have increasingly come to embrace commercial card programs as an important component of their cash management strategy.

The efficacy of purchasing cards has been proven across a wide spectrum of industries, delivering critical expense control and process efficiencies. Such programs, when optimally implemented, provide treasury with a unique opportunity to improve cost and efficiency metrics, while offering enhanced data, visibility and analytics on spending.

The benefits made possible by an effective card program can be significant. Treasury can achieve dramatic efficiencies through the automation of business processes and the elimination of paper, while improving spend management as a result of greater visibility to purchase activity. Industry research bears out these benefits, having shown that on average, organizations with purchasing card programs experience a 68 percent reduction in procurement cycle time and a 31 percent reduction in the number of suppliers in their Accounts Payable master file, as compared with companies employing traditional purchase order systems.

No less impressive are the cost savings made possible by commercial card programs. It is estimated that card programs can deliver savings of more than 75 percent in the administrative cost of procuring and paying for a good or service over the traditional purchase-order-based process. The growth in commercial card programs reflects the industry trend away from paper to electronic payments.

Cashing in on Electronification

Treasurers are increasingly turning to electronic payments to lower expenses. Evidence of this can be found in the worldwide growth of business-to-business

e-payments which are expected to reach an estimated 32 billion transactions by 2010, according to a Mercator Advisory Group study, "U.S. B2B Payments: State of the Market," conducted in 2007.

The benefits of electronic payments are abundant – from reduced costs for payer and payees to faster processing that translates into quicker payment and decreased incidents of check fraud and theft. However, despite the prospect of substantial benefits, electronic payments have yet to be fully embraced by buyers and suppliers. Paper checks continue to account for the preponderance of wholesale non-cash payments in the U.S. today.

Factors such as a reluctance to embrace new technologies, resistance to replacing tried-and-true routines and the challenges of transforming processes and integrating multiple accounting systems have held back many organizations from migrating to an electronic payment framework. Yet, the extent of potential savings from the electronification of payment processes is proving an attractive incentive to vendors, with adoption rates predicted to rise rapidly.

For organizations doing business with large numbers of vendors, streamlining the payment process through electronification could result in hundreds of thousands of dollars in annual savings. Along with these cost savings come additional benefits for treasury, such as the ability to control the timing of electronic settlement, making cash flows more manageable and predictable, as well as improving transparency, auditing capabilities and forecasting.

Payment Cards: Delivering Control, Visibility and Flexibility

With the growing move toward electronification, payment cards are proving to be a highly attractive option in treasury's cash management arsenal due to their favorable payments terms and the financial benefits they offer in return for purchasing activity. Perhaps most importantly, they provide the opportunity to create a more efficient, seamless payment process.

An effective commercial card program affords treasurers greater control and visibility, as well as the flexibility to manage payments and associated risks. Utilizing payment cards, treasury is able to maintain more complete control of payments and obtain greater visibility through timely reporting on purchasing practices. Armed with comprehensive spending information, treasury and procurement can streamline supplier networks and more effectively negotiate merchant discounts, allowing them to optimize working capital.

In today's rapidly expanding global marketplace, the importance of working with a banking partner to design a highly successful commercial card program that not only integrates data reporting, but also aligns with an organization's policies and strategies, couldn't be greater.

The Power of a Global Card Platform

As a leader in commercial card services, Citi has developed a global platform that enables clients to run a single, consistent card program across 30 currencies and 20 local languages. Recent investments in Citi's global card platform have expanded

and enhanced its infrastructure, delivering greater consistency, scalability to support global transaction growth, and flexibility. As a result, treasurers, purchasing and card administrators can take advantage of enhanced analytics that support more effective management and control.

Key to Citi's strategy is providing customers with richer, more consistent information in the most accessible and actionable format. Our infrastructure investments provide the foundation to do just that. Our online reporting tool provides users with access to standard and customized reporting across over 600 data elements with consolidated global data.

To enhance data granularity and put critical tools and analytics at your fingertips, Citi has developed The Program Dashboard which provides dynamic,

goals and common metrics, and operationally monitor activities that are processed in real-time for improved decision making.

Working with a banking partner, treasurers can put in place a highly effective commercial card program that enables them to reduce costs while increasing control over corporate spending – both locally and globally.

Integrating Purchasing Cards into Accounts Payable

Achieving payment control is critical to cash management success, which is why the ability to streamline vendor payments by integrating commercial cards into an organization's accounts payable system is so appealing. Citibank® Paylink for Cards offers a solution to connect buyers and suppliers faster and more efficiently,

Citibank® Paylink for Cards works very similarly to other file-based, electronic payments, such as Automated Clearing House (ACH) services. Once treasury has approved a supplier invoice, the payment file is sent to the bank, where it is processed through Citibank® Paylink for Cards. The supplier receives the funds directly from their merchant bank, without the vendor having to share any confidential account information. Citibank® Paylink for Cards includes an electronic payment gateway, which provides an added layer of validation and security to every transaction.

An innovative tracking system lets treasury monitor the entire transaction flow, and remittance information is made available via e-mail, file-based channels or directly from an online portal. Citibank® Paylink for Cards is a powerful tool for streamlining the payables process.

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graphical presentation of information based on user-driven parameters. The Dashboard addresses efficiency and usability, turning traditional reporting and information management on its head. Instead of generating large reports, then searching for exceptions or trends, the Program Dashboard allows users to zero in on the exceptions, trends and data points which are germane, then drill down into the specific transactions, cardholders and vendors that account for the exception or trend. And The Dashboard allows the user to dynamically change parameters such as time sequence, hierarchy and vendor base and see the result displayed graphically, real-time.

With The Dashboard, treasurers and managers become better equipped to analyze business performance against strategic objectives and align their organization through common

while increasing security and control by eliminating manually processed transactions.

This file-based payment card solution allows treasury to decide when and how electronic payments are made, which results in improved productivity, reduced risk and increased profits. Making electronic payments through Citibank® Paylink for Cards is an ideal replacement for paper-based payments. Such a solution provides treasurers with the significant advantage of closing the gap on "slippage" in traditional purchase card programs and easily captures additional spend within the purchase card program. Whether used for meetings, events, conferences or non-strategic vendors, Citibank® Paylink for Cards lets treasury capture that spend and take advantage of card program reporting and financial incentives.

Commercial Cards Enhance Bottom-Line Performance

Commercial card programs have proven their value as an effective means for enhancing bottom-line performance. Treasury can streamline the procurement process, while cashing in on critical costing savings, purchase cycle reduction, increased staff productivity and improved purchasing power and cash management efficiencies. The right commercial card program can prove to be an invaluable tool, helping treasury optimize working capital.

For more information on Citi's commercial card solutions, please visit us at www.citimanager.com

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