

TORPAGO

Beyond the Gold Cards: Why Companies Are Moving Away from Traditional Banks for Corporate Credit



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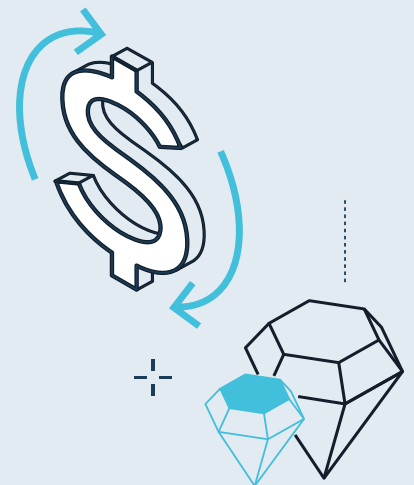
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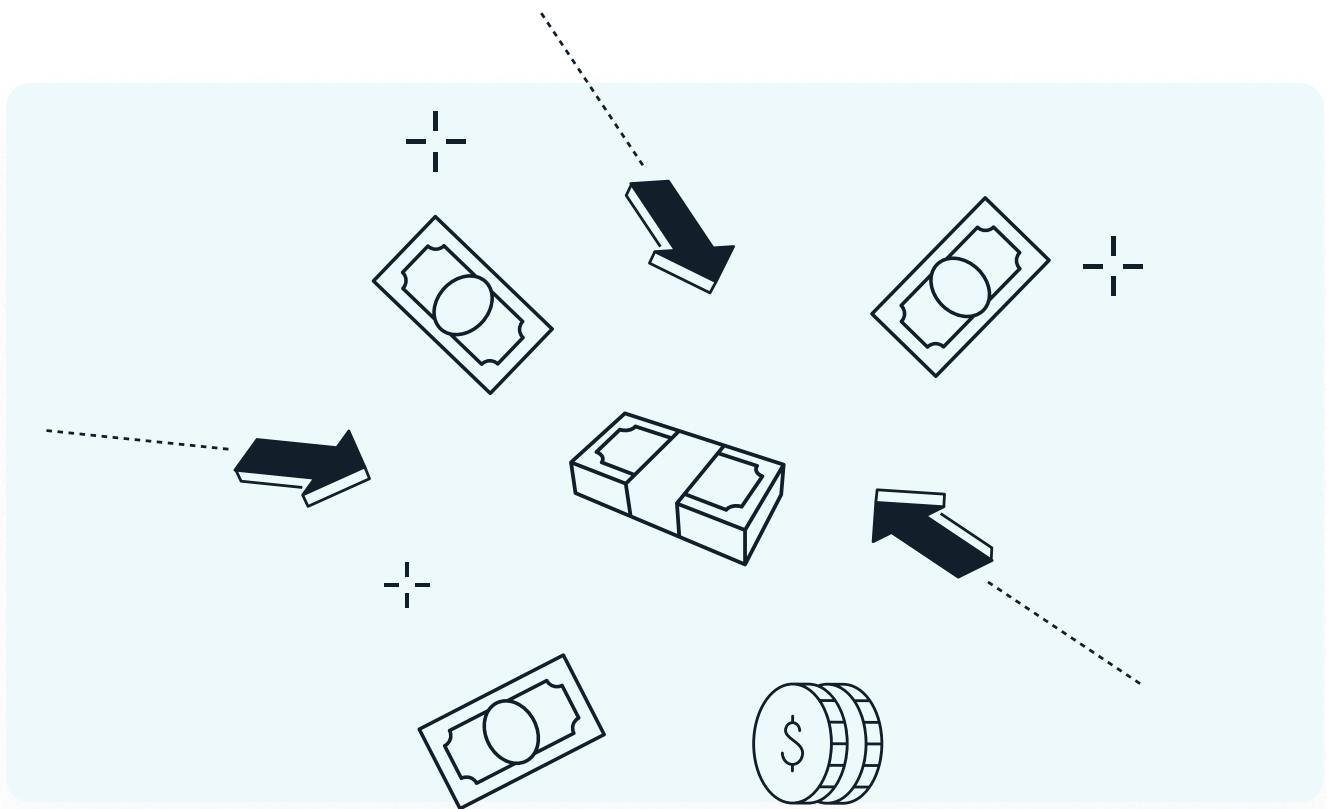
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INTRODUCTION

It was once a right of passage for an employee to be granted a company credit card. It was a sign of trust and even a point of prestige. These days, the need for access to company funds has grown, with SaaS subscriptions, tap-to-pay, and the ability to buy almost anything online, nearly every expense is payable by credit card.

When cards are not widely offered, many companies ask their employees to be a bank, requiring them to pay out of pocket for required things and then seek reimbursement. This places a financial burden on employees who may not have the funds to front the money required. This can cause employee frustration and

requires paperwork for reimbursement, incurring labor costs. Although there are better options, many businesses continue to operate this way. One estimate placed the amount of money U.S. employees [lend their employers](#) is more than **\$1.6 billion every month.**

The Costs of Old-school Banking

Many finance teams and managers don't stop to think about how time-consuming and error-prone their current processes are. Whether employees have to pay for things themselves or use a traditional bank credit card, they still have to gather receipts and fill out expense reports. Then, accounting has to verify the information is accurate and legitimate before issuing a reimbursement and entering data into the general ledger.

It can take significant time to track down employees for receipts, correct errors, and issue payments. It's a lot of work when there are simpler and more modern ways to use corporate credit, which is why so many businesses, small to enterprise, are transitioning away from credit cards issued by traditional banks.

Challenges with Company Credit Cards

For most companies, these practices and policies have been in place for a while, so it's easy to just accept the process as it is. Yet traditional bank cards have big drawbacks, including issues with:

- » Security Risks and Fraud
- » Card Sharing and Accountability
- » Getting and Managing Credit
- » Labor Costs
- » Bank Fees and Costs
- » Managing Departing Employees
- » Additional Expenses for Management Tools
- » Limited Visibility
- » Granular Controls
- » Managing Teams That Travel

Security Risks and Fraud

Whenever you hand an employee a company credit card, you trust them to use it appropriately and safeguard it. While you want to trust your team members, the opportunity for misuse, fraud, and accidents exists.

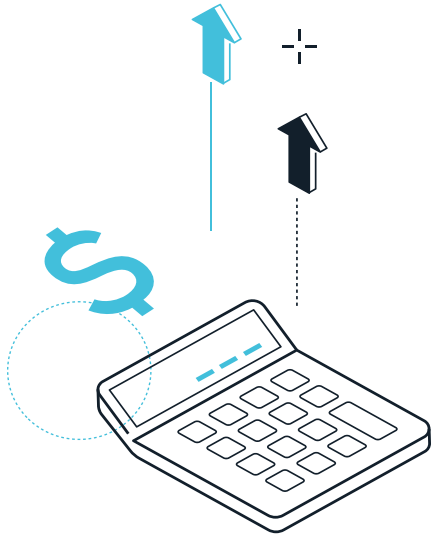
Even well-intentioned employees can misplace or lose their company cards, opening the door to theft and fraud. Despite new advances in credit cards, such as embedded microchips, fraud and theft continue to be a significant problem, accounting for more than [\\$28 billion in losses](#) annually. Company credit cards are high-value targets for criminals as they can often make multiple purchases before being discovered, and corporate cards usually have significantly higher credit limits than personal cards. Criminals also buy and sell credit card information online, spreading stolen card numbers all over the internet, which can quickly spiral out of control.

Cards can also be used for expenses that are not authorized or with vendors that are not acceptable to the company. In some cases, it is difficult to track down line items that do not conform to company policies.

Card Sharing & Accountability

Most companies limit the number of cards they issue to maintain tighter control over purchasing. However, this can lead to greater risk as employees then end up sharing cards. As soon as a card or card number is shared, accountability declines, and the risk of exposure increases. You may not know who's making a purchase or whether they had the authority to do so.

Companies typically find unexpected costs, overspending, and misuse when cards are shared. This requires the finance department to track down spending to individuals, allocate transactions to specific accounting codes, and spend significant time sorting things out.



Employees may also hit spending limits more quickly when sharing cards, preventing legitimate expenses from being paid. When cards are shared, it's difficult for individuals to track how close they are to spending limits. If cards are used for recurring payments, such as subscriptions or scheduled orders, this can cause important purchases to be blocked once the limit is hit.

Not only can card sharing prevent important supplies from being delivered or services provided, but it can also lead to embarrassing situations, like taking a client to dinner only to see the corporate credit card declined.

Getting & Managing Credit

For SMBs and startups, getting credit from traditional banks isn't automatic. Many have trouble establishing credit. Newer, modern payment platforms have more flexibility to set credit limits and adjust over time.

Labor Costs

The workflow to process employee expenses on traditional credit cards is cumbersome at best. According to the Global Business Travel Association, [it costs companies an average of \\$58 and 20 minutes to process a single expense report](#).

And if things aren't submitted right the first time, it creates even more work for controllers and accounting teams. [Nearly 20% of expense reports have errors](#) or are incomplete, requiring even more time to track down what's missing.

Bank Fees & Costs

Most bank card programs have management fees. Fees may be per account, user, or transaction. While these fees are likely tax-deductible options, they can add up over time.

Managing Departing Employees

When card carrying employees leave the company, it generally requires a call to the card issuer to shut off access. Without real-time visibility into transactions, you may also have to wait until the statement arrives to reconcile any final or last-minute purchases.

Additional Expenses for Management Tools

Beyond the card, traditional company credit cards may also require additional expense management tools to handle reimbursements and processing. This means adding on to a company's tech stack, training employees on use, and enforcing usage.

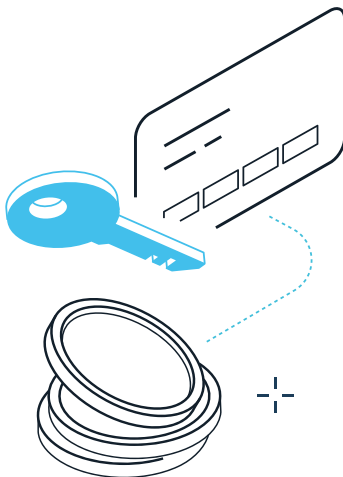
Limited Visibility

If employees don't turn in expense reports promptly, you may not even know about some expenses until the end of the month. Not only can this lead to surprises, but it makes it difficult to manage and control costs.

Visibility into spending is crucial to control. Yet, most traditional bank cards do not offer the visibility companies want or the control they need. You want real-time oversight on company spending, so you can react immediately to unauthorized expenses or misuse.

Credit cards without real-time visibility can lead to excessive spending. While you want to trust your employees to spend efficiently, overspending can go undetected in many ways. For example, an employee traveling on business may select an expensive rental car when a more affordable option is available. Without the ability to track expenses in real-time, you may not discover this until the monthly statement comes in — if you notice it at all. With the ability to set spending limits by accounts or vendors, you can remove the temptation to misuse funds.

This may be even more important over the next few years as the economy slows and budgets tighten.



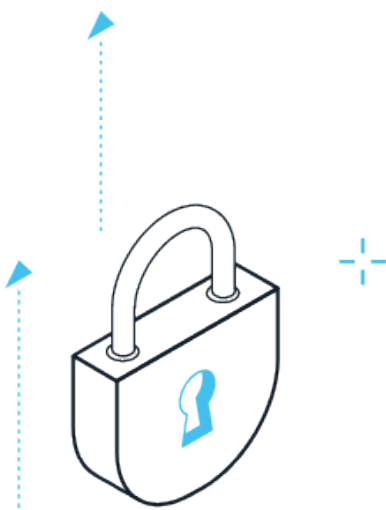
Lack of Granular Controls

There is also a need for granular controls to manage credit use. For example, you may want to adjust credit limits on particular cards or limit spending to a specific vendor. Accounting teams should also be able to increase or decrease spending limits when necessary and even issue additional lines of credit to employees whenever they want.

Traditional bank cards don't work that way. If you want to raise or lower a spending limit on a company card, that likely means calling the bank and waiting on hold until you can talk to an agent and make a change.

You also should have the ability to configure cards proactively. Limiting purchases to certain vendors or for specific amounts can ensure compliance with company policies.

For example, you can make sure card users use company-preferred vendors. Businesses often have special arrangements with preferred vendors to secure discounts or more favorable terms. Employees may not know this and instead choose an alternative supplier that winds up costing the company more money.



Managing Teams that Travel

Employees and sales teams that travel for company business are not always prompt in turning in expenses. It's often like herding cats for accounting teams to get what they need. It's common to hear employees on the road say they're too busy to get reports on time or lost receipts that validate their expenses.



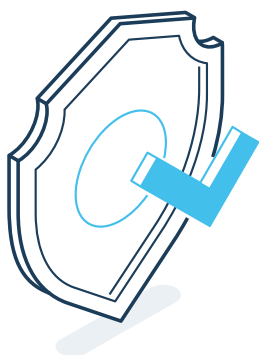
A More Modern Way to Handle Company Credit

Companies today are moving to new platforms that allow more flexible spending management with more control and less overhead. So many of the challenges with traditional bank credit cards can be overcome with a more modern solution.

A robust platform should give you:

- » Digital Controls
- » Streamlined Processing
- » Integration with Accounting Systems
- » Virtual Cards
- » Reporting
- » Accessible Credit

Digital Controls



With a good spending management platform, companies should be able to use [physical credit cards](#) or create [virtual cards](#) as needed, maintaining greater control with digital tools. These tools allow granular control over each card and card number.

For example, you can:

- » Pause or disable cards
- » Set permissions
- » Provide pre-set spending levels
- » Limit spending to a particular vendor or account
- » Make changes whenever you want to individual cards
- » Limit use to specific users or departments

Streamlined Processing

The move to a flexible company spending management platform should give you a more streamlined process as data flows directly from all card users into the platform, making it easier for employees to provide the information required.

This eliminates lost receipts, filling out expense reports, or tracking down information.

Except for random cash purchases, your accounting team no longer has to spend time dealing with expense reports. And the process is much faster and simpler for employees.

Integration with Accounting Systems

A solid platform allows employees to simply snap a picture of a receipt to submit purchase information. There is no expense report to fill out and no credit card statements to pull. By integrating directly with accounting systems, you can set rules for routing and approvals and reconcile expenses by automating entry into the general ledger.

Virtual Cards

[Virtual cards](#) give you even more control. With a modern system, you can create virtual cards on the fly and issue them to specific employees. You can also set individual card limits and pre-approve spending.

Virtual cards are easy to manage and can be used for one-time purchases or authorized for specific use cases, vendors, or purchases, eliminating card sharing.

Virtual cards help you maintain a high degree of accountability and provide greater security as the primary account information is shielded.

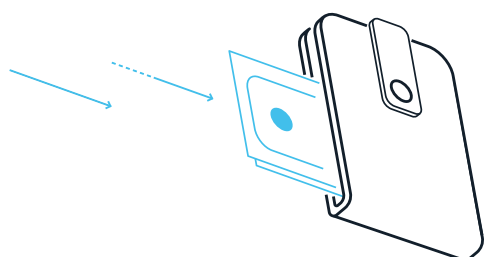
Reporting

The move to flexible company spending management platforms also provides robust reporting and analytics, allowing you to see exactly where money is going and who is making purchases—no more sorting through credit card statements and manually matching up expenses. You can easily see purchases by card number and gain greater oversight.

Accessible Credit

For those businesses that still need to establish credit or have less-than-stellar credit, flexible company spending management platforms may make it easier to get credit. With more negotiable terms, a business may qualify for dynamic credit limits that can increase as a company demonstrates its using credit responsibly.

At the same time, using credit cards from flexible spending management platforms does not impact credit lines on bank cards.



Moving to Flexible Spending Management Platforms

Besides the benefits we've discussed, there are several key reasons SMBs and corporations are moving away from traditional bank credit cards and adopting flexible company spending management platforms.

While these emerging platforms provide more robust digital tools for streamlined processing and greater accountability, traditional bank credit card issuers must catch up. Burdened by legacy systems, most bank card issuers still handle things the same way they did decades ago.

Traditional banks have had significant challenges in modernizing systems and meeting [evolving customer behavior](#). For example, most credit cards still rely on monthly statements rather than real-time and instant financial tracking. Even those that provide this cannot efficiently integrate this information into the company workflow for greater accountability.

Experts agree. It's why Gartner says that 80% of legacy banks and financial firms will [cease to exist by 2030](#). The inability to modernize and adopt digital tools for today's fast-paced environment may render many obsolete. The [Boston Consulting Group \(BCG\)](#) [put it this way](#): "The sun is setting on traditional banking."

A McKinsey study shows how challenging it has become for traditional banks to modernize, estimating that as much as [75% to 80% of all financial transactions can be automated](#). Yet, traditional banks have significant investments in legacy systems that don't facilitate a lot of automation. This has led to little change in the way company credit cards are issued, used, or processed, limiting flexibility for businesses that need a more modern way to handle credit.

All of these reasons are why FinTech companies are [growing at a huge rate](#). While the traditional banking industry grew by just 2.7% between 2016 and 2021, **FinTech is growing by 25% yearly**. Without reliance on legacy systems, FinTech companies are building technology, systems, and streamlined processes that make traditional bank credit cards obsolete.

Newer card issuers and flexible spending platforms offer greater control, accountability, and a significantly more streamlined workflow. While providing bank-grade fraud protection, modern company credit card platforms offer improved:

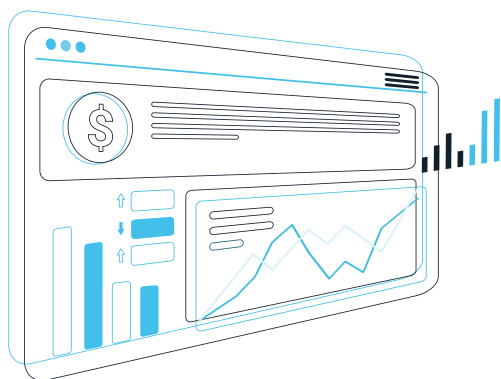
- » **Budget control**
- » **Approval workflows**
- » **Accounting integration**
- » **Visibility**
- » **Flexibility**

Simplified Spending and Management

With [Torpage](#), you get simplified spending and modern management solutions using familiar and trustworthy Visa credit cards. There are no platform or credit card fees as long as you pay your bills on time and get [1% cash back](#) on every purchase.

With Torpage, you can:

- » Manage all of your business credit with an integrated system that eliminates most paperwork, expense reports, and manual work.
- » Issue and request physical and virtual cards in seconds, and control and track spending on cards in real-time.
- » Manage authorization, credit limits, and use online with the click of a button.



Physical Credit Cards

[Torpage's physical cards](#) can be used nearly everywhere that accepts Visa. At each point of sale, the transaction is instantly added to the platform and automatically categorized, providing instant visibility into spending and eliminating expense reports and reimbursement payments.

Virtual Credit Cards

With [Torpage's virtual cards](#), you set individual limits for greater accountability. You can issue virtual cards for specific vendors or automate payments and subscriptions without ever revealing the actual 16-digit card number.

Single-use cards can also be created for one-time transactions, or you can create cards to automate payments for recurring purchases, such as subscriptions, with spending limits that reset every month.

Automate Expenses

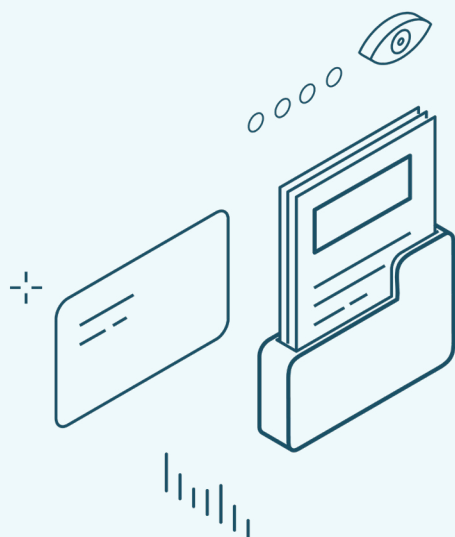
Torpago's platform lets you eliminate paperwork and manual workflows. Although, transactions can still flow through multi-step approvals if required, and once approved, can be [synced and integrated](#) into your enterprise resource planning (ERP) or accounting system with the click of a button.

Easier Credit, Higher Limits

Torpago uses [dynamic credit limits](#), enabling many companies to qualify for higher credit limits than they qualify for with traditional corporate cards. There is no personal guarantee or deposit required. Underwriting is based on cash in the bank, spending patterns, and business history. Credit limits can scale as your business grows.

Build Business Credit

Because Torpago reports your payment history to credit reporting agencies, you can also build your business credit by using the platform.



Get Torpago Today

Torpago's [flexible spending management platform](#) empowers companies with easy-to-use solutions that provide greater control and visibility into company spending. It allows for safer, more secure spending while allowing finance teams to work more efficiently.

Signing up with Torpago is simple. You can create your account in seconds.

Apply Now