Finexio

Unlocking the Future of B2B Payments

Why Single-Use Virtual Cards Outshine P-Cards

Executive Summary

The rapid transformation of the global business landscape is creating an urgent need for secure, scalable, and efficient payment methods. Purchasing cards (P-Cards) and corporate cards have long been standard tools for managing procurement and travel expenses. However, as B2B transactions grow more complex and the threat of fraud intensifies, these traditional solutions are becoming increasingly inadequate.

This white paper explores how single-use virtual cards offer a more secure, flexible, and efficient alternative. By incorporating features such as automation, enhanced security, and custom controls, single-use virtual cards provide a full-service payment solution that addresses the vulnerabilities of P-Cards and corporate cards. This paper will demonstrate how adopting single-use virtual cards can reduce fraud, streamline operations, and ease the administrative burden on accounts payable (AP) teams.

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1
Introduction

In an increasingly digital and interconnected economy, businesses face growing pressure to modernize their payment systems. Traditional payment methods, like P-Cards and corporate cards, while historically effective, are now struggling to keep up with the demands of modern business. As the incidence of fraud rises and administrative processes become more complex, businesses need a payment solution that not only addresses these challenges but also enhances overall efficiency.

Enter single-use virtual cards: digital payment methods that generate unique, disposable card numbers for each transaction. These cards are not just a safer way to pay; they form the cornerstone of a comprehensive payment solution designed to streamline operations and give businesses greater control over their spending.

This paper will:

- Explore the limitations of P-Cards and corporate cards
- Compare these methods with single-use virtual cards
- Demonstrate how single-use virtual cards offer a more secure, efficient, and scalable solution for B2B payments.

2
The Limits of P-Cards and Corporate Cards

P-Cards: Static Numbers, Static Problems

For decades, P-Cards have been the go-to tool for managing small-scale business purchases. They reduce the need for lengthy approval processes and offer convenience. However, their inherent limitations have become more pronounced in today's business environment:

1. **Static Card Numbers:** P-Cards rely on static card numbers that remain unchanged for multiple transactions. If a P-Card number is compromised, it can be used repeatedly for unauthorized purchases until the card is deactivated. According to the 2024 Association for Financial Professionals (AFP) Payments Fraud Survey, 65% of businesses reported experiencing fraud through static payment methods like P-Cards. [1]

2. **Limited Control Over Transactions:** P-Cards typically come with broad spending limits, but they offer little flexibility in terms of granular control over individual transactions. Businesses may set general spending caps, but they lack the ability to restrict purchases by vendor or category, increasing the likelihood of unauthorized spending. [2]

3. **Manual Reconciliation and Administrative Burden:** One of the greatest operational challenges associated with P-Cards is the manual process of reconciling transactions. AP teams often spend significant time matching receipts with transactions, which can lead to delays, errors, and frustration. A report by Ardent Partners highlighted that 29% of businesses consider reconciliation to be one of their top operational pain points. [3]

Corporate Cards: Convenience with Hidden Costs

Corporate cards have long been a preferred tool for managing travel, entertainment, and other expenses. However, like P-Cards, they come with several disadvantages:

1. **Fraud Risk:** Corporate cards, like P-Cards, use static card numbers. If compromised, these numbers can be used to make fraudulent transactions. The FBI's 2023 Internet Crime Report revealed that business email compromise (BEC) fraud resulted in $2.7 billion in losses in 2023 alone. [4] This vulnerability is increasingly untenable in a world where fraud schemes are growing more sophisticated.

2. **Limited Visibility and Control:** Corporate cards typically lack real-time monitoring and control over transactions, making it difficult for businesses to track spending as it occurs. This leads to challenges in enforcing compliance with corporate policies and controlling expenses. Companies often only discover unauthorized or out-of-policy spending after the fact, during the reconciliation process. [5]

3. **Heavy Administrative Workload:** Managing multiple cardholders, resolving disputes, and reconciling expenses create a significant administrative burden. AP teams can spend up to 15 hours per month reconciling corporate card payments, according to research from PYMNTS.com. [6] This not only slows down financial operations but also introduces a higher likelihood of errors and oversights.

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3
Single-Use Virtual Cards: The Future of B2B Payments

In contrast to the static, manual nature of P-Cards and corporate cards, single-use virtual cards offer a secure, efficient, and automated solution that is designed for the demands of today's complex business environment.

1. Superior Security and Fraud Prevention

Single-use virtual cards are inherently more secure than both P-Cards and corporate cards because their card numbers are used only once. After a transaction is completed, the card number is no longer valid, which means that even if the card details are compromised, they cannot be reused by fraudsters. A 2024 report by PYMNTS found that businesses using single-use virtual cards experienced 80% fewer instances of fraud compared to those using static card numbers. [5]

The enhanced security offered by virtual cards also includes customizable fraud controls, such as setting transaction-specific limits and vendor restrictions. This level of control allows businesses to mitigate the risk of fraud and prevent unauthorized purchases before they happen.

2. Automation and Efficiency

Single-use virtual cards seamlessly integrate with enterprise resource planning (ERP) systems, automating key tasks like reconciliation. Unlike P-Cards and corporate cards, which require manual entry and matching of receipts, virtual cards allow for automatic reconciliation as payments are processed. This eliminates errors, reduces administrative workloads, and speeds up the reconciliation process. According to Mastercard, companies using virtual cards reported a 40% reduction in reconciliation time. [8]

Automation also enables real-time tracking of transactions, providing businesses with immediate visibility into their spending patterns. This real-time monitoring reduces the likelihood of budget overruns or policy violations and allows for better financial planning.

3. Faster Payments and Improved Supplier Relationships

Virtual cards offer businesses the ability to make instant payments, which can significantly improve cash flow and strengthen supplier relationships. Suppliers are more likely to offer favorable payment terms when they know they will be paid quickly and securely. Research from Visa shows that businesses using virtual cards reported a 20% increase in supplier satisfaction compared to traditional payment methods. [9]

4. Customizable Controls for Greater Flexibility

One of the key advantages of virtual cards is the ability to set transaction-specific controls. Unlike P-Cards, which offer broad spending limits, virtual cards allow businesses to assign unique spending limits, vendor restrictions, and expiration dates to each transaction. This ensures that purchases are tightly controlled, reducing the risk of fraud and unauthorized expenditures. This level of granularity offers businesses unparalleled flexibility in managing their payments. [10]

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A Comprehensive Payment Solution: More Than Just a Card

Single-use virtual cards are not just a payment method; they are part of a broader, full-service solution that helps businesses manage their entire payment lifecycle. By incorporating automation, real-time reporting, and advanced fraud controls, virtual cards enable businesses to optimize their financial operations, reduce manual workloads, and enhance visibility into their spending.

1. Automated Fraud Detection

Many virtual card platforms include advanced fraud detection technologies that use artificial intelligence (AI) and machine learning to monitor transactions in real-time. These systems can detect unusual patterns of activity and flag potential fraud before it occurs. The integration of such technologies reduces the need for manual oversight and allows businesses to proactively address fraud risks. [11]

2. Real-Time Reporting and Analytics

Virtual card platforms also offer real-time access to detailed transaction data, enabling businesses to monitor spending patterns, ensure compliance with internal policies, and make data-driven decisions. This level of visibility is difficult to achieve with P-Cards and corporate cards, which often require end-of-month reconciliation to gain insight into spending. The ability to access real-time data allows businesses to adjust their strategies quickly and avoid budget overruns. [12]

3. Streamlined Supplier Management

Virtual cards simplify supplier management by enabling businesses to tailor their payment methods to meet specific supplier needs. Automated payment systems reduce the risk of human error, ensure payments are made on time, and enhance communication with suppliers about payment statuses. This leads to more efficient supplier relationships and improved collaboration. [13]

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Addressing Concerns: The Transition to Virtual Cards

For businesses that have relied on P-Cards and corporate cards for years, the idea of transitioning to virtual cards may seem daunting. However, the benefits far outweigh the challenges, and many of the common objections can be easily addressed:

1. **"We already use P-Cards/corporate cards. Why switch now?"**

   While P-Cards and corporate cards offer convenience, they lack the security, control, and automation that modern businesses need. Virtual cards provide immediate benefits in terms of fraud reduction, operational efficiency, and control over spending. Businesses that have made the switch have seen measurable improvements in both security and productivity. [14]

2. **"The transition will be too disruptive."**

   Transitioning to virtual cards is a simple process. Most virtual card platforms integrate seamlessly with existing ERP systems and require minimal setup. In addition, virtual card providers often offer comprehensive training and support to ensure that employees can quickly adapt to the new system. Within a few months, businesses typically report improved efficiency and reduced administrative workload. [15]

3. **"Our AP team is comfortable with the current system."**

   While your AP team may be accustomed to manual reconciliation, automating the payment process with virtual cards frees up valuable time and resources.

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Conclusion

As businesses continue to navigate the complexities of the modern economy, it is clear that traditional payment methods like P-Cards and corporate cards are no longer sufficient. Single-use virtual cards offer a superior solution by providing enhanced security, real-time transaction control, and automated reconciliation. By adopting a full-service payment solution that includes virtual cards, businesses can optimize their payment processes, reduce fraud risk, and empower their finance teams to focus on strategic initiatives.

In today's fast-paced business environment, single-use virtual cards are not just a convenience—they are a necessity. The future of B2B payments lies in secure, efficient, and automated solutions that help businesses thrive in an increasingly digital world.

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4. Federal Bureau of Investigation. Internet Crime Report 2023. FBI, 2023. https://www.fbi.gov/internet-crime-report-2023.
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About Finexio

Finexio is a trailblazer in B2B payments, offering an innovative Accounts Payable Payments Infrastructure as a Service model. Embedded in leading Procure-to-Pay software suites, Finexio's platform delivers a fully managed, AI-powered solution that optimizes, monetizes, and secures the entire payment lifecycle. Our infrastructure seamlessly orchestrates payment delivery, streamlines supplier management, prevents fraud, enables payment monetization, and provides robust analytics. This approach transforms AP from a cost center into a strategic revenue generator. By offering cutting-edge technology with white-glove service, Finexio significantly enhances operational efficiency, payment security, and customer satisfaction for Procure-to-Pay partners and corporate clients.

Trusted by hundreds of forward-thinking CFOs and processing billions in secure payments annually, Finexio is driving a paradigm shift in financial operations for mid-market and enterprise organizations across industries.

To learn about partnering with Finexio:

www.finexio.com/partners

To learn more about Finexio's
Single Use Virtual Card Solutions:
www.finexio.com/TBD

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