P-Cards and V-Cards

The corporate purchasing card, commonly known as a p-card, has come a long way since it was introduced as a business-to-business (B2B) electronic payment platform in the early 2000s. Unlike employee transactions that require approval from the accounts payable department, p-cards act as a commercial charge card used by employees and monitored by their employer. According to the National Association of Purchasing Card Professionals (NAPCP), p-cards follow the "existing credit card infrastructure to make electronic payments for a variety of business expenses."

"While they allow employees to bypass the process of filling out purchase requests and purchase orders, funneling a transaction through the accounts payable department and reconciling it, p-cards require businesses to hold a certain level of trust with their staff to arm them with company cash," an Aug. 5 PYMNTS.com article states. "With the risk of fraud and overspending an ever-present threat, many companies will revert to requiring their employees to make a purchase with personal funds and expense it for reimbursement."

However, that doesn't have to be the case. With the latest advancements in technology, employers can feel better about using p-cards by using a new form of corporate cards called virtual cards (v-cards). In the PYMNTS article, "How Tech Takes The P-Card into The Digital Age," Roger Gu, cofounder of corporate card issuing company Emburse, explained v-cards give employers more control over how employees spend company money, therefore, avoiding any overspending.

For example, employers can issue a v-card to one particular employee, making it useless to anyone else—whether another employee or a fraudster—who tries to use it. Furthermore, the v-card can be set up to only work for purchases to specific vendors, while also limiting how much is spent and when spending occurs. If or when they choose to do so, the employer can deactivate an employee's v-card at any time. But what if it isn't the employee who misuses the v-card but instead the vendor?

Unbeknownst to a company, Gu told PYMNTs.com, one of its vendors increased its prices during a time when the company was using a Software-as-a-Service (SaaS) model to pay a recurring bill. With no v-card in place, the company was unaware of any price changes, so it continued to pay the bill, now at a higher price. If the company had been using a v-card, not only would the price change have been reported to the company, but the purchase would not have been authorized.

"Virtual cards, Gu said, allow businesses to automatically generate a single-use card for that SaaS subscription bill once a month for a particular amount," PYMTS.com states. "Further, he added, a single-use virtual card means that even if a vendor suffers a data breach and credit card details are exposed, hackers wouldn't be able to use that v-card information to make a purchase for anything other than for what it was intended."

Credit Manager Kevin Stinner, CCE, CCRA, said Pinnacle Agriculture doesn't use p-cards very often but has issued them in the past to pay for travel and expenses. It was one of his former employers who used p-cards for much more, including utilities, which made it easier to track spending and reward the company in the process. P-cards were then attached to expense reports each month.

"As B2B moves more and more online, credit card transactions are becoming a way of life," Stinner said. "Since p-cards use the existing credit card infrastructure to make transactions, it is simple to use p-cards. Fraud is my biggest issue. I personally had my p-card number stolen twice."

P-card fraud, like credit card fraud, is hard to catch, Stinner added, especially as fraudsters become more intelligent, using small denominations to avoid being caught.

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