

Opportunity Knocks

Why Business Credit Card Programs
Make Sense, and How Your Business
Clients Can Effectively Manage Them

Revenue opportunities in the small-business market segment abound for alert financial institutions. By offering a commercial credit card program, institutions can enhance their small business relationships and profitably grow their card portfolios. And with upgraded administrative tools, managing the programs has never been easier for businesses or card users.



The Sound of Opportunity

Your small business clients have heard it all before: They're encouraged by their supporters to empower themselves, enhance productivity, create operational savings and engage their associates. Go, fight, win!

It's a lot easier said than done.

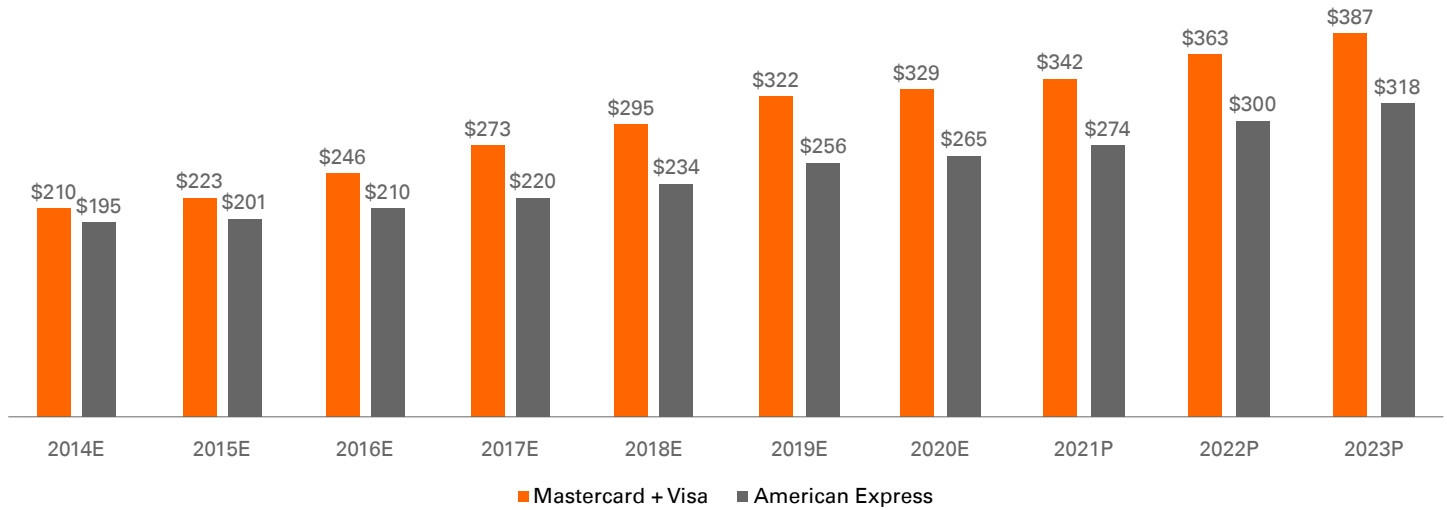
One area where financial institutions can help small businesses achieve these worthy goals is with a commercial or small-business credit card program. The programs represent a real market opportunity for all participants.

For small businesses, the programs deliver important operational benefits, including providing purchasing power to associates travelling or buying on behalf of the company, and delivering spending insights.

For a financial institution, the provider of the service, the offering can help attract and retain an important client segment while generating new and higher revenue streams. That's because business purchases tend to have high-ticket prices and advantageous interchange rates.

Research from Mercator Advisory Group indicates small-business credit card transaction volume is expected to increase by 14% through 2023. Providing a small business and commercial credit card program can complement your financial institution's consumer credit offering, enhance your small-business and commercial relationships, and deliver a solution built specifically with business clients and their employees in mind.

Small Business Credit Card Transaction Volume



Small business credit card transactions will exceed \$700 billion by 2023.

Source: “Small Business Credit Cards: Growth Opportunities in a Post-COVID World,” Mercator Advisory Group, December 2021

Answer the Call With a Card Management Solution

The reasons for offering a small-business and commercial credit program may seem obvious, but the need to help your small business clients thoroughly manage the programs on a daily basis can present significant obstacles to adoption. Fortunately, card and spending management capabilities continue to improve, enabling issuers and their clients to take advantage of new administrative solutions.

Managing small-business credit card programs should be easy. With new approaches, you can help your clients consolidate management activities and tasks into a single solution. When analyzing and selecting your options, be sure that all roles within a company – business owners, managers and employees – can seamlessly interact with a single, easy-to-use, online application.

Your solution should empower business cardholders to pay, see transactions, get a card and complete expense reports. At the same time, your chosen tool should

also enable business owners and managers to view employee accounts, open new accounts, manage credit lines, view and approve expense reports and create spend analysis reports.

A total solution will solidify your competitive position as an innovative payments provider.

Get the Details Right

According to Mercator Advisory Group, small-business decision makers are seeking faster processing speeds, better controls and easier digital experiences. The overall message from small business managers is that manual processes should be eliminated or done at a lower cost. In a Mercator survey, three different words in related categories summarize their most frequently mentioned spend management needs: technology, automation and artificial intelligence (AI).

Businesses Expect Manual Processes to Be Eliminated

About 25% of open-ended responses around future expectations were related to an improved digital experience.



Technology

Need for latest generation technology



Automation

Faster processing, central control and reduced manual intervention



AI

Use of AI in conjunction with automation to improve the experience and eliminate errors

Source: "Insights From Recent Mercator Study: Commercial Card Users Underscore the Importance of Card Spend Management Tools," Mercator Advisory Group, March 2022

As card offerings for business continue to evolve, financial institutions have an opportunity to deliver an integrated experience to program users. New capabilities should feature interactions with other technology management systems, enhance reconciliation to appropriate accounts and provide spending insights and reporting.

So, what does a best-in-class solution look like?

Your solution should enable your small-business clients to issue credit cards – whether physical or virtual – to their associates and completely manage their credit card program. Analytic information available via the solution should be designed to help businesses clearly understand the overall performance of their program and where their funds are being spent. The application should also promote higher administrative engagement with integrated capabilities, including:

- Easy navigation and a simple user interface
- AI-enabled expense management and approvals provided through customized workflows that streamline administration and review processes
- Statements and payment information
- Thorough analytics that provide complete program visibility and business insights into spend trends, merchant spend and credit-line use

- Spend breakdowns
- Real-time card controls, including locking and unlocking a card, establishing spending limits and enabling merchant category restrictions
- Spending control with financial and audit documentation tools
- Reduced overhead with cardholder self-service capabilities

A comprehensive platform will also enable card-using business associates to use the application easily. Businesses should be able to promote heightened employee engagement with easy-to-use features, including:

- Lost or stolen card reporting
- Statement access and payments
- Trending information regarding associate spending

Providing your small business clients and their associates with self-service tools can increase their engagement and deliver streamlined experiences. By staying proactive and taking advantage of these innovative, automated and expanding capabilities, credit card program administration can be enhanced and made more efficient.

Knock, Knock

Small businesses are resilient. Offering them a credit card program can help them operationally and deliver a solid revenue opportunity for your financial institution. By making these programs more appealing with easy-to-use administrative tools, you'll be helping your business clients increase their efficiency and grow when opportunity knocks.


About the Author

Surender Chauhan is Vice President, Product Management for Card Services at Fiserv. He has over 20 years of experience in the financial services industry, including management, project management and technical roles at TSYS and SpendLabs – a fintech startup he cofounded and which was acquired by Fiserv in 2021. At Fiserv, Chauhan is responsible for managing the small business suite of card-based banking solutions.



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