



MasterCard Corporate Multi Card

Best Practices Guide



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Introduction

MasterCard International developed this guide as a solutions tool for travel, purchasing, and fleet managers who use MasterCard Corporate Multi Cards, to provide insight into evolving industry best practices, and show how these best practices are enhancing corporate payment policies and procedures. Risk management and cost containment are emphasized throughout.

The expanded control functionality of purchasing cards and fleet cards has brought to light new opportunities for combining multiple card uses onto a single piece of plastic. The desire for greater efficiency, process cost savings, and user simplicity has made the MasterCard Corporate Multi Card® a reality.

The identified best practices are described in two key areas of a Corporate Multi Card program:

1. Planning and Implementation
2. Program Management

The roles of each within a typical Corporate Multi Card program are described below.

Best Practice Segment	Concepts Explored
Planning and Implementation	- Demonstrates the company and user benefits of a single-card approach and the advantages of company-centric responsibility
Program Management	- Underscores the importance of consolidating functions, information, and processes for payment efficiency.

.: Planning and Implementation



Best Practice #1

Streamline the Order-to-Pay Cycle with a MasterCard Corporate Multi Card

There is a trend for companies to review their commercial card requirements (travel, purchasing, fleet) collectively and evaluate their options under a single Request for Proposal (RFP). By using the same issuer, only a single relationship needs to be managed, data consolidation is easier to accommodate, it may be possible to use a common reporting system, and the financial arrangement can be optimized.

But some forward-thinking companies have taken this concept a step further by combining all commercial spending on a single card. In some cases, this replaces the use of multiple cards, and in others, it is the result of adding spend for additional categories to an existing card program. This unique approach enables simplicity for the cardholders, a single program to manage for administration, and most important, collects data into a single database using one reporting tool.

Research has proven that there is no loss of control. The Merchant Category Code (MCC) blocking feature which makes purchasing cards so effective can also be used to segregate cardholder privileges and divert transactions for billing, rewards, and reporting purposes. Whether an employee has overlapping responsibilities or just needs a single-purpose card, a card can be issued that fits his/her job profile. For example, a sales manager needs to travel, purchase office supplies, and drive a company fleet car, while an administrative assistant only needs to order supplies.

By combining card programs (purchasing, travel, and/or fleet), the organization can save on administrative efforts. With fewer cards to manage, a consistent reporting platform across all programs, and one accounting process, concerned parties will have consistent data, in the same timeframe, and be able to make better management decisions. The ease of use for the cardholder is also a benefit. Instead of having multiple cards and potentially using the wrong card for an inappropriate purpose, the cardholder has one card, one process to follow for all transactions he or she needs to make to fulfill his/her job responsibilities, and one single customer service point-of-interaction.

Key Success Factors	Methods of Achievement
Support from management	- Develop a business case which quantifies the administrative savings and demonstrates the benefits of a single card program for cardholders and managers
A single card program	- Consider current card needs for purchasing, travel, and fleet - Perform a purchase transaction analysis and use expense categories by employee to establish card use overlap - Review billing and liability options with card issuer, considering best practice recommendations - Develop typical cardholder profiles for assigning authorization limits - Review transaction reconciliation and travel expense reporting options with card issuer

Benefits Realized

- Reduced administrative costs
- Simplified cardholder procedures
- One issuer and card program to manage
- One data source for management reporting
- Optimum financial arrangement with issuer

.: Planning and Implementation

Best Practice #2

Select Corporate Liability for all Cards

While corporate liability is standard for purchasing cards and fleet cards, individual liability has been the most widely used approach for travel cards. This stems from the concern that individuals with wide-open spending privileges might use their travel card inappropriately. As a result, individual credit reviews are often required by the card issuer, distribution of the cards may be limited or a guaranty from the company required, and credit limits may not be sufficient for traveling employees. In reality, a growing number of issuers are tracking losses on these individual accounts and subtracting them from the company's annual benefit calculation. As a result, there is no material financial difference between individual liability and corporate liability.

Some of these issues have been minimized by the use of a central travel account for airline tickets, the largest travel expense category. Central travel accounts are billed to the company and the company is liable for all charges. However, this type of account presents its own challenges in terms of transaction reconciliation to identify the traveler for cost allocation purposes.

With daily online reporting of card activity and the unique limit profiles intrinsic to a Corporate Multi Card, concerns regarding liability should be mitigated. Cardholders no longer have wide-open spending privileges as their authorization profile addresses travel, purchasing, and any fleet spending needs. Card program management staff and cardholder managers can access exception reports daily that highlight any unusual spending behavior on behalf of individual cardholders.

With corporate liability, the company takes full responsibility for charges on the cards of employees and thereby benefits from a stronger financial arrangement with the issuer. Additionally, individual credit reviews are eliminated and cards can be issued, with appropriate spending limits, to any employee who needs to travel, make indirect purchases, or pay for fleet expenses.

Key Success Factors	Methods of Achievement
Corporate liability arrangement	<ul style="list-style-type: none">- Review issuer liability options and terms- Select corporate liability option and associated financial arrangement
Broad distribution of cards	<ul style="list-style-type: none">- Identify all employees who travel, order goods and services, and/or use fleet vehicles

Benefits Realized

- Enhanced financial arrangement with issuer
- Employee personal credit ratings not impacted
- No restrictions on card recipients
- Spending limits sufficient for employee job responsibilities
- No need for central travel account(s)

Best Practice #3

Implement Corporate Billing for all Cards

Central billing (receiving one bill online for all employee charges) and central payment (sending one payment via electronic funds transfer to the credit card issuer for all employee charges) greatly reduce post-trip processing procedures for program managers and cardholders.

Central billing is standard for fleet and purchasing cards, but individual billing for travel has been consistent with individual liability for the cardholder. Similar to corporate liability, corporate billing offers advantages to both the company and the employees. Employees simply reconcile their transactions and provide any additional detail necessary for general ledger accounting and expense reporting. This direct accountability also eliminates the reconciliation issues associated with a central travel account. Although billed to the company, the use of a single account for many employee airline tickets requires a central reconciliation effort which is daunting in the face of numerous ticket returns and exchanges.

The rewards of central payment lie in three areas: processing efficiency, financial management, and employee satisfaction. An organization benefits from processing efficiency as it only requires a single disbursement to its card issuer instead of a large number of reimbursements to individual cardholders, who then forward funds to the issuer. The financial management savings are derived from control over negotiation of payment terms and disbursement. The corporation now has the ability to manage the float of funds and ensure prompt payments, eliminating or minimizing late fees and finance charges. This can result in significant savings for the corporation and enhance its profitability metrics with the issuer.

Employee satisfaction increases due to the ease of central payment and assurance that the account will always be current and credit will be available. Employees only need to account for their expenses and don't need to be concerned with issuing checks to the bank.

Key Success Factors

Corporate billing for all transactions

One payment per billing cycle

Methods of Achievement

- Review issuer billing options and payment terms
- Select corporate billing and payment terms best suited to the organization's cash flow and payment objectives

- Select the billing cycle consistent with the organization's payment objectives and financial benefit expectations

Benefits Realized

- Efficient billing procedures
- End user accountability
- Streamlined reconciliation
- Reduced bank transaction fees
- Increased disbursement float
- Minimal late fees and finance charges
- Enhanced financial relationship with issuer
- Satisfied employees

.: Program Management



Best Practice #4

Establish a Standalone Card Management Unit

Program management is a key function for any card program. However, duplicating efforts creates inefficiencies and confusion. For a MasterCard Corporate Multi Card program, the best practice is to centralize program management into one unit or department and send a strong message to the organization that this is a cooperative effort.

Just as a Corporate Multi Card program offers administrative efficiencies through working with a single provider and using a single reporting system, your employees will appreciate having one place to go with their questions as they use their Corporate Multi Card. This single unit should be responsible for setting up cardholders, maintaining cardholder limits, communicating policies and procedures, and developing cardholder training. It should also provide a first level of customer service for cardholders, assisting them with usage questions, limit confirmation, disputes, etc.

A centralized unit is also responsible for issuer payment, billing reconciliation, data integration, and other oversight activities. Subject matter experts on purchasing, travel, and fleet can be a part of this centralized unit, or discreet functions such as expense reporting, exception handling, and vendor negotiations may be handled by other departments in the company. The most efficient card management unit will address every aspect of the cards and transactions, simply distributing reports and other information to the departments affected by the purchases made.

Establishing a stand alone card management unit offers a number of benefits to the organization and cardholders, giving employees a single point-of-contact and creating a center of expertise on all processes and procedures relating to card usage, regardless of the types of purchases made.

Key Success Factors

Methods of Achievement

One card management unit

- Identify a unit manager with card program expertise
- Develop limit templates based on job responsibilities
- Define a common set of policies and procedures
- Set up a customer service function to handle cardholder questions
- Staff the unit with subject matter experts on travel, purchasing, and fleet
- Develop consistent transaction reconciliation procedures for all purchases

Cross-functional cooperation

- Enlist senior management support for a central management unit
- Leverage payment and vendor management expertise from functional areas

Expanded program utility

- Communicate cardholder responsibilities clearly
- Address cardholder questions quickly
- Distribute useful program data to impacted managers and departments

Benefits Realized

- Efficient card setup and maintenance
- Straightforward communications
- Supportive cardholders
- Streamlined issuer contact

.: Program Management

Best Practice #5

Define Limit Templates Based on Job Profiles

The flexibility offered by the Corporate Multi Card gives organizations endless options for customizing cardholder limit profiles. However, this flexibility can also lead to overwhelming administration and an inefficient program. Best practice organizations have found that developing standard limit templates simplifies the process while supporting the needs of various employees.

The first step is to define specific job profiles, levels of responsibility, and what the employee needs to buy. For some, this may be a combination of travel, indirect purchasing, and fleet expenses. For others, their job may only require one or two of the primary expense categories. Job level may also dictate level of spending authority, which translates into a spending limit. By looking at people's jobs, you can establish a manageable list of user profiles.

Merchant category codes (MCCs) play a significant role in segregating cardholder privileges. With your issuer, define the MCC groupings that best match your employee profiles. Then develop appropriate standard dollar and transaction limits for each of those groups in conjunction with what various jobs entail. The result is a set of overall spending control templates that can be assigned to your employees based on job level and responsibility. As employees or managers submit a card application, assign one of the templates to each individual. When exceptions are warranted, the program manager can tweak individual limits to suit each unique situation. However, the standard list will make it much easier to request new cards, either on an individual or group basis, and to communicate your request to the issuer.

Limit templates simplify card setup and maintenance, making it easier for cardholders to understand their usage boundaries and letting the card management unit focus on more constructive tasks.

Key Success Factors	Methods of Achievement
Defined list of limit profiles	<ul style="list-style-type: none">- Review job levels and responsibilities- Perform a purchase transaction analysis and use expense categories by employee to establish card needs- Select MCC groups and combinations that fit various job profiles- Establish standard dollar and transaction limits associated with each MCC group and combination
Simple card setup procedures	<ul style="list-style-type: none">- Assign a limit profile to each cardholder based on job level and responsibility- Modify individual limits to accommodate unique purchasing needs
Cardholders understand usage limitations	<ul style="list-style-type: none">- Assign a limit profile to each cardholder based on job level and responsibility- Clearly communicate limits and their implications to each cardholder

Benefits Realized

- Streamlined card setup and maintenance
- Minimal declines and cardholder questions
- Broad usage of cards

Best Practice #6

Consolidate Expense Policies

In a segregated payment environment, spending policies for travel, indirect procurement, and fleet are typically maintained in separate policy manuals and referenced online from separate areas. Travel policies may also be accessed from the travel agency's online booking site. A Corporate Multi Card program provides a unique opportunity to combine these various expense policies into a single document for easier reference.

Just as an organization's payment cards for travel, purchasing, and fleet have been separate and distinct, user policies are typically developed by separate functional areas and communicated only to those individuals who need to use them. In reality, there are some employees who need to reference multiple policy documents based on their job requirements. To add to the efficiency of a Corporate Multi Card program, expense policies should be consolidated into a single document, written and formatted in a common voice and style, and organized for easy reference by any user throughout the company. Some aspects of these policies will be consistent across any type of purchase, with unique expense requirements addressed as appropriate. Certain rules will need to be categorized, such as traveler ticket purchases, out-of-state purchase of goods or services, and using off-road equipment. If travel policies also need to be posted on the travel agency's site, they should be copied from the common policy document to maintain consistency.

Developing a single expense policy document, with online access from one intranet location, reinforces the cooperative nature of a Corporate Multi Card program and makes it easy for employees to be compliant with the various rules and procedures defined by an organization.

Key Success Factors

A single expense policy document

Methods of Achievement

- Identify all existing expense policy documents in use
- Compare existing documents for overlapping or inconsistent policies
- Develop a common set of overarching policies
- Write segment-specific policies in a consistent style and format
- Index the entire document for easy reference by subject matter

A single intranet reference location

- Remove existing expense policy documents from various locations on the company intranet
- Post the new single policy document in a location that is easy for employees to find

Benefits Realized

- Easy to read and access policy document
- Elimination of conflicting policies
- Greater policy compliance

.: Program Management

Best Practice #7

Use an Online Tool for Statement Delivery and Reconciliation

Cardholder statements can be delivered a number of ways: hard copy, e-mail, or online. Companies also have several options for reconciling posted transactions: reviewing a printed statement and handwriting additional detail on the statement or receipts for central data entry, comparing a hard copy or e-mailed statement to a transaction log and later inputting additional details online, or simply reviewing transactions online and adding required accounting or documentation details as part of the review. Accounting data can then be fed directly to the company's Enterprise Resource Planning (ERP) system for posting to the general ledger. Using an online tool is the most efficient method for reviewing and reconciling posted transactions.

Some cardholders will not have regular access to a computer or the Internet due to the nature of their job. For these individuals, a hard copy statement may be the best record of transactions for them to review; however, an e-mailed or online statement retrieved and printed by a manager or office assistant can be used to reconcile receipts and/or transaction logs. In these situations, local or central input of additional required data is an appropriate solution.

For all employees that have access to a computer and the Internet, direct access to posted transactions online can be a significant time-saver. The cardholder can also review transactions as frequently as daily, rather than waiting for a statement to be received in hard copy or by e-mail each month. A consistent policy for reviewing purchase transactions, combined with reminder e-mails that transactions are waiting to be reviewed, helps cardholders perform the reconciliation function on a timely basis.

Online reporting and reconciling tools make it easier for cardholders to view their posted transactions and verify that each transaction is appropriate and accounted for accurately. User privileges can also accommodate those employees who don't have regular access to a computer, providing transaction data in other formats for reconciliation purposes.

Key Success Factors	Methods of Achievement
Online statements	<ul style="list-style-type: none">- Review the features of the issuer's online reporting system- Select online access for cardholder statements- Assign user privileges based on cardholder job dynamics
Online transaction reconciliation	<ul style="list-style-type: none">- Review the features of the issuer's online reporting system- Select cardholder access for transaction reconciliation- Assign user privileges based on cardholder job dynamics

Benefits Realized

- Faster and more consistent delivery of cardholder statements
- Direct data input by most cardholders
- Timely reconciliation of posted transactions
- Potentially improved financial arrangement with issuer (no mailed statements)

Best Practice #8

Use a Single Solution for Expense Reporting and Transaction Reconciliation

Travel expenses have historically been recorded on a hard copy form or online template. The resulting expense report was submitted for reimbursement so the employee could pay the card issuer for his/her individually billed transactions. In a Multi Card environment with corporate billing (see **Best Practice #3 – Implement Corporate Billing for all Cards**), it may no longer be necessary to use a separate process or system for travel expense reporting.

As discussed in **Best Practice #7 - Use an Online Tool for Statement Delivery and Reconciliation**, cardholders can view their centrally billed transactions online and add any necessary accounting information to post those transactions to the company's general ledger. With central billing, travel expenses can be processed in the same fashion as indirect purchasing or fleet activity. Some transactions may need to be split for accounting purposes, such as a hotel bill that includes meal expenses. Out-of-pocket expenses, like cab fare or tips, will need to be reconciled against a cash advance or added so the employee can be properly reimbursed. Comments such as business purpose of a trip or individuals present for a business meal will need to be documented to meet Internal Revenue Service (IRS) reporting requirements. However, a separate system or recording process may no longer be required.

A consistent transaction reconciliation process for all card activity is not only possible, but appropriate, with a Multi Card solution. Cardholders can be trained one time, on one system, to account for all of their procurement, fleet, and business travel transactions on a timely basis while abiding by company policies and regulatory requirements.

Key Success Factors

One transaction reconciliation process

Methods of Achievement

- Select corporate billing for all Corporate Multi Card transactions
- Review the issuer's online reporting and reconciliation tool features
- Define procedures for entering all required travel expense data necessary to meet IRS regulations
- Train cardholders to use one system for all Corporate Multi Card transaction reconciliation

Benefits Realized

- Streamlined transaction reconciliation
- One online system to manage and maintain
- One data feed to integrate with ERP system
- One set of cardholder procedures

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