



FROM PLASTIC TO PIXELS

How Accepting Virtual Credit Cards Can Save Your Business

80% of buyers prefer working with sellers who accept virtual card payments. Are you prepared to meet their demands?

We surveyed 400 finance leaders on virtual credit card use and acceptance. Here's what we learned.

This study combines findings from two separate surveys conducted by Versapay

Survey 1 — 200 finance leaders faced with the prospect of accepting virtual credit cards

Survey 2 — 200 accounts payable leaders already using virtual credit cards to pay for invoices

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Introduction

Virtual credit cards are inevitable

Digital payments in B2B are fast-growing, and virtual credit cards are primed to dominate.

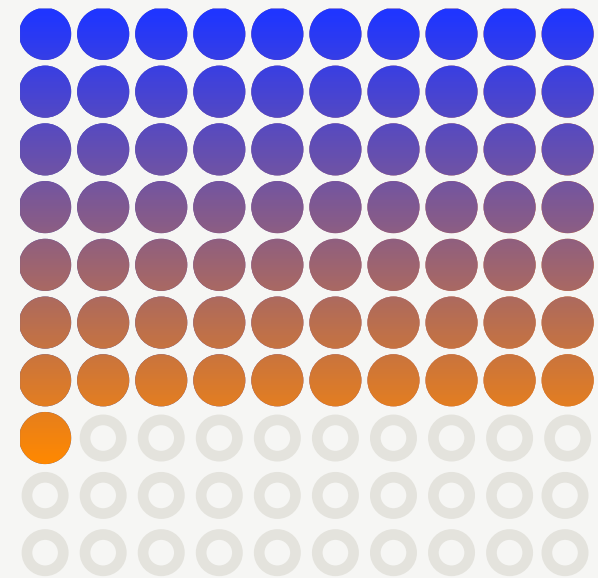
According to Mercator Advisory Group, The North American virtual card market is expected to **grow 24% annually, hitting \$694 billion by 2026.**

Virtual credit cards are all the rage. They're not Kendrick vs. Drake trendy (yet...), but this payment method's popularity is steadily rising, especially within business-to-business (B2B) circles.

The number of business-to-consumer (B2C) transactions still far outnumber B2B transactions—by about 99:1—but when it comes to dollars and cents, B2B payments represent nearly three quarters of the actual payment volume passing through these transactions. And this is only expected to grow.



Although projected to make up only 1% of total virtual card transaction volume in 2026, B2B payments would make up **71% of the total transaction payment volume.**



US Mid- to Large-Market Virtual Credit Card Spend (2020 to 2026)



Source: Mercator Advisor Group 2023

A virtual credit card is a **digital payment method intended for online and card-not-present transactions.** It's an automatically generated 16-digit card number used in place of the physical credit card number it's associated with.



Ascension

The factors behind the unprecedented rise in virtual credit card use

Over three-quarters of accounts payable leaders intend to up their virtual card use.

Virtual credit cards aren't some novelty—"yeah, maybe in the future"—payment method. The majority of buyers want to use virtual cards right now.

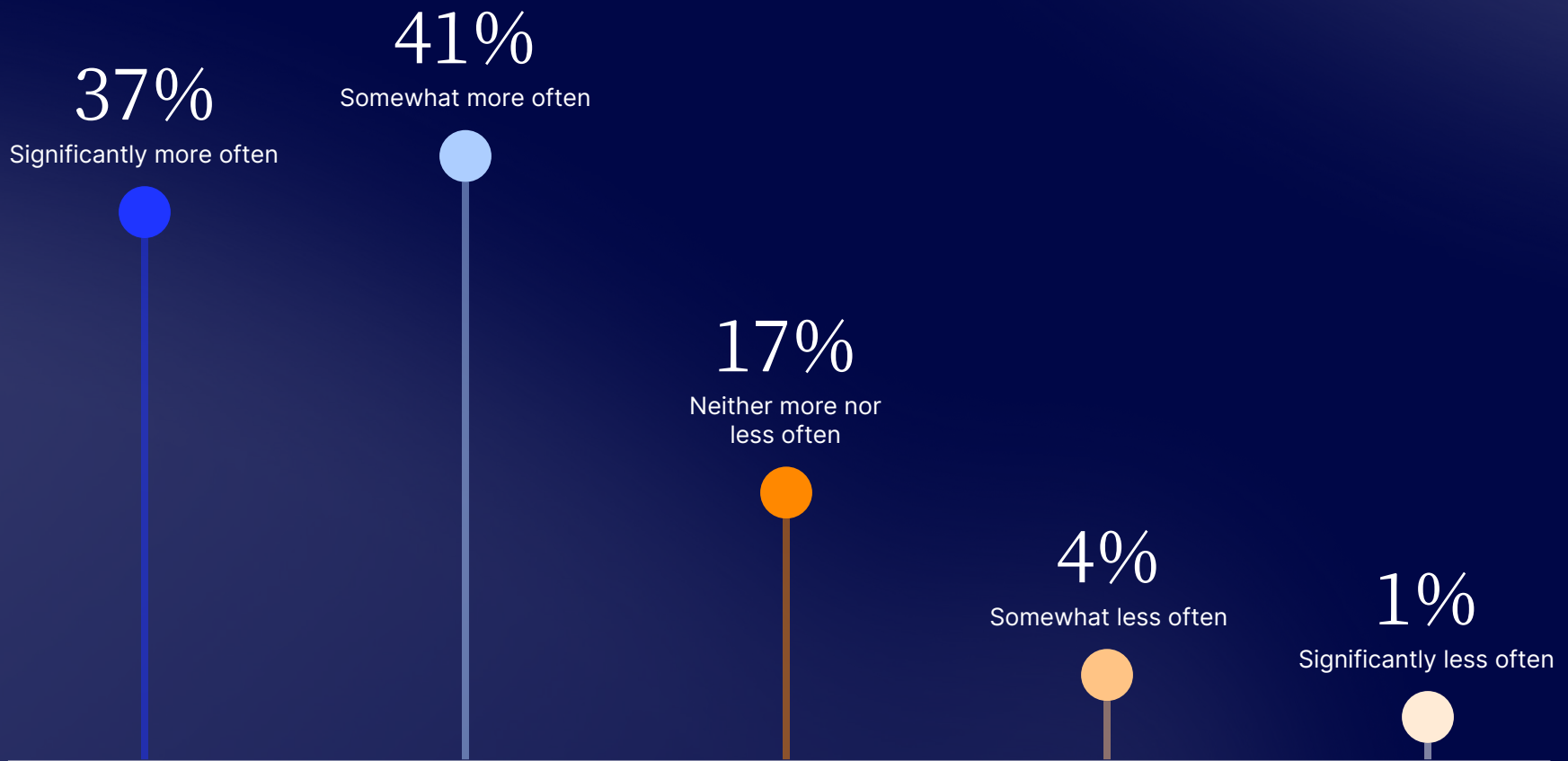
We surveyed 200 accounts payable leaders to better understand the growing demand for virtual credit cards. 100% of them are already trying—to some extent—to use virtual credit cards to pay for invoices. And 78% anticipate using them more in the next year.

There are plenty of reasons as to why buyers are wholeheartedly embracing virtual cards, but much of it boils down to a need for greater control over spending.

Those who expect to use virtual cards *less often* cite security as a matter of concern. (More on this later!)



Does your company anticipate paying for invoices using virtual credit cards more often in the next 12 months?



What's driving buyers to virtual cards?

Fortunately, the increase in digital transacting and the use of digital payments has opened buyers and sellers to new ways of doing business. At the vanguard of this evolution is virtual credit cards.

And rightfully so! For buyers, the list of benefits to using virtual cards is near endless. From greater control over spend and card limits, to better expense management, to enhanced transaction monitoring and security... virtual cards deliver on nearly everything payments-related a business could care about.

But for all the remarkable benefits that virtual credit cards bring to the market, much of their use

stems from buyers' discontent with traditional and more common digital payment methods.

Today—and especially so in a remote-enabled world—buyers must navigate complex payments challenges. This includes needing to issue cards, worry-free to employees; avoid unwanted card charges; manage spending limits; and manage risk by controlling large vendor spending. These are the catalysts for virtual credit card adoption, and **nearly half of all accounts payable finance leaders** cite all of them as reasons for using this payment method.

Which of the following are reasons why you are using virtual credit cards?

59% To manage risk & control large vendor spending by creating merchant-specific cards

56% To instantly create and issue cards, worry-free, to employees

52% To avoid unwanted charges by limiting cards to single uses

49% To manage spending limits and issue cards freely as the team and business grows

44% To easily access pre-funded cards without bank-imposed spend limitations

41% To avoid foreign transaction fees or save on conversion fees

5% None of the above



“Virtual cards give us the means to **pay specific vendors efficiently**, reduce fees, and issue cards freely,”

Accounts Payable Leader, USA



“We use virtual cards because of their ability to **simplify payment processing and reduce administrative tasks**, and their flexibility and convenience in making payments,”

Accounts Payable Leader, United Kingdom

Challenges

The aggravation that is virtual credit card acceptance

It's not for lack of wanting, but sellers are frustrated and at times hand-cuffed when it comes to accepting virtual card payment

Despite an overwhelming desire to make invoice payments using virtual cards, sellers aren't making it easy for buyers to do that. They're stonewalling their customers with great frequency, **but for valid reasons.**

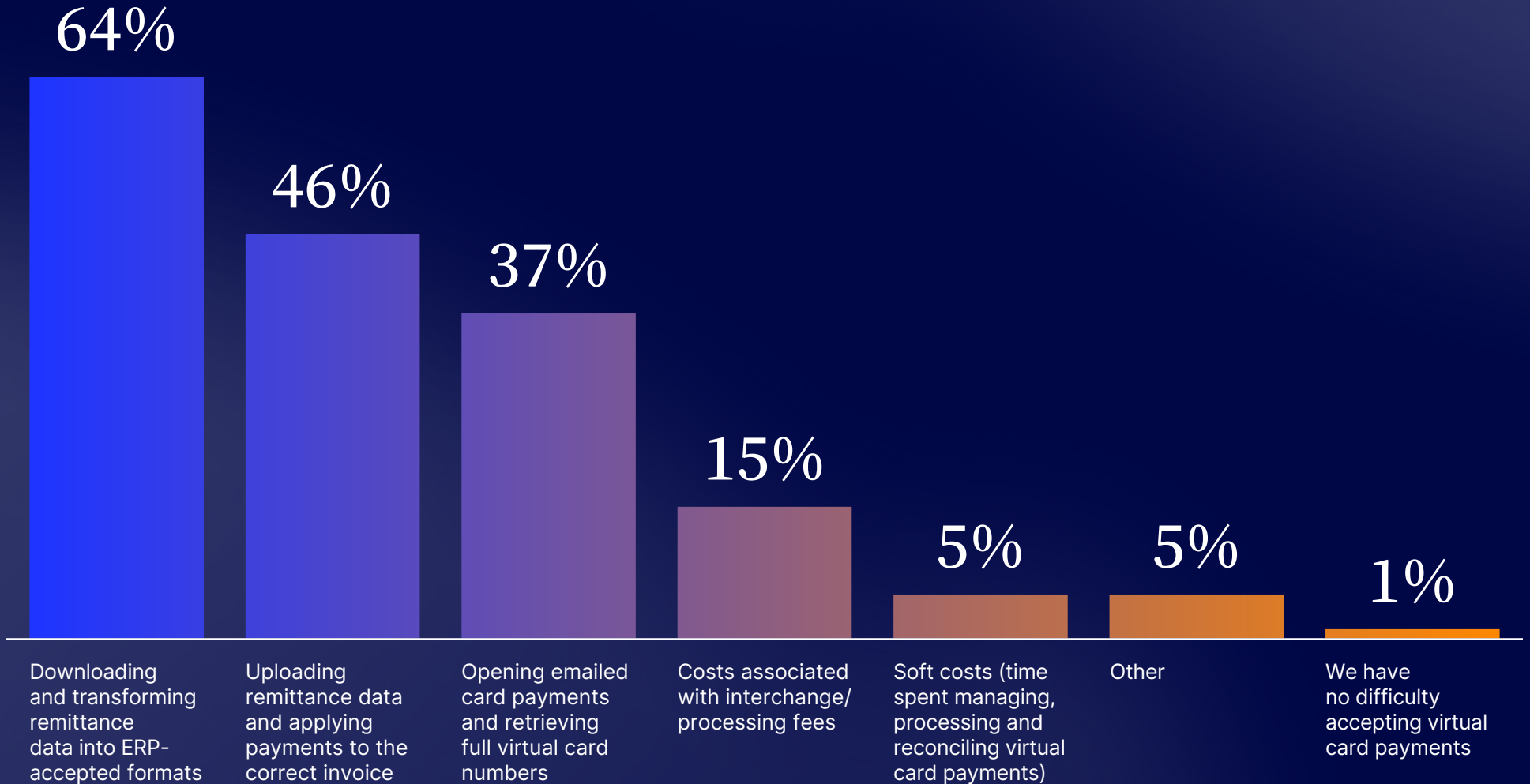
Since reconciling virtual card payments with open invoices is often a manual process that takes a large amount of time—especially at scale—many B2B sellers just aren't accepting them. They feel the challenges of doing so are simply too big to overcome, even if the opportunity is massive and growing.

With virtual credit card payments, remittance information tends to arrive in an array of formats, often in the body of emails. And accounts receivable staff then must manually input that information into their enterprise resource planning system—a tedious, time-consuming, and error-prone process.

Considering the high level of effort it takes to reconcile virtual card payments, low dollar value transactions can mean that the ROI diminishes quickly for the seller, leading to them resisting—and not expanding their acceptance of—virtual card payments.

Additional findings reflect this hesitancy to engage with virtual cards. Notably, **64% of finance leaders** say it's difficult to accept virtual cards because of the work it takes to download and transform remittance data into ERP-accepted formats. Other problems respondents cite are difficulties in opening emailed card payments, retrieving full virtual card numbers, and uploading remittance data and applying payments to the correct invoice(s).

Which of the following obstacles, if any, make it difficult to accept payments made by virtual cards?



Benefits

What sellers stand to gain from accepting virtual cards

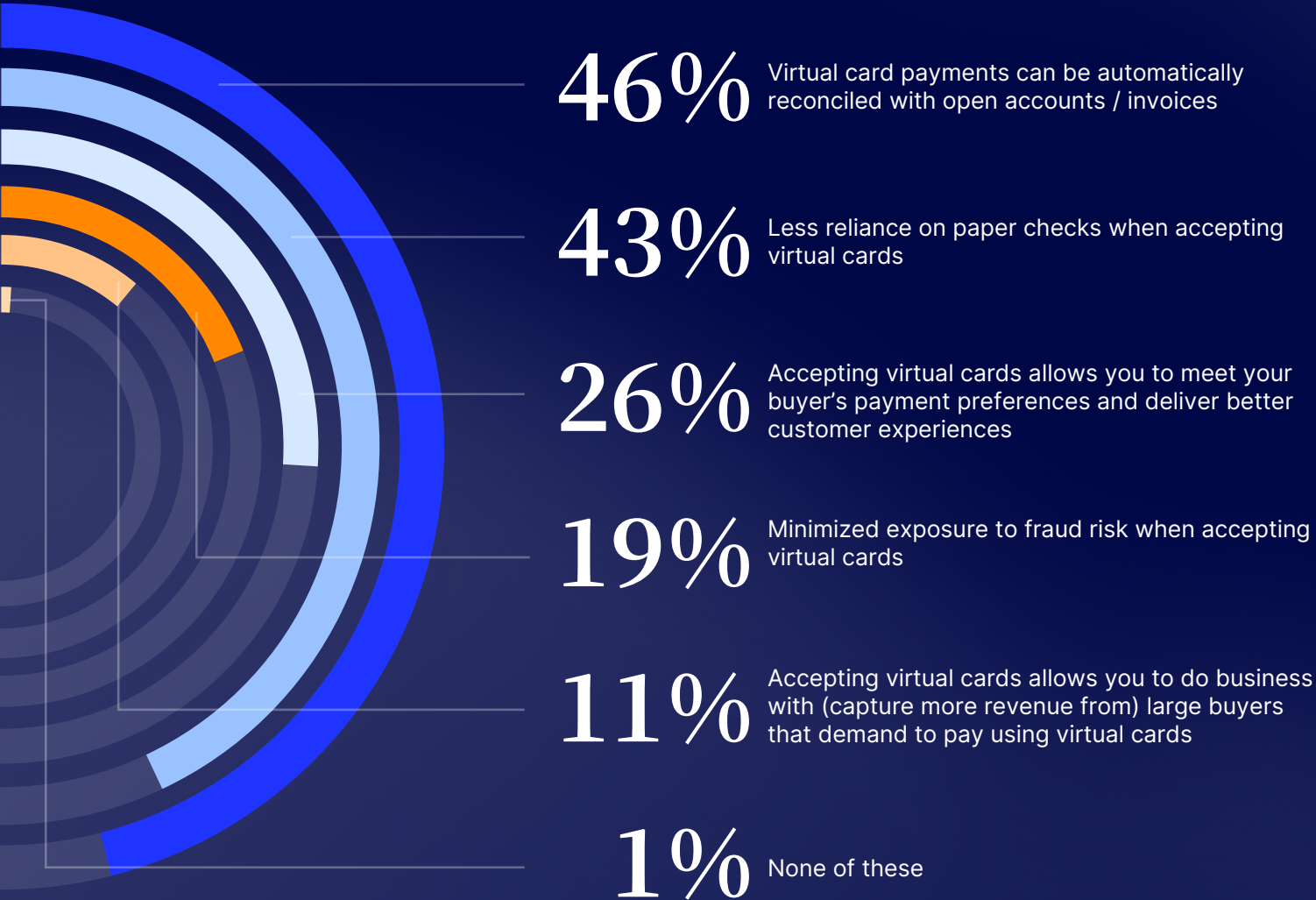
Less reliance on manual check processing, and faster payment processing and reconciliation top the list of benefits for sellers.



Not accepting virtual credit cards is a challenge that needs remedying—and fast—as delays in doing so are holding sellers back from achieving their goals of operating efficiently and delivering exceptional customer experiences.

That's **because the benefits of virtual card use aren't mutually exclusive**. Sellers benefit from accepting them as invoice payments nearly as much as buyers do from making purchases with them.

Which of the following, if any, do you see as benefits of accepting invoice payments via virtual cards?





“Virtual credit cards will have a positive impact on vendor relationships”

C-Suite, Real Estate, 1,001 to 5,000 employees



“Virtual credit cards will give buyers more control over spending”

C-Suite, Real Estate, 1,001 to 5,000 employees



“Virtual credit cards can streamline business transactions”

Director, Real Estate, 1,001 to 5,000 employees



“Virtual credit cards will make payments safer and hassle free”

C-Suite, Finance, 5,001 to 10,000 employees

“There is an increasing number of customers paying us by virtual card. If AR teams are not equipped with automated tools, accepting those payments could be tedious, clunky, and manual. Products that **help AR teams automate acceptance and optimize interchange will save their companies time and money in the process,**”

Lucia Lee, Vice President, Accounting and Payment Settlement Operations, Versapay



Knowing the benefits—and having experienced the challenges—of accepting virtual credit cards **hasn't spurred much action from sellers.** In fact, the majority of businesses currently lack the technology needed to enable virtual card acceptance and accommodate their customers.

25%

the percentage of finance leaders who have implemented an automation solution to simplify the process of **retrieving virtual credit card information.**

23%

the percentage of finance leaders who have implemented an automation solution that allows them to **apply virtual credit card payments to invoices.**

Consequences

Disaster lurks for sellers refusing or unable to accept virtual credit cards

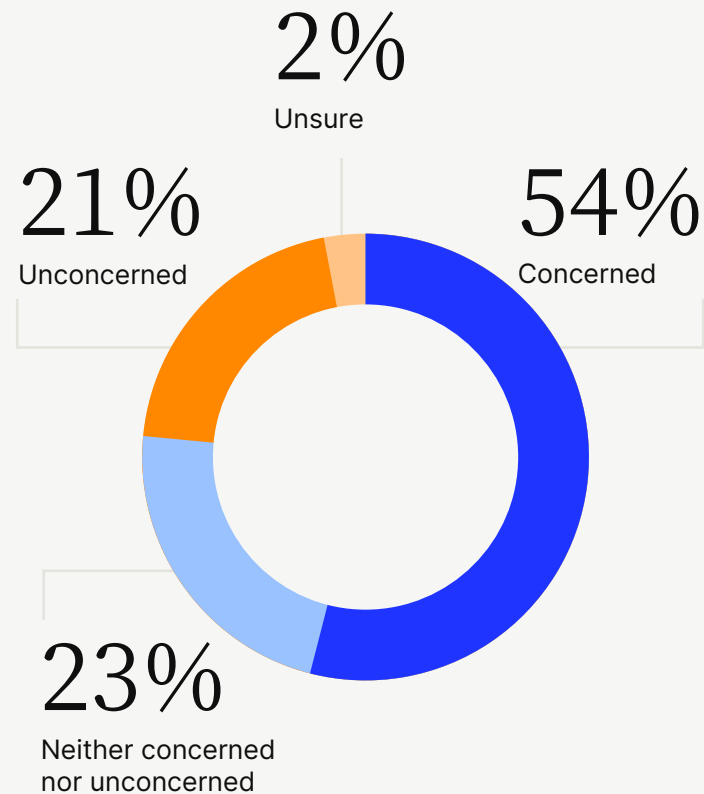
Sellers, take heed of what your customers are asking for. Their preferences and changing buying habits are heavily influencing payment experiences, and they're not afraid to shop around.

Sellers are aware that not accepting virtual cards impacts customer experience. But **do the implications go further than minor annoyances?**

Over half of finance leaders (54.00%) acknowledge that not accepting virtual card payments may hurt their overall customer experience and subsequently make doing business with them less enjoyable.

But what does poor CX look like?

How concerned are you that not accepting virtual cards might hurt your customer's experience?



A payment experience that restricts buyers and has them jumping through hoops to pay looks a lot like buyers **taking their business elsewhere.**

Of the 200 accounts payable leaders surveyed:

52%

reported trying to pay for an invoice using a virtual credit card only for the **seller to not accept the method.**

59%

stated that they'd **consider selecting (or switching to) a competing vendor** because of their ability to accept virtual credit card payments.

80%

agreed they **preferred working with sellers** who accept virtual card payments.

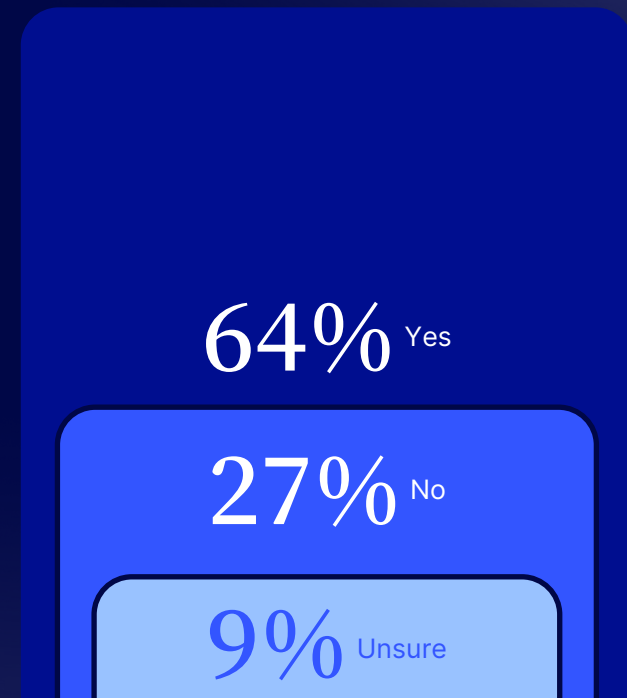
And of the 200 additional finance leaders surveyed:

68%

report having **refused virtual credit card** payments

Ultimately, cash flow reigns supreme. And sellers who don't accept virtual credit cards must deal with the inevitability of lost revenue.

Have you lost revenue as a result of not accepting / or having limits on virtual card payments?



Automation

Successful virtual card retrieval and reconciliation hinges on the right automation technology

Say goodbye to time-intensive processes like manually extracting payment data from emails, entering it into your merchant processing system, and reconciling it with open receivables.

Versapay helps you simplify virtual card acceptance, payment processing, and reconciliation with ease and increased efficiency to accomplish more, with less.

Faster payments aren't virtual reality.

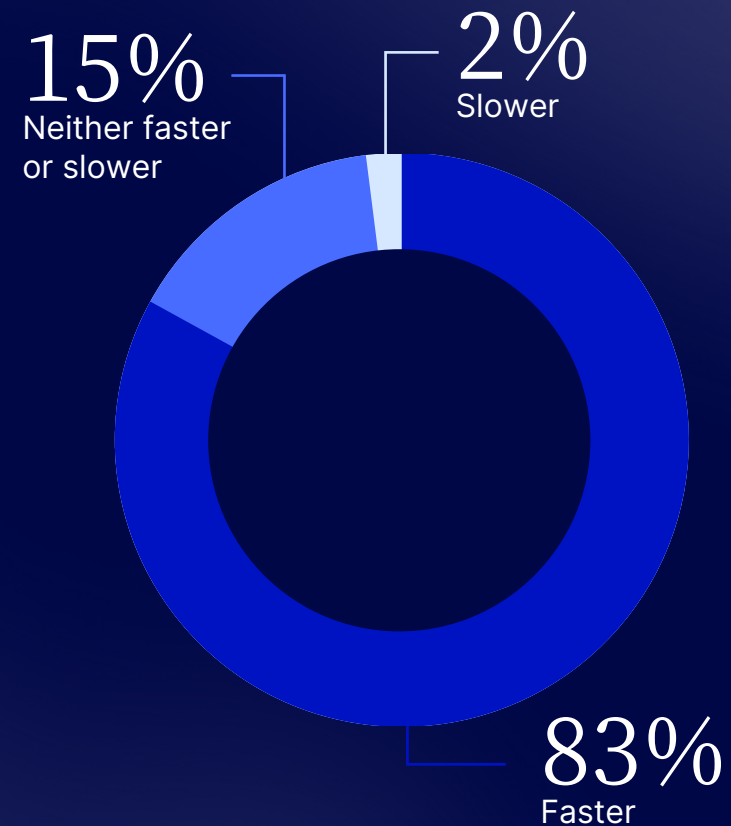
Very rarely do buyers maliciously make late payments. Often, it's because of the many barriers to payment—which are present at most stages of the invoice-to-cash cycle—or miscommunication in the payments process. But manual payments are deserving of a lot of blame.

Non-digital payments like paper checks drastically slow down the B2B payment process, making them less convenient for the buyer and more costly for the seller. High invoice processing expenses, poor visibility, limited data, and longer payment cycles are all consequences of non-automated payments.

If given the ability to make faster payments, **most buyers would take advantage**. And no payment method might result in speedier payments than virtual credit cards.



How much faster do you think you could pay for invoices if your suppliers (the sellers) accepted virtual credit card payments?



Some traditions need to be broken

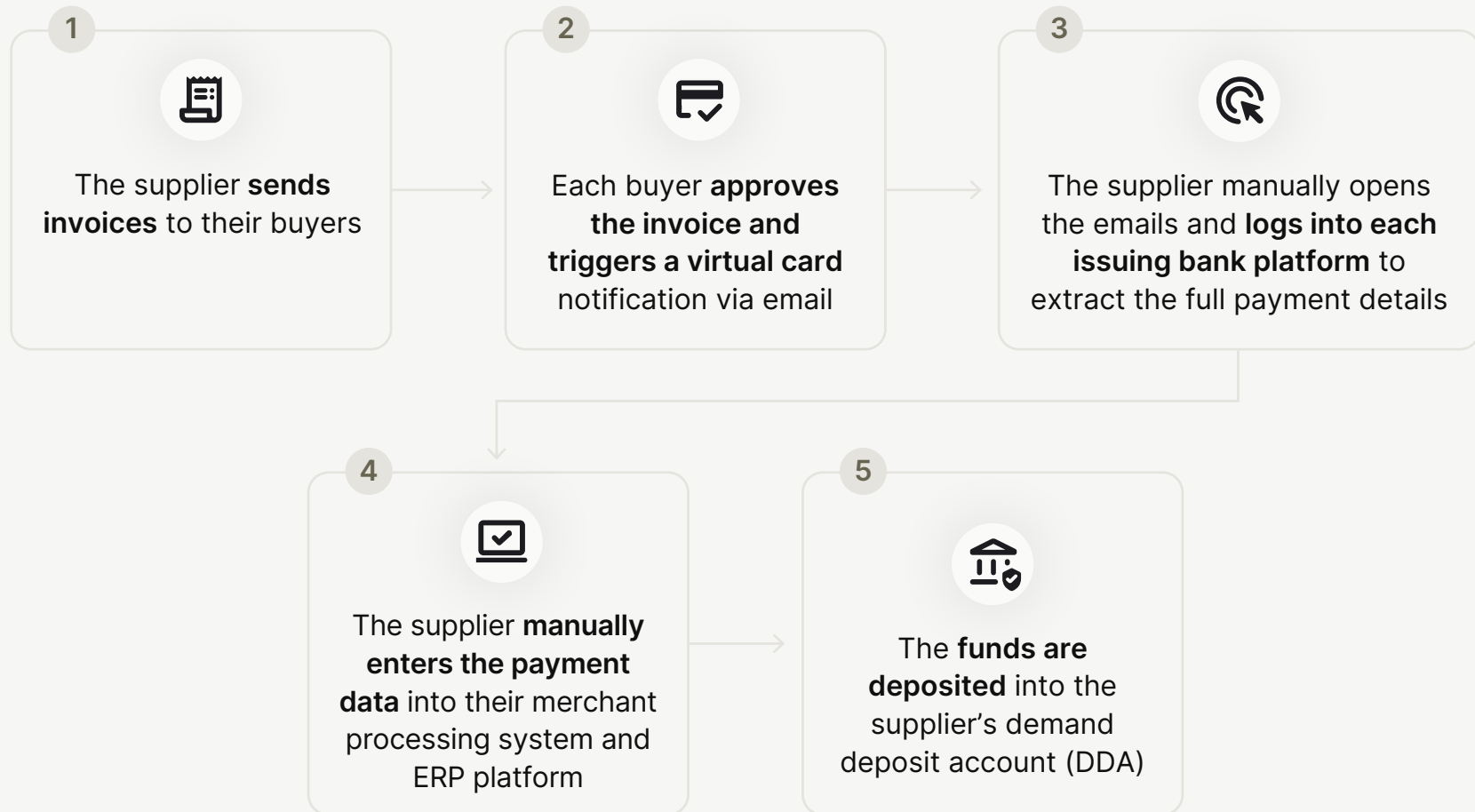
Without the right automation technology to assist, accepting, processing, and reconciling virtual card payments is a manual process that comes with a slew of drawbacks.

Transcribing and keying data into ERPs is slow and tedious, and addressing problems with data requires exhaustive detective work and time-consuming customer correspondence. Payment matching errors are common, often leading to disputes causing slowdowns in revenue collection and dissatisfaction among customers. Processing payments at scale is difficult and costly, and

growing companies tend to find their receivables teams' capacities stretched to the limit, the pace of collections slowed, and ROI plummeting.

And lastly, virtual credit cards often carry high interchange fees, as card-not-present transactions are seen as riskier than regular credit card transactions. As a result, manually processing virtual card payments doesn't allow companies to provide level 2 and level 3 processing data to issuing banks, which is a common solution for bringing these fees down.

The traditional virtual card experience





Your customers expect a convenient payment experience. At Versapay, we understand that. We also know that the right payment processing software can speed up and automate payments, reduce manual processes, accelerate cash flow, and drive more revenue.

Our virtual credit card acceptance solution gives you what you need to **drive efficiencies and deliver better payment experiences.**

Automate virtual card acceptance with Versapay and unlock accounts receivable efficiency



Eliminate manual workflows

Say goodbye to time-intensive processes like manually extracting virtual card data and remittance details from emails, and reconciling with open accounts receivable



Secure payment processing

Securely collect and store sensitive payment information to remain PCI compliant



Faster processing

Get touch-free, straight-through payment processing at rates optimized for B2B transactions

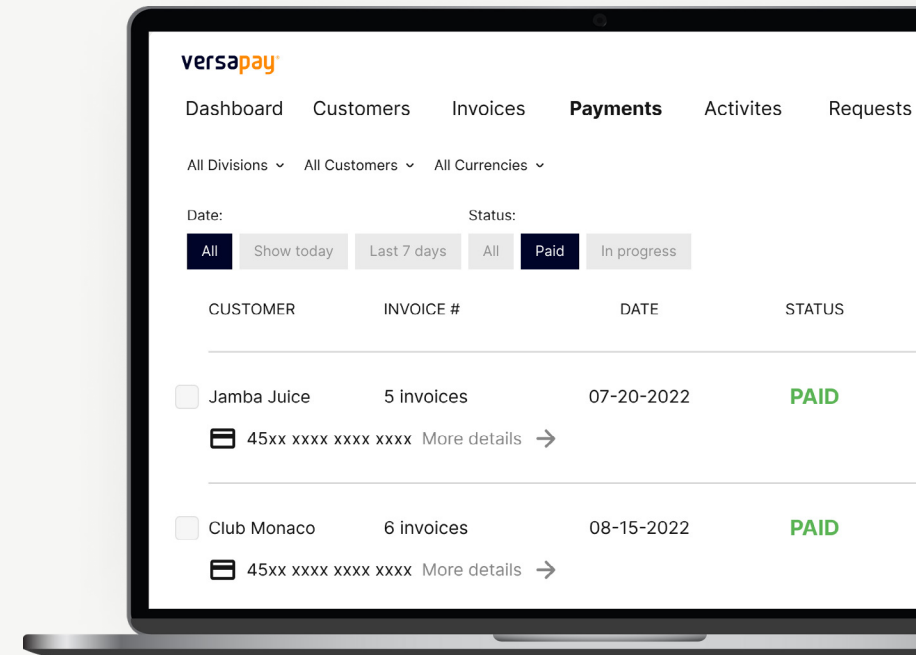


Automate reconciliation and reporting

Streamline ERP reconciliation with access to detailed virtual card reporting data, and fully automate reconciliation with our ERP-integrated solutions

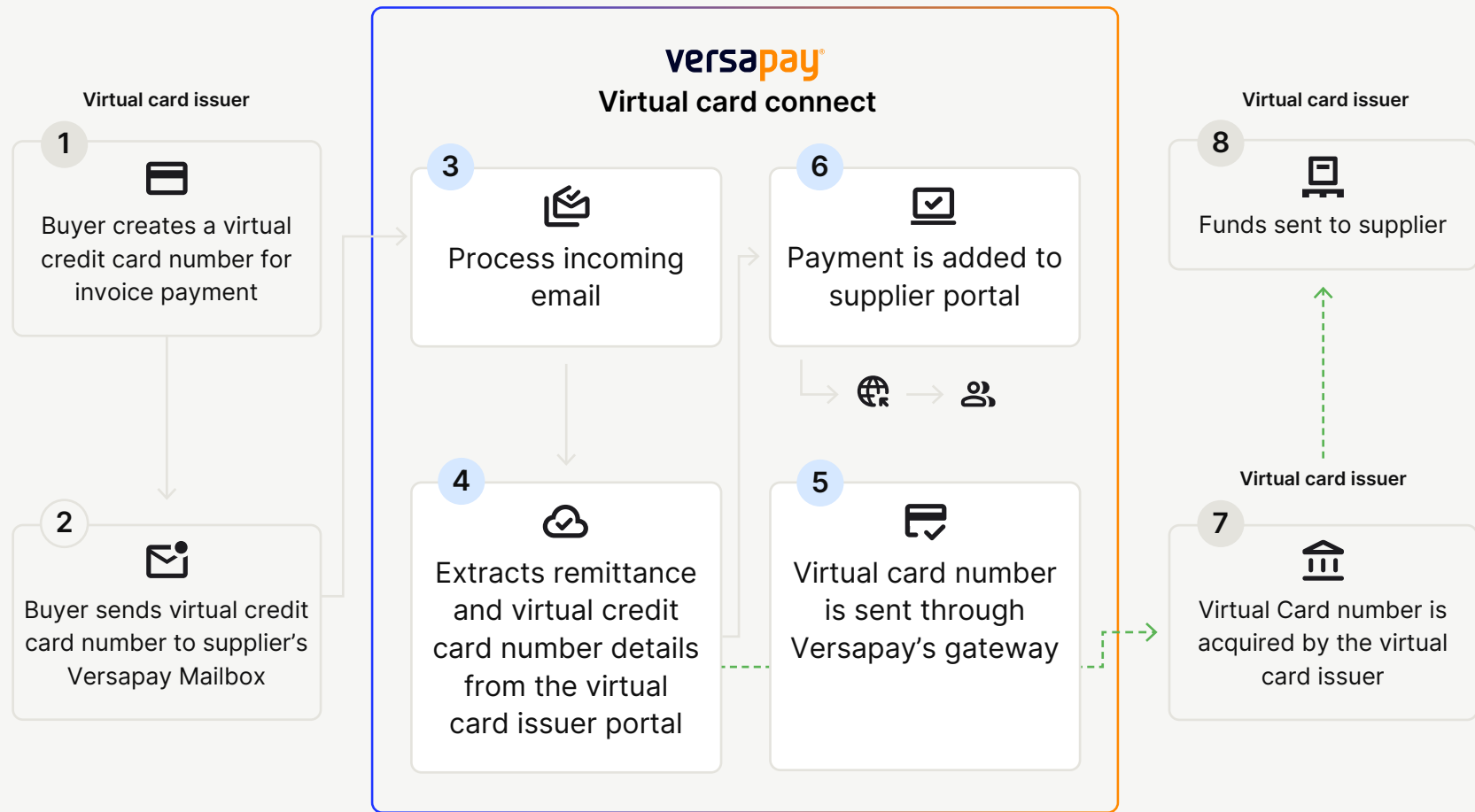
From parsing and extracting remittance and card number details, to straight-through processing and automated reconciliation, to ERP integrations, Versapay's Virtual Card Connect is the automation solution for your modern payment needs.

Whether you need a standalone or integrated solution, you're bound to find something that works for you...



The modern virtual card experience

With Versapay, everything's **automated**. That's it.



Ready to accept virtual cards?

To get started or learn more about virtual credit card acceptance and processing with Versapay, reach out to our expert Sales team.

[Talk with an expert](#)