Take the personal out of business expenses.

It's common for Canadian companies to ask employees to pay for business expenses with their personal credit card – especially those who travel infrequently or don't make regular business purchases. A growing number of employees are using personal funds for work-related expenses, often waiting weeks for reimbursement. When the need to travel or make a purchase arises, many employees default to their personal credit cards, which can create financial strain and administrative challenges.

The practice of using a personal credit card to pay for business expenses isn't limited to a company's employees. There are also contingent workers – interns, contractors/freelancers, consultants, guest speakers and recruits – to consider. These workers have no other choice but to use their personal card for business expenses.

The impact of using personal cards for business expenses

When an employee pays for a work expense with their personal credit card, they're lending their company money. Although it's common for companies to ask employees to pay for these expenses with their personal credit card, is it fair? Consider these points.

For the employee with little access to or poor credit, paying for business expenses with a personal card instead of a company card can be both stressful and embarrassing. The employee could face card declines, need to ask a manager or, in some instances, a coworker to pay for the expense on their behalf.

Coupled with the time it takes most companies to process reimbursements, paying business expenses with a personal credit card can be a financial hardship for some employees. Slow reimbursement could lead to the employee incurring finance charges. Balances left unpaid until reimbursement could negatively affect their credit score.

For some, a credit card is a cushion for unforeseen emergencies. Business expenses, especially if it's last-minute or expensive, can wipe out that cushion, leaving the employee unable to pay for an unexpected personal emergency.

Why do companies have employees use their personal cards for business expenses?

Despite the points outlined above, many companies readily allow employees to pay for business expenses with their personal credit card.

By using their personal card, employees can reap the benefits of their card's rewards program – accruing points and airline miles for business expenses they'll be reimbursed for later. Consequently, many employees, especially those who travel often, see the practice as a key benefit.

As a result, many of these companies are wary about adopting a corporate card program. Fearful of the impact that low employee engagement and morale can have on their company, many don't want to challenge the status quo.

And some finance professionals believe that a corporate card program is too costly. If the company pays the bill, there's a belief that it creates more work for the finance department. Corporate credit cards run the risk of fraudulent use and questionable expenses because employees have no "skin in the game."

Business expense management is a key consideration in addressing these concerns. An integrated corporate credit card program and automated expense management solution can unlock significant benefits for your company and make business expenses less taxing for everyone.

The proven value of commercial cards

When implemented with well-documented and communicated business expense management policies, a corporate credit card program can offer significant financial, operational and security benefits.

Financial benefits: Companies can generate more revenue from cash back rebates when using a corporate credit card for expenses. The more spend captured on a corporate credit card program, the larger the potential rebate.

Better cash flow management: A corporate credit card program can help improve cash flow management by offering extended payment terms, reducing the immediate burden of expenses. Instead of employees paying out of pocket and waiting for reimbursement, companies can consolidate payments and manage liquidity more effectively. This not only alleviates the financial strain on employees but also allows finance teams to plan and allocate budgets with greater precision.

Improved oversight: Corporate credit card programs feature tools that provide visibility into individual payment transactions so companies can easily understand who's spending what and where, as well as controls that govern the type of expense a card is used for. These tools can help companies quickly recognize patterns of fraudulent behaviour and nonadherence to travel and expense policies that would typically be hard to identify with a manual process – and next to impossible to find when employees use their personal credit card for business expenses.

Reduced expense fraud: Paper-based payment methods are inefficient and prone to fraud, making it more difficult to identify and control expense report fraud. By directly importing charges made on a corporate credit card, companies know the exact expense amount. It's more difficult to inflate expenses or otherwise manipulate receipts.

Virtual credit cards: Virtual credit cards can extend the value of a corporate credit card program by providing companies with greater control, security and flexibility over business expenses – especially for employees, contractors, consultants or recruits who don't have a company card.

Because virtual cards use unique, transaction-specific card numbers, they help prevent fraud and misuse while allowing companies to set spending limits and expiration dates for better business expense management. Virtual credit cards also simplify expense tracking and reconciliation, reducing manual reimbursement and improving oversight.

Increased efficiency: Replacing paper-based processes with an integrated corporate card program and automated expense management solution eliminates manual processes for tracking and analyzing payments. This in turn can reduce administrative costs, speed up payments, and improve internal policy adherence, reconciliation and expense analysis.

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