



# Payment Card Innovation Series

The importance of developing key reporting metrics

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# Today's agenda

- Overview of Payment Card Innovation Series
- Introduction to today's session
- Key performance indicators (KPI) key considerations
  - Philosophy and the importance of measuring
  - Data sources
  - Measurements by card product
  - Program dashboard reporting
  - Interpretation and next steps
- Questions and answers



# Objective of the Payment Card Innovation Series

Provide organizations with payment card insights that foster collaboration, communication and understanding within the industry



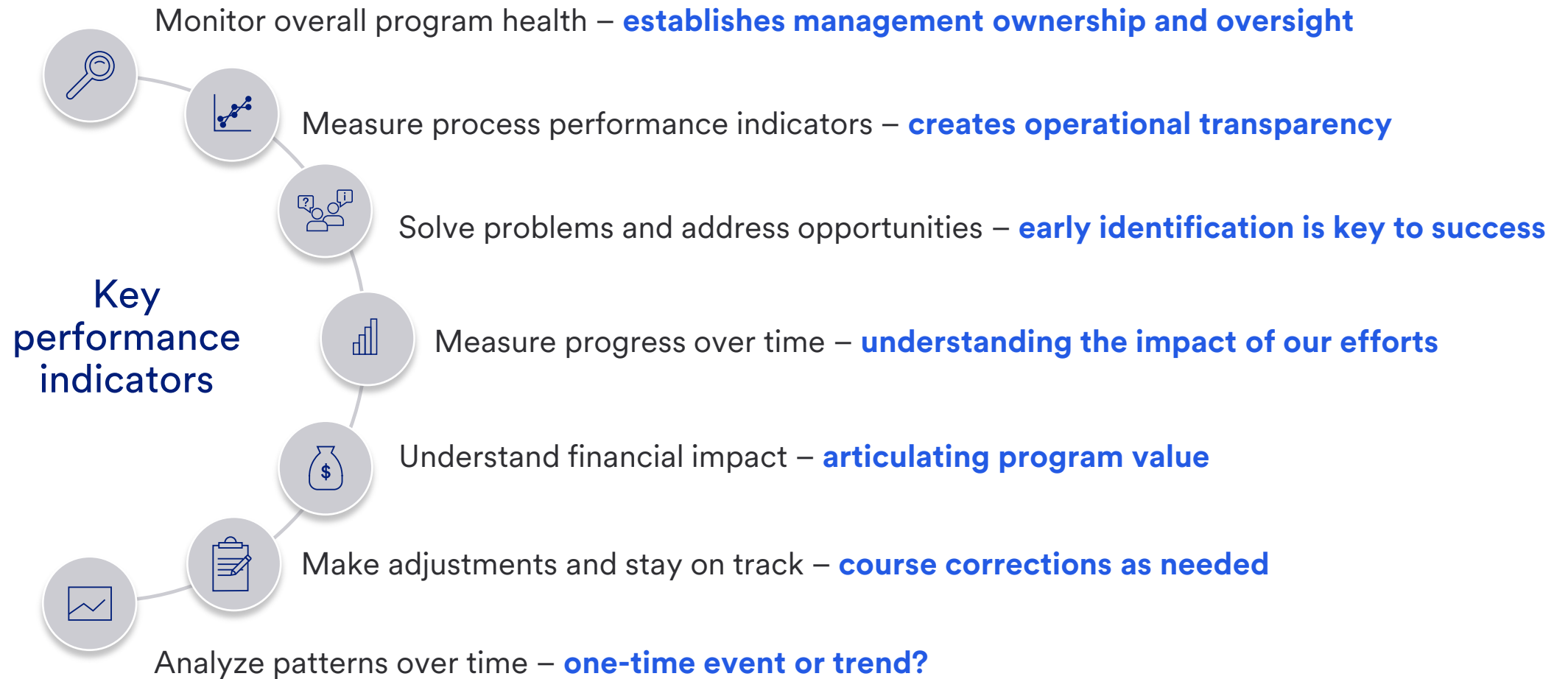
# Understanding our audience (poll question)

Which scenario best describes your organization's adoption of payment card products and solutions?

- A. Limited adoption of corporate travel or purchasing cards
- B. Strong adoption and utilization of corporate travel or purchasing cards
- C. Utilization of virtual cards (e-payables) for Accounts Payable
- D. Some combination of the above



# Why are KPIs and metrics important?





# KPI framework and assumptions




**Extension of program philosophy**  
and policy

**Actionable** and **under your control**

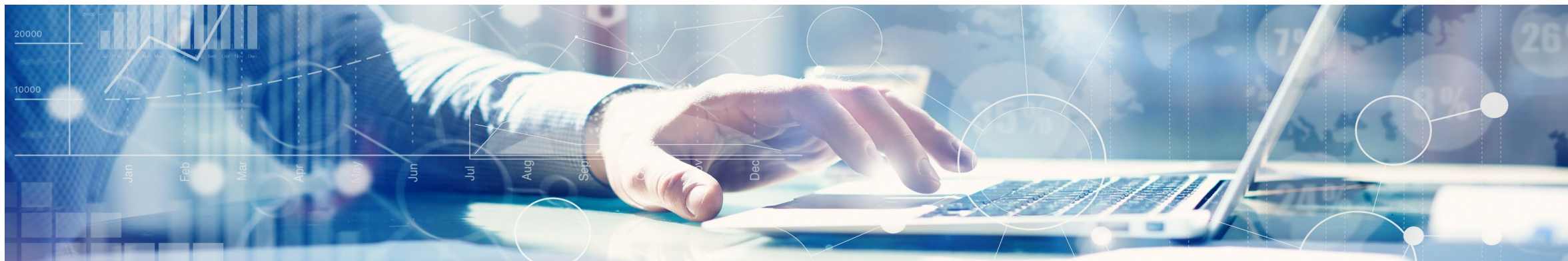
**KPIs are not the answer** but the  
starting point for asking questions

**Manageable** in terms of the **number**  
**of measurements**

# Leading sources of payment card benchmarking data

	<b>Professional associations</b>	<ul style="list-style-type: none"><li>• Institute of Commercial Payments – <a href="http://iocpnow.org">iocpnow.org</a></li><li>• Institute of Finance &amp; Management – <a href="http://iofm.com">iofm.com</a></li></ul>
	<b>Industry organizations</b>	<ul style="list-style-type: none"><li>• RPMG Research Corporation – <a href="http://rpmgresearch.net">rpmgresearch.net</a><ul style="list-style-type: none"><li>– Survey data and insights across multiple card products</li></ul></li></ul>
	<b>Card providers and card associations</b>	<ul style="list-style-type: none"><li>• Visa®</li><li>• Mastercard®</li><li>• U.S. Bank</li></ul>

# Travel card benchmarks offer insight into broader program



Percent of travel on card vs. out of pocket	Count/amount of cash advances for travel	Distribution of travel transaction size	Other KPI considerations
<ul style="list-style-type: none"> <li>• Direct reflection of program philosophy and policy</li> <li>• Indicates slippage of spend from card</li> <li>• Matter of personal benefit or preference</li> <li>• Best-in-class: 90% on card</li> </ul>	<ul style="list-style-type: none"> <li>• Indication of lack of card penetration</li> <li>• Potential need for central travel account</li> <li>• Best-in-class: approaching 0/\$0</li> </ul>	<ul style="list-style-type: none"> <li>• Insight into card utilization</li> <li>• Airfare and hotels amounts in comparison to meals, tolls and fuel</li> </ul>	<ul style="list-style-type: none"> <li>• Card count to traveling employee ratio</li> <li>• Percent of active travel cards per month</li> <li>• Unexpensed card transactions and amounts</li> </ul>

Insights into card usage as compared to policy and philosophy expectations



# Purchasing card KPIs offer insight across multiple program disciplines

## Frequently utilized purchasing card metrics and KPIs



### Activity measurements

- Transaction amount distribution analysis
- Spend and activity analysis by cardholder and merchant
- Declined transactions by reason and cardholder
- Percent of purchasing card statements not submitted on time

**Consideration:** Card activity drives utilization and financial impact measurements.



### Utilization measurements

- Percent of card payments within targeted dollar range, for example, less than \$10,000
- Percent of active cards in the last 30, 60 and 90 days
- Program spend as a percent of revenue
- Average monthly program spending

**Consideration:** Gain insight and understanding into card program optimization.



### Financial measurements

- Monthly process cost savings
- Impact of revenue sharing
- Per transaction cost savings

**Consideration:** Financial impact of avoiding invoice processing and check printing.

# Virtual card program metrics and KPIs

## Total monthly virtual card spend

Will vary by  
industry and  
program maturity

## Average transaction size

Reflective of  
supplier population  
and payment  
frequency

## Financial impact measurement

Revenue sharing,  
working capital  
benefits and cost  
savings

## Count of virtual card suppliers

Will vary by  
program maturity  
and program  
optimization

## Percent of expiring payments

Potential indication  
of supplier  
departure

# Understanding our audience (poll question)

Which scenario best describes your organization's adoption of payment card benchmarks or performance indicators?

- A. No adoption of program benchmarks or KPIs
- B. Limited adoption of program benchmarks or KPIs with regular reporting
- C. Strong adoption and utilization of program performance metrics with reporting on a regular basis
- D. Some combination of the above



# Key considerations in presenting card program dashboards

## Tips when sharing card program data with leadership





# Sample purchasing card program dashboard components

1

## Card Stats

**\$2.2 Million / 9,145/ 973**  
Total Spend/ Trxns/ Cards

**\$2,310 / 9.40/ \$245.85**  
Avg per card/ Avg Trxn/ Avg Trxn  
Size

**6%/ 2%/ 6%**  
Active cards not used in 30/60/90+  
days

**March Cards to Employee Ratio:16%**  
**March Card Utilization – 86%**

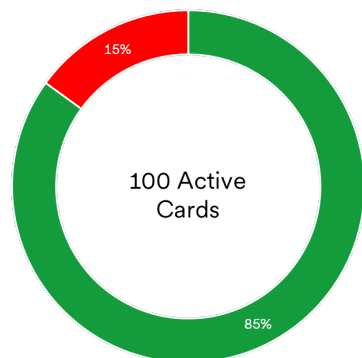
**February Cards to Employee Ratio:16%**  
**February Card Utilization – 84%**

**March Unexpensed txns - \$2.1M**  
**Aging \$1.3M/\$810k**  
Aging: 0-30 Days/31+ Days

**February Unexpensed txns - \$2M**  
**Aging \$1.3M/\$698k**  
Aging: 0-30 Days/31+ days

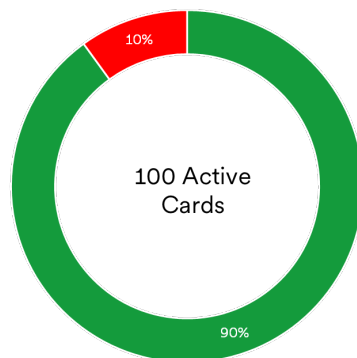
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30-Day Card Utilization %



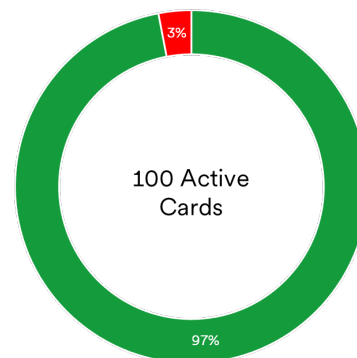
■ Cards Utilized ■ Cards Not Utilized

60-Day Card Utilization %



■ Cards Utilized ■ Cards Not Utilized

90-Day Card Utilization %



■ Cards Utilized ■ Cards Not Utilized

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## 114 card accounts experienced a decline in March

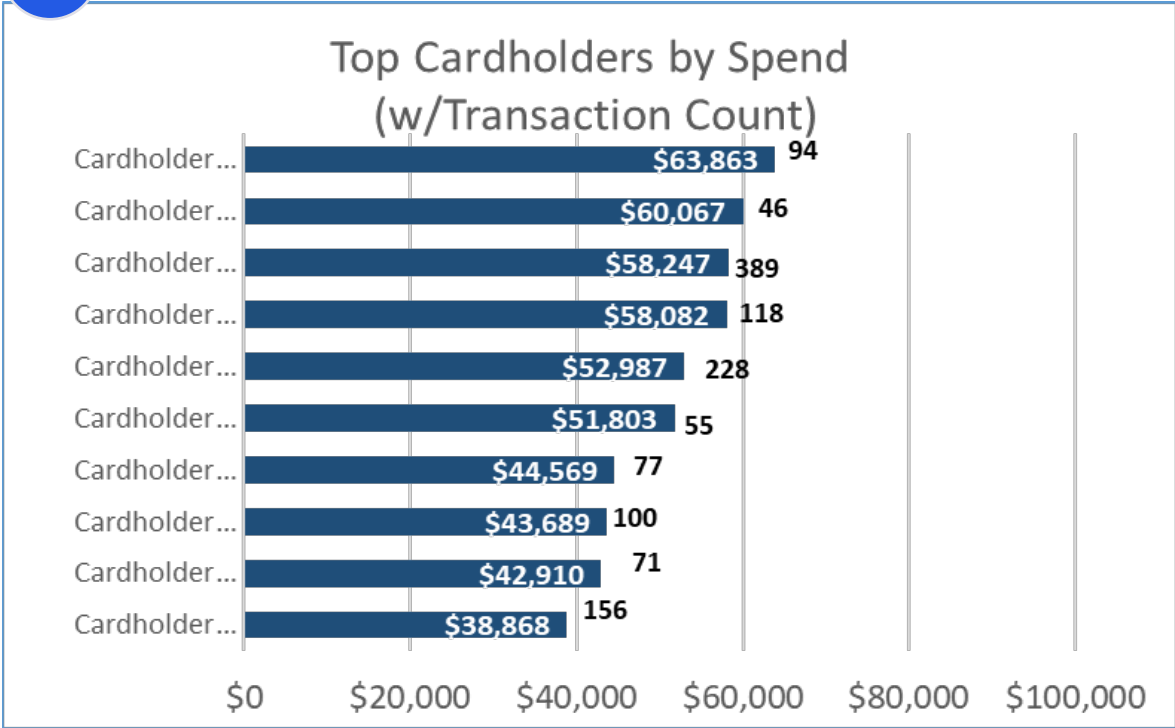
- 102 Employee cards
- 9 Student Checkout cards
- 3 Declining Balance

Decline Reason Code	Count	Value
Exceeded monthly limit	61	\$ 160,612.55
Exceeded transaction limit	18	\$ 187,803.56
MCC blocked	9	\$ 3,376.84
Merchant Error	2	\$ 577.29
US Bank Fraud Risk Filter	100	\$ 33,751.58
Cash not allowed	6	\$ 399.25
	196	\$ 386,521.07

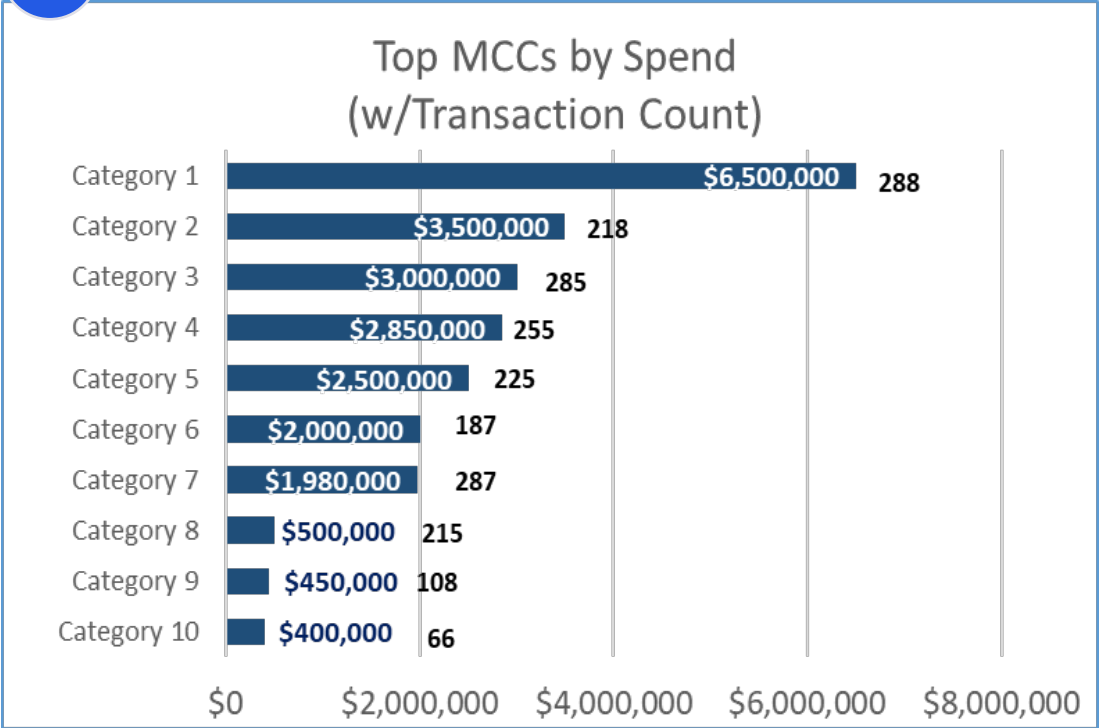
MCC blocked detail	Count	Value
DIRECT MARKET INSURANCE	1	\$ 16.57
POLITICAL ORGANIZATIONS	1	\$ 600.00
TRAVEL AGENCY (NOT AIR)	7 cardholders	
AIRBNB	2	\$ 1,482.49
EASY CONFERENCES	1	\$ 683.34
EXPEDIA	1	\$ 123.17
Mondial EGU2018	1	\$ 411.74
NOVOAIR LIMITED	1	\$ 38.53
TRAVEL INC.	1	\$ 21.00

# Sample purchasing card program dashboard components

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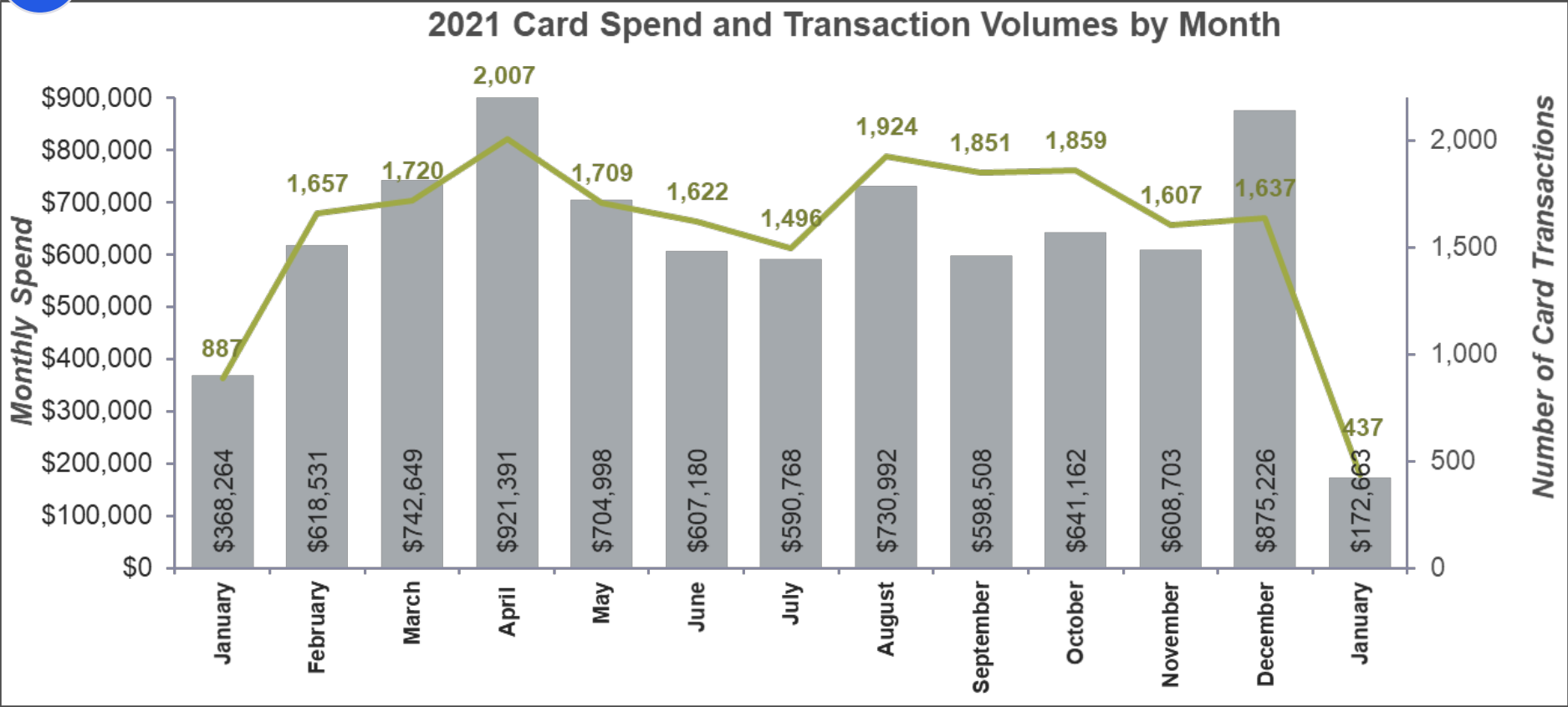


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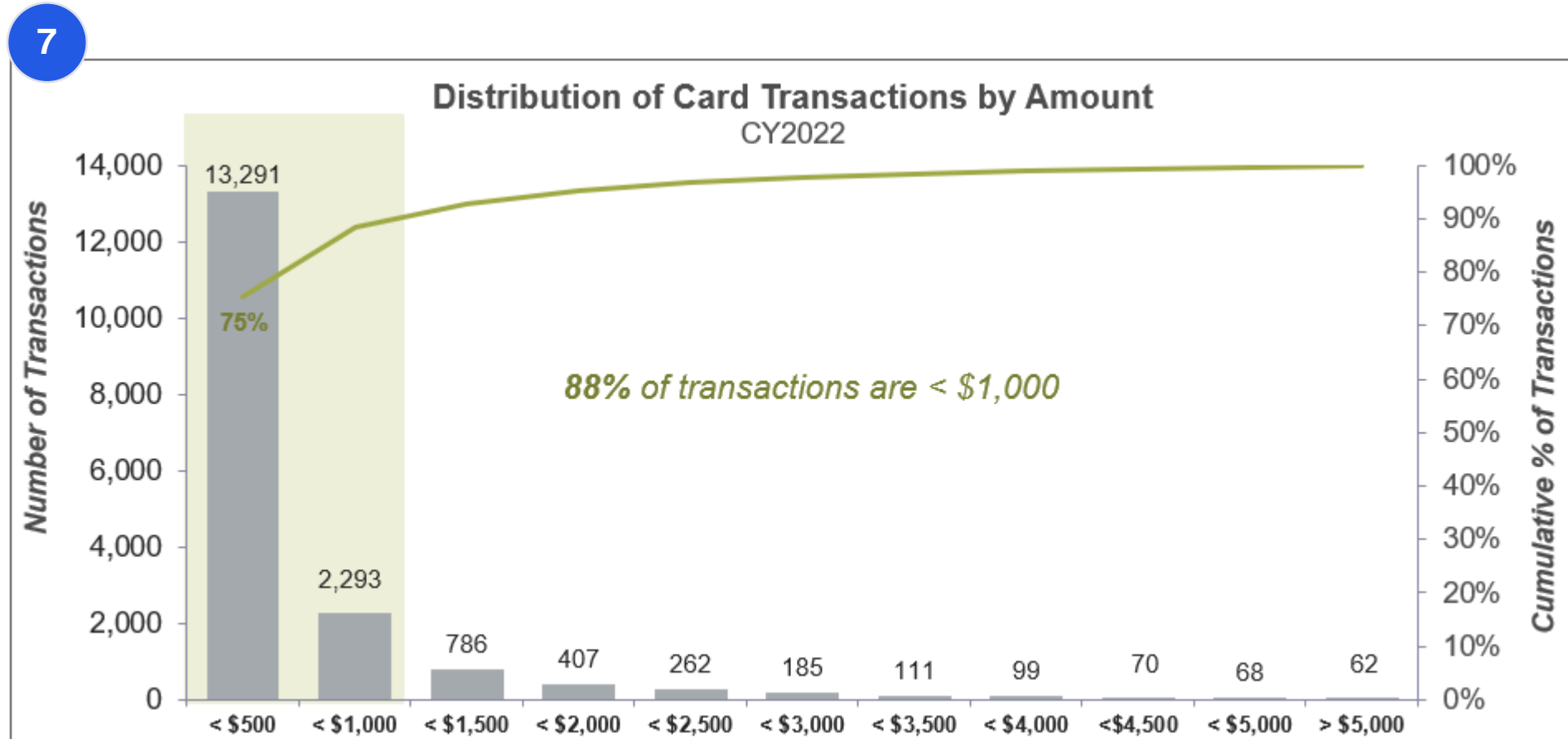
# Sample purchasing card program dashboard components

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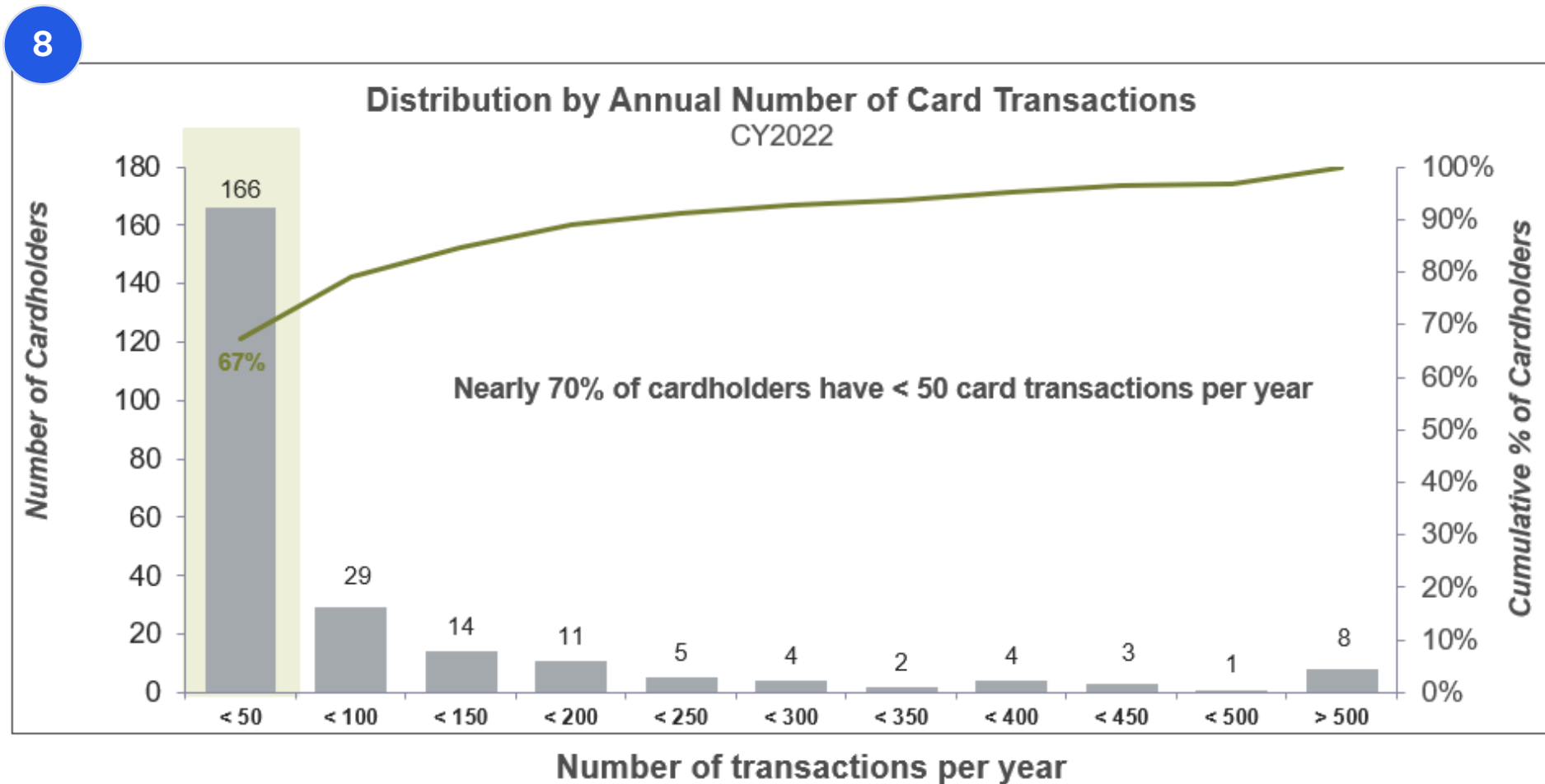
Key events or transactions highlight spikes in April and December.

# Sample purchasing card program dashboard components





# Sample purchasing card program dashboard components



# Consulting services

## Require in-house payment card consulting expertise

- Available for life of banking relationship
- Expertise across full spectrum of procure-to-pay processes
- Provided at no cost
- Leverages external industry data sources
- Industry certified expertise

## Services provided

- Payment strategy development
- Industry benchmarking analysis
- Best practices consultation
- Program optimization
- Payment process mapping
- Program utilization review
- White paper program evaluation
- Supplier retention strategy recommendations



# Questions and answers



# Payment Card Innovation Series



Factors in identifying the right payment card provider

Strategies for the adoption of payment card best practices

Techniques to maximize the value of your payment card programs

The importance of developing key reporting metrics

Preparing your card program for an audit



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