



RESPONDING TO THE CRISIS

COMMERCIAL CARDS IN THE TIME OF COVID-19



Richard Palmer and Mahendra Gupta

A REQUEST TO PAY IT FORWARD

This copy of “Responding to the Crisis: Commercial Cards in the Time of COVID-19” is being provided to commercial card-using organizations and card issuers with the right to distribute to their team members or employees at no charge.

We only request that in lieu of payment for the report, you pay it forward. Please donate whatever amount you feel appropriate to support first responders or food banks in your community.

And, if you would be so kind, please advise RPMG Research Corporation of your generosity at info@RPMGresearch.net.

Your generosity will be our inspiration to continue to serve the interests of the users of commercial cards in the time of the current pandemic and beyond.

INTRODUCTION

- In December 2019, a strain of novel coronavirus disease (hereafter, COVID-19) was identified in China. It has since spread across the entire globe and was declared a pandemic by the World Health Organization on March 11, 2020, with the effects of the virus becoming quite severe in the U.S.
- This report focuses on the workplace changes and card program adjustments that organizations have made, and expect to make, in face of COVID-19.
- Our analysis is based on 261 responses received as of April 28, to a survey sent to card-using organizations on April 20, at the invitation of the NAPCP.
- We want to sincerely thank the organizations that participated in the survey and offered their valuable input. We hope that the insights and experiences shared by respondents will help card users and issuers to shape their card programs and policies during the present crisis.

261
Respondent
Organizations

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A SPECIAL THANKS

This survey is RPMG Research Corporation's small way of connecting the commercial card community during the pandemic.

RPMG team members want to give a special "shout out" of thanks to those survey respondents who are not only meeting the pandemic challenge head on, but also making everything a little better for their communities.

The next three pages briefly describe some of the impressive steps these organizations have taken for the benefit of all of us.

With gratitude,

Thank you!

STANDING TOGETHER FOR THE GREATER GOOD

- “ Our Emergency Management department has extended crews and working hours. They are coordinating testing, meals for students, call centers, and collecting COVID-19 data. The Human Services department is working to deliver food to seniors to assist with shelter-in-place orders. – *COUNTY GOVERNMENT*
- “ Our Office of Intellectual Property and Commercialization is working with researchers on campus and local vendors to design a PPE sanitizer and new face shields for our local hospital and first responders. – *UNIVERSITY*
- “ We are lending equipment to the community for assistance as they are not currently in use (e.g., 3D printers to make shields). – *SCHOOL DISTRICT*
- “ We are providing a 15% credit for all personal auto customers for April – June premiums. Providing additional coverage to customers who deliver essential goods including food delivery through June. We have made donations to Feeding America and various other local charities and will match up to \$50 for every employee donation to local food banks. We have established a COVID-19 Employee Hardship Fund which is available to assist any employee who needs help. Our employees who are essential and need to work at the office are required to social distance and take their temperature beforehand. All access in and out of the building is now required to go through a secured entrance. – *LARGE MARKET CORPORATION*

STANDING TOGETHER FOR THE GREATER GOOD

- “ [Our Bank] has worked to issue PPP stimulus loans and have worked with our card and treasury management clients to support business payments, cash/funding needs. We have successfully issued cards and credit lines to support emergency purchases and contingency planning. – *LARGE MARKET CORPORATION* ”
- “ It was out-of-the-ordinary that leadership was remarkably willing to test the capability of working remotely and even allowing employees to borrow equipment to make it happen (e.g., extra monitors, ergonomic chairs, purchasing laptops for those who only had desktops, etc.). Also, protecting workers by providing masks even to those working-from-home and promoting safety in many other ways. – *FORTUNE 1000-SIZE CORPORATION* ”
- “ A command center to monitor and make prompt decisions was created. In-house testing has been established for faster COVID-19 testing and results. A community fund was created and grants have been issued to support the state’s emergency food support system. – *HEALTHCARE PROVIDER* ”
- “ Over 150,000 grab-and-go meals have been served to the community. Internet access and laptops have been provided to all district students and faculty. – *SCHOOL DISTRICT* ”
- “ Manufacturing hand sanitizer and PPE for area medical facilities. Connecting farmers and growers to communities. – *UNIVERSITY* ”

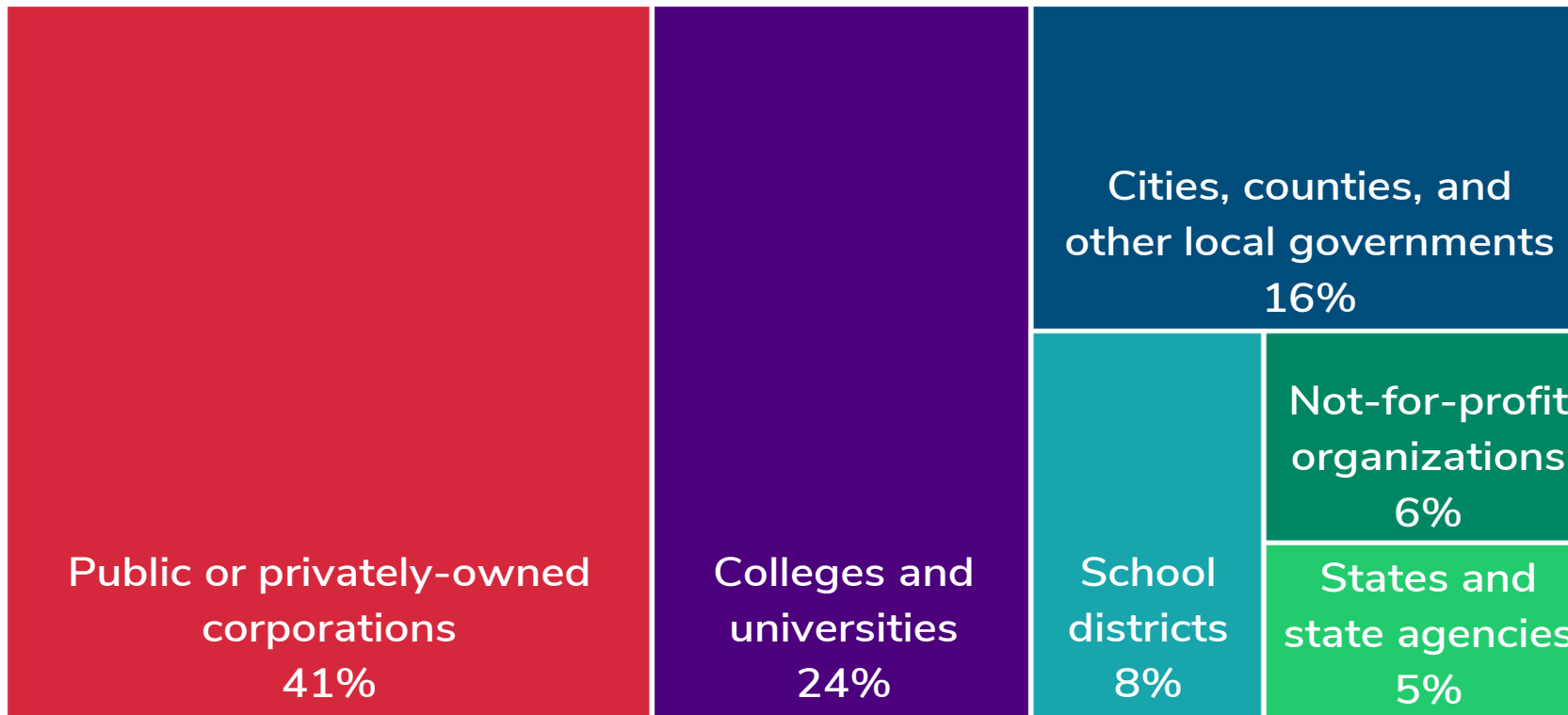
STANDING TOGETHER FOR THE GREATER GOOD

- “ Treating COVID-19 patients. Working with community and suppliers to make PPE. Building temporary facilities to test patients. Shifting employees from clinics and offices not seeing patients to those areas affected by the pandemic. – *HEALTHCARE PROVIDER*
- “ Working on using 3D printer to produce PPE for healthcare workers. – *LARGE MARKET CORPORATION*
- “ Our organization is having both internal employees and outside suppliers submit ideas of any kind to help with the production of supplies. – *FORTUNE 1000-SIZE CORPORATION*
- “ Increased disaster-related medical and healthcare services, disease/immunology research, medical and community-oriented prevention and treatment measures. We do this normally, but amped-up our focus and mission. – *UNIVERSITY*

SURVEY RESPONSE

SURVEY RESPONSE

by Organization Type

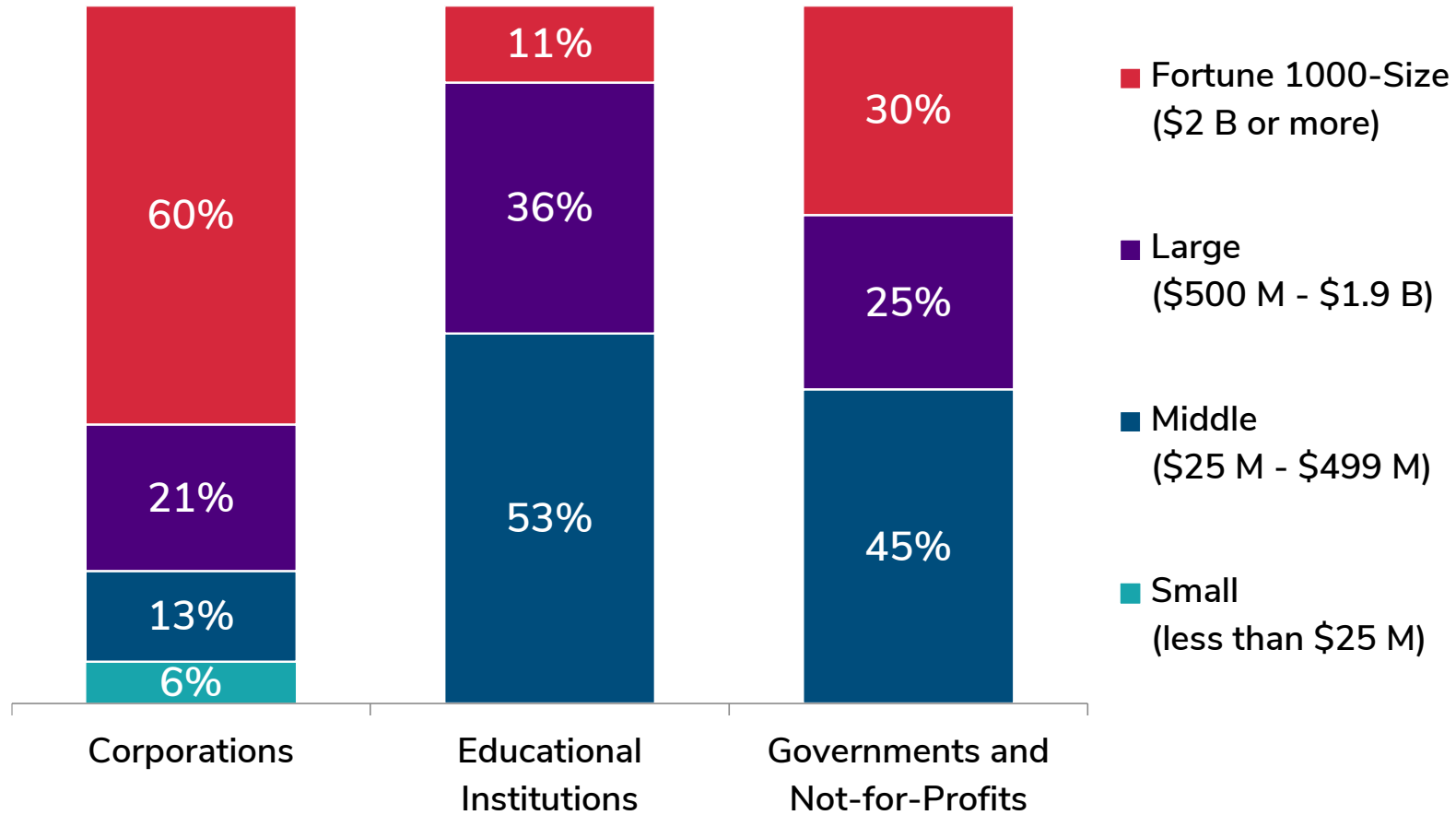


For ease of presentation, the remainder of the report will use the following combined groups:

- Corporations
- Educational Institutions (Colleges, universities, and K-12 school districts)
- Government and Not-for-Profit (State/City/County governments and not-for-profit entities)

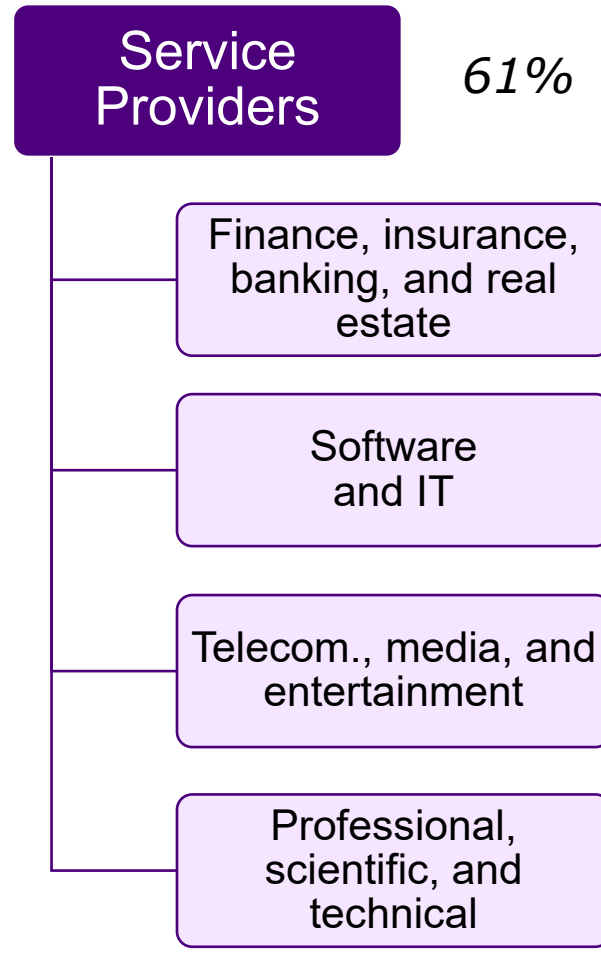
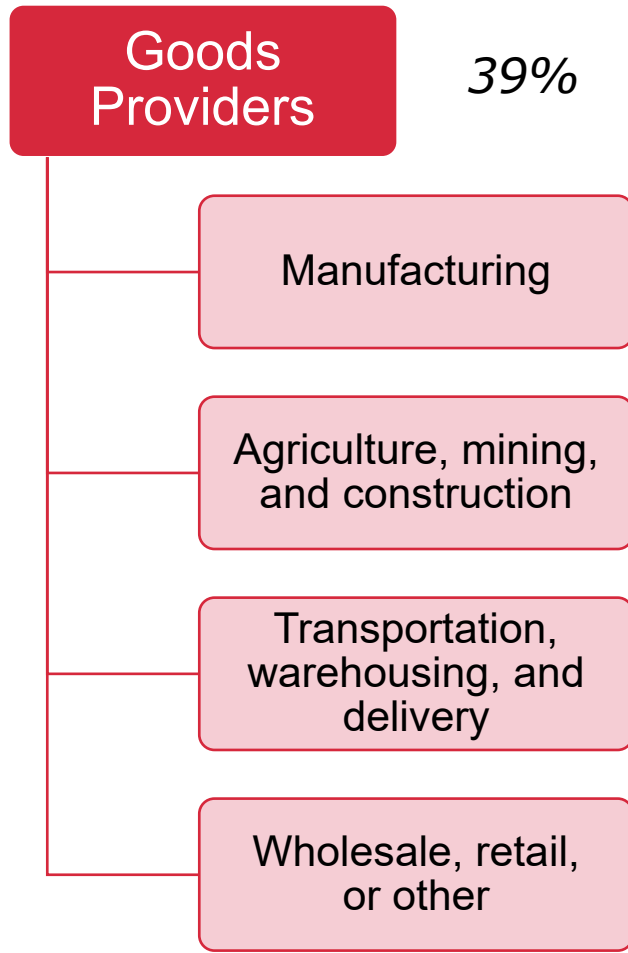
SURVEY RESPONSE

by Annual Revenue/Budget



SURVEY RESPONSE

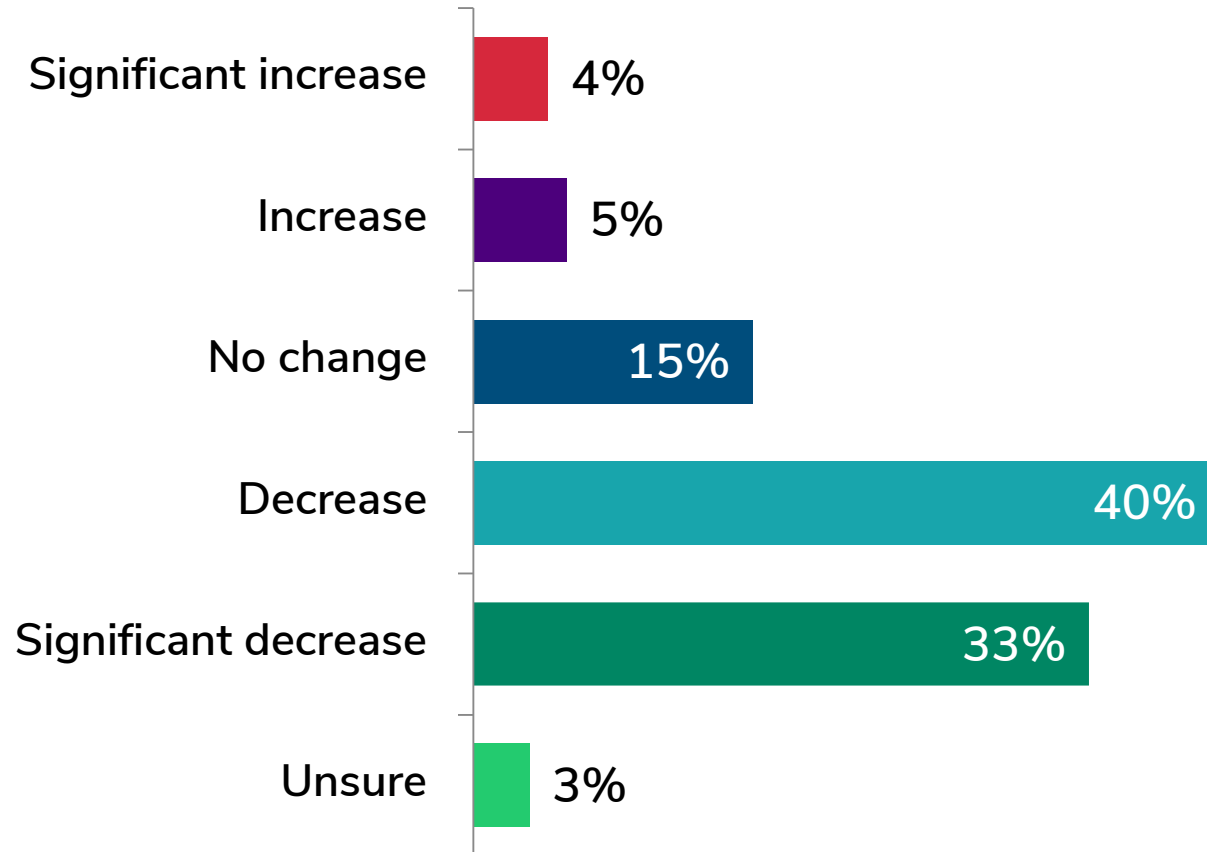
by Industry



➤ Among corporate respondents, a variety of industries were included

IMPACT ON BUSINESS ACTIVITY

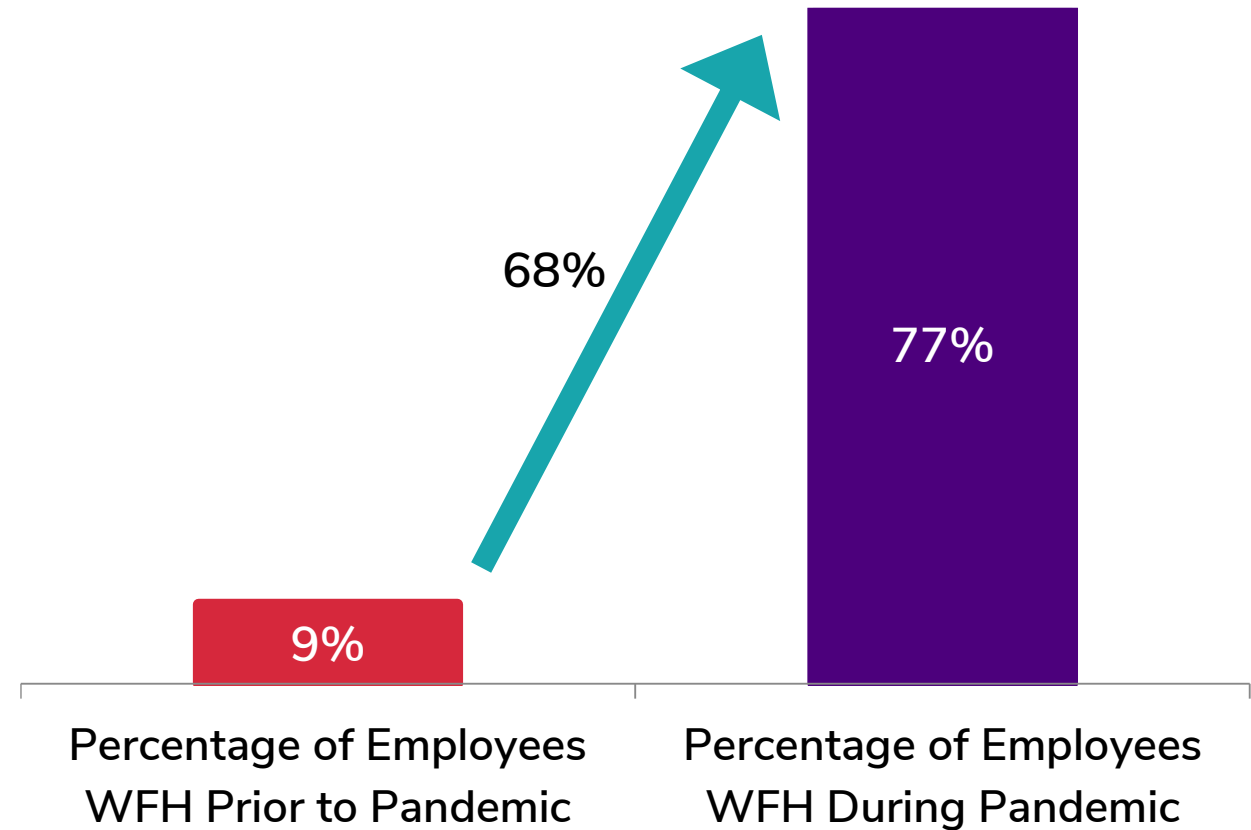
CHANGE IN BUSINESS ACTIVITY



- 73% report a decline in business activity
- Among those with a significant decrease, 63% are educational institutions or those in the “Goods” corporate segment
- 9% reported an uptick in activity
 - ❖ Specifically, hospitals, local government, and banks

SHIFTING WORKFORCE

- 98% of respondents saw a MAJOR increase in the percentage of employees “working from home” (hereafter, WFH)
- On average, the percentage of WFH employees went from 9% to 77% (an 8.5-fold jump).
- Education and corporate “Service” segment were most likely to reassign a large portion of employees to WFH status. GNP and the corporate “Goods” providers segment least likely



WFH EMPLOYEES

Primary Payment Method at Home

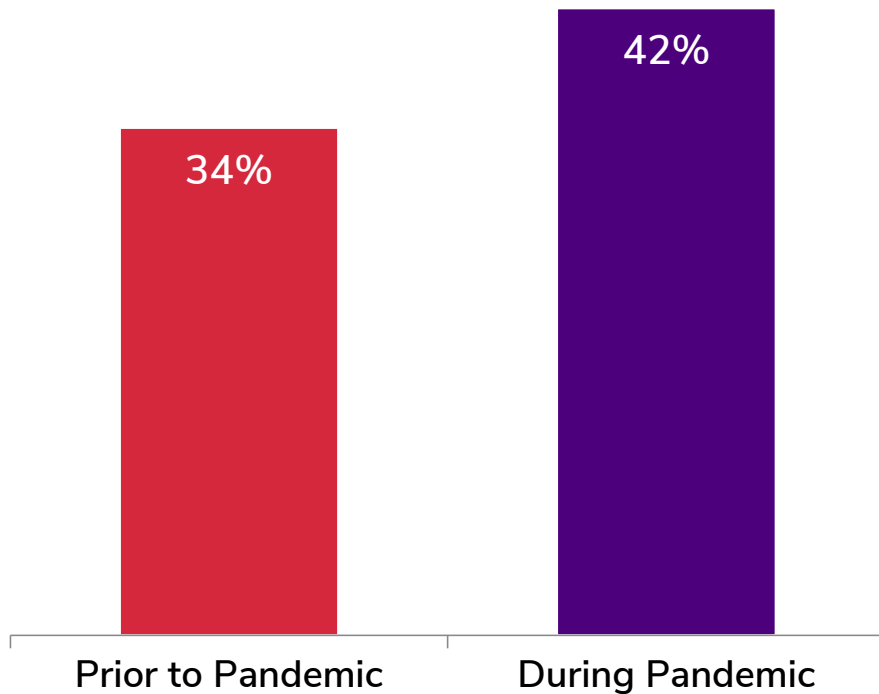


- Organization-provided plastic card (p-card, travel, or one)
- VCN sent to employee mobile device
- Employee personal resources (with later reimbursement)
- Purchasing department requisition

- For employees working from home during the COVID-19 pandemic, the organization-provided card is the primary method of making business-related purchases.
- About one-third route employee needs to the Purchasing department or have employees personally finance the transaction
- Payments for goods by virtual cards could occur when purchase is routed to the Purchasing department

USE OF VIRTUAL CARDS DURING COVID-19

Percentage Using Virtual Cards

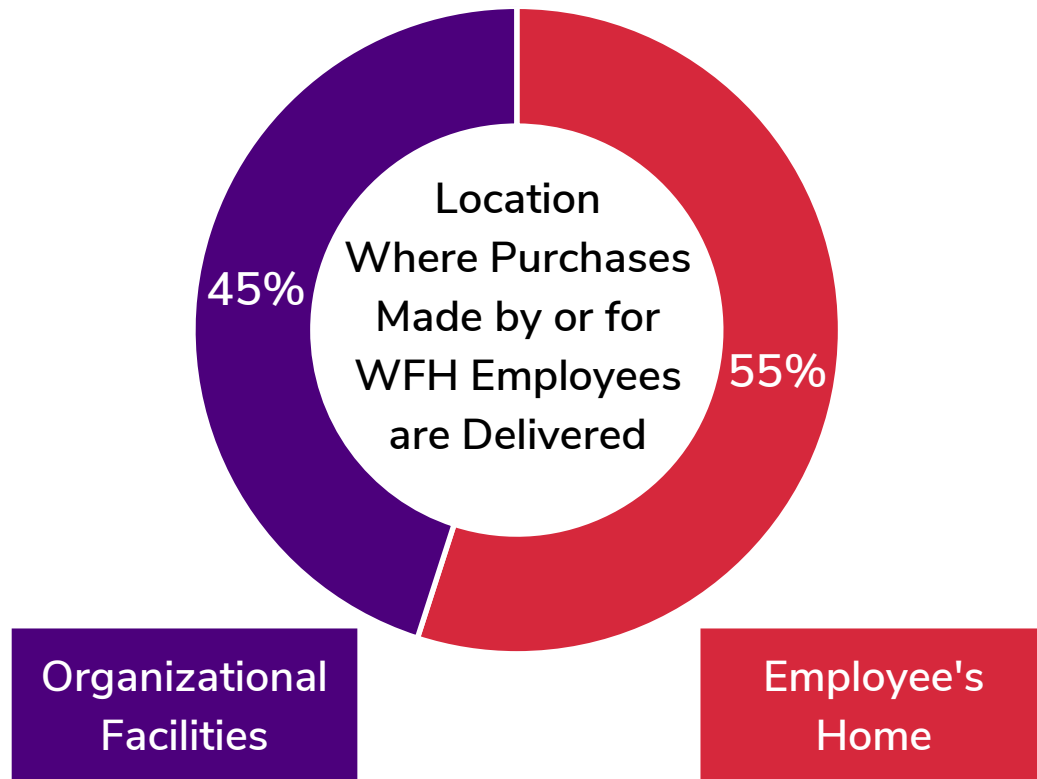


40%
of virtual card users plan to increase use during pandemic

Note: The 42% figure includes respondents that are in the process of adopting virtual card use during the pandemic.

WFH EMPLOYEES

Delivery Location

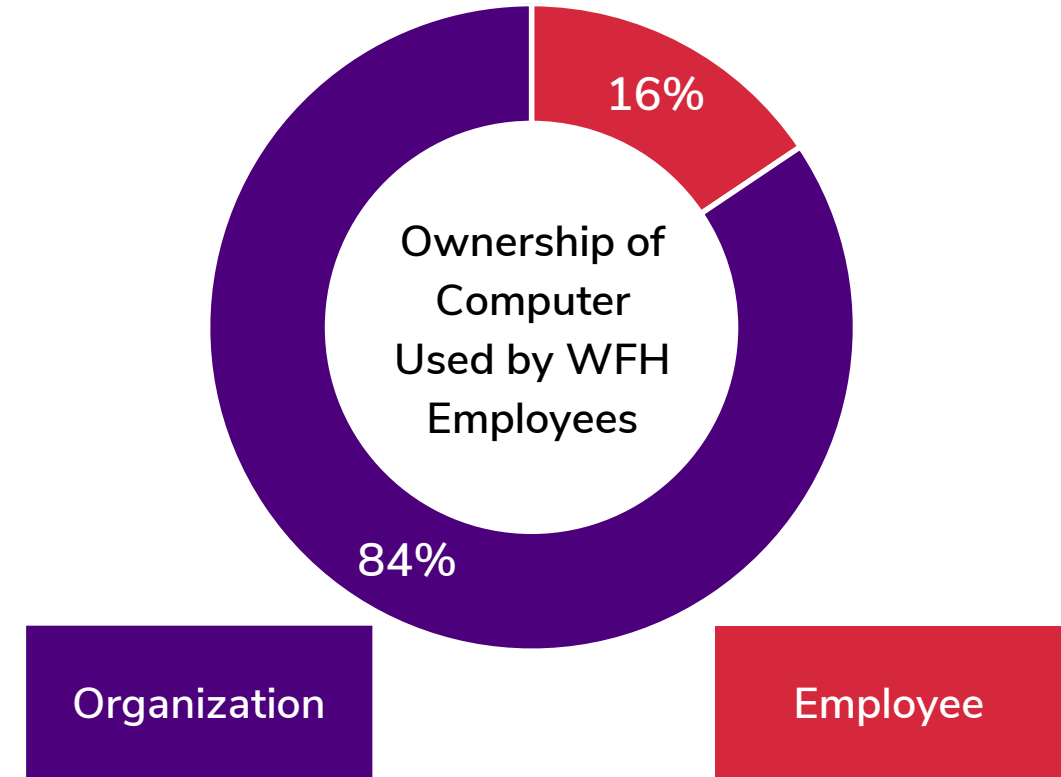


- 71% of those paying through the Purchasing department have goods sent to organizational facilities
- 61% of those paying with a company card have goods sent to employee home address
- 71% of corporations versus 25% of GNP are having goods delivered to employee home address

WFH EMPLOYEES

Device Ownership

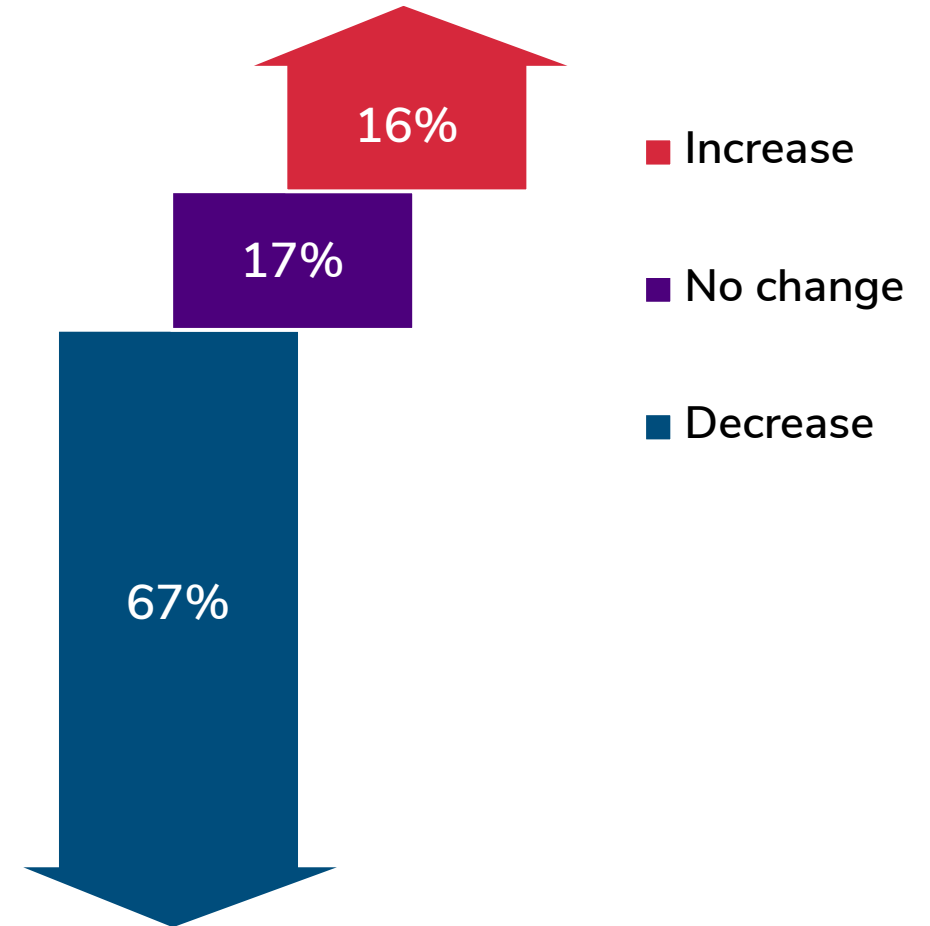
- Working from home can potentially expose organizations to risk with the use of unsecured networks
- Additionally, the use of personal devices creates new cybersecurity threats
- 54% of those using personal devices are educational institutions



IMPACT ON COMMERCIAL CARD USE

CHANGE IN OVERALL CARD SPENDING

- While two-thirds expect a decrease in card spending, one-third expect to maintain or increase spending.
- Those increasing spending are more likely:
 - ❖ a government agency
 - ❖ to have WFH employees use company card as primary payment method
 - ❖ have increased spending limits and allowable purchases during the pandemic



CHANGE IN PURCHASE ACTIVITY

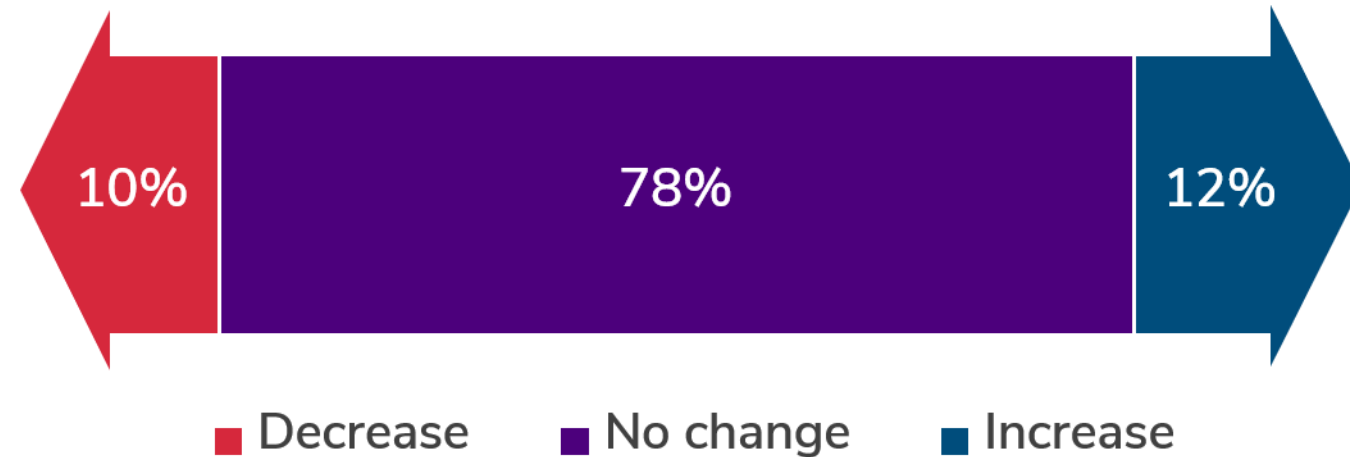
- 60% of respondents reported a change in spending patterns during the pandemic.
- Specifically, respondents are buying **more**:
 - ❖ PPE and cleaning supplies
 - ❖ Office equipment and supplies
 - ❖ Technology (computers, printers, webcams, and internet access)
 - ❖ Goods of higher dollar value
 - ❖ Once-off unusual purchases (expediting fees, hotel quarantining of employees, food for emergency staff)
- All report stoppage of typical travel expenses



IMPACT ON CARD PROGRAM MANAGEMENT

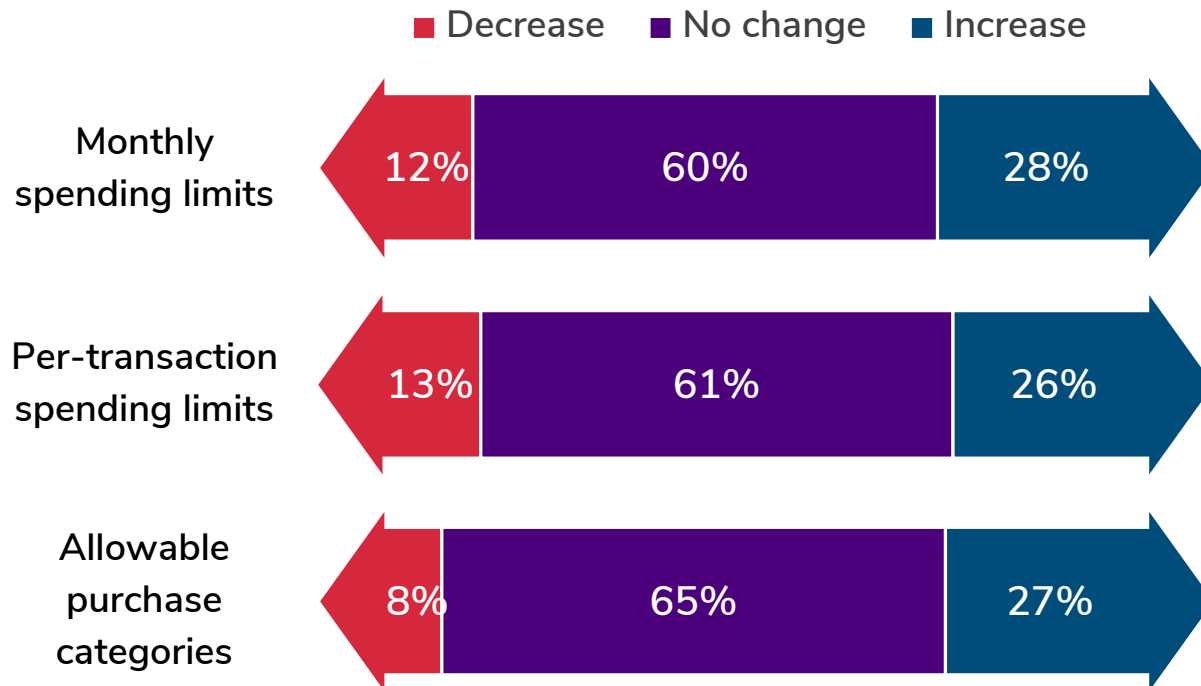
CHANGE IN PLASTIC CARD DISTRIBUTION

- Most organizations made no changes to their card distribution in spite of a major shift in the working circumstances
- Primarily, organizations that have a role in emergency services (e.g., local government agencies, healthcare providers) have increased their plastic card distribution.
- 87% of those decreasing cards also reported a decrease in business activity



CARD POLICY CHANGES

Purchase Scope and Limits



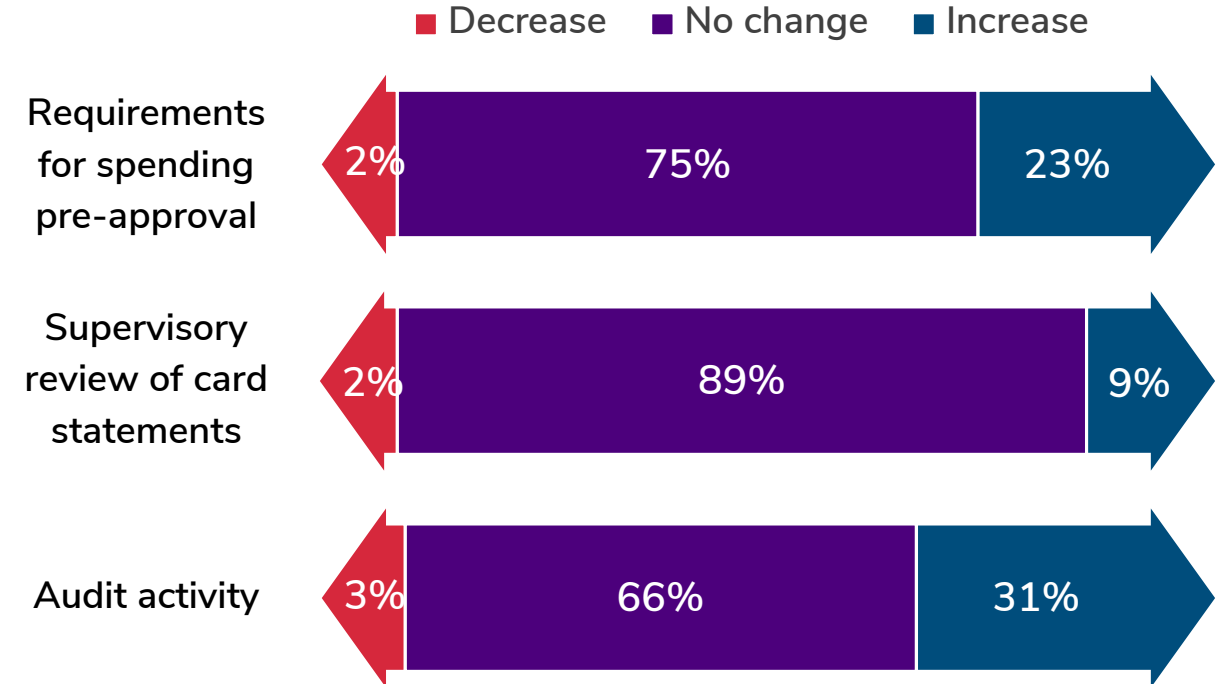
➤ While most are not changing policies related to card purchase scope and limits, those opening up card purchase parameters are:

- ❖ mostly governments or corporations in the “Goods” provider segment
- ❖ 5 times more likely to have increased plastic card distribution
- ❖ 7 times more likely to expect an increase in card spending
- ❖ 25% more likely to highly value the card’s enablement of employees to make purchases when needed

CARD POLICY CHANGES

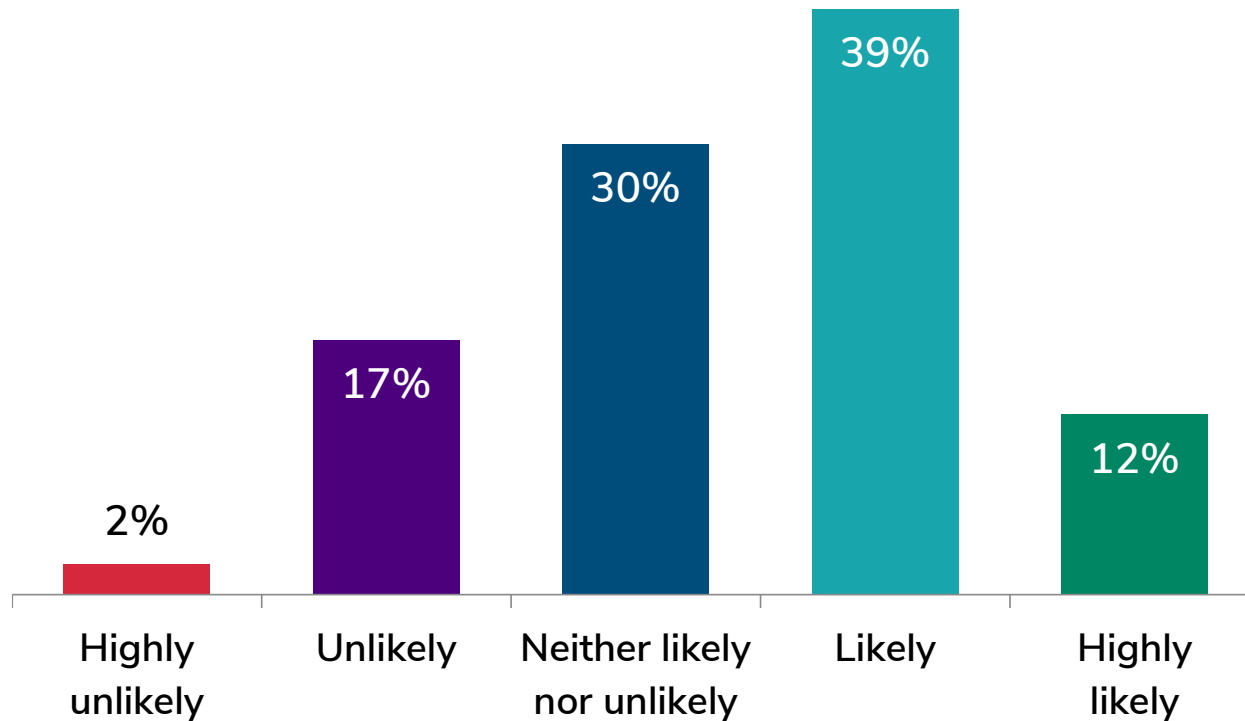
Card Spending Controls

- In spite of challenges in the current working environment, organizations continue to exercise strong control over their commercial card program
- Compared to others, those *increasing* controls are:
 - ❖ twice as likely to have increased card distribution
 - ❖ twice as likely to expect an increase in card spending
 - ❖ 3 times more likely to cite card misuse by employees as a more significant challenge during the pandemic



THE NEW NORMAL?

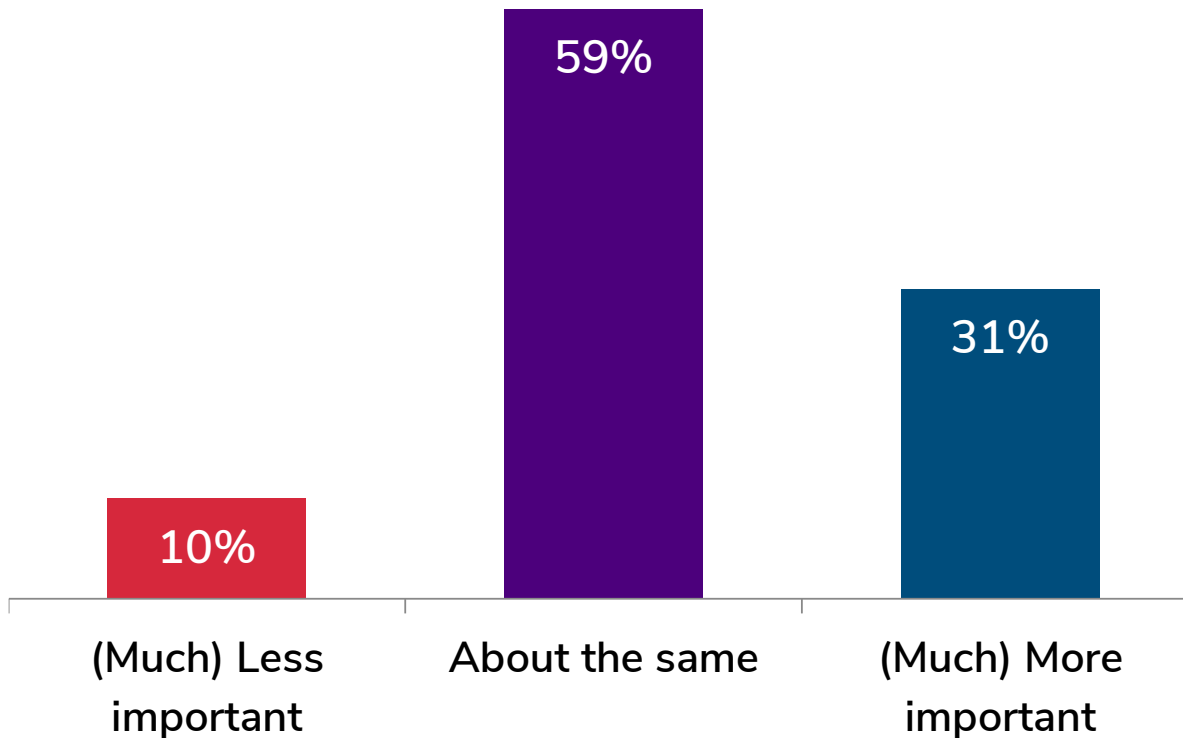
Likelihood of Change Permanence



- More than 70% have changed one or more basic card program parameter (spending limits, allowable purchases, approval requirements, audit activities, etc.) in response to the COVID-19 pandemic
- Among those that changed one or more card program parameter, many expect to keep the changes after the pandemic is over

USER ASSESSMENT OF CARD VALUE DURING PANDEMIC

IMPORTANCE OF CARD DURING PANDEMIC

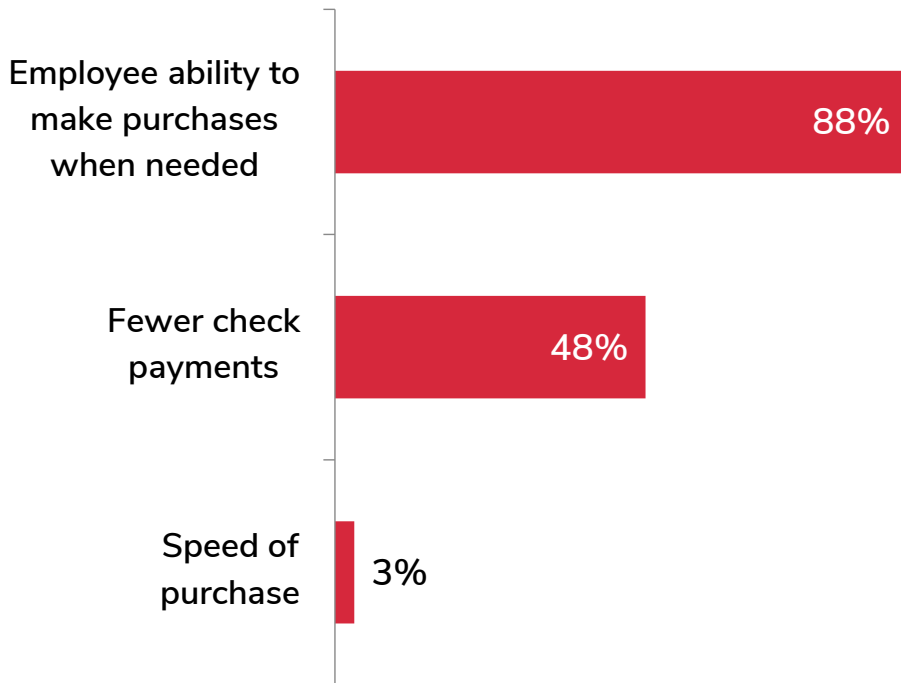


Note: Importance is for employees continuing to work during the pandemic

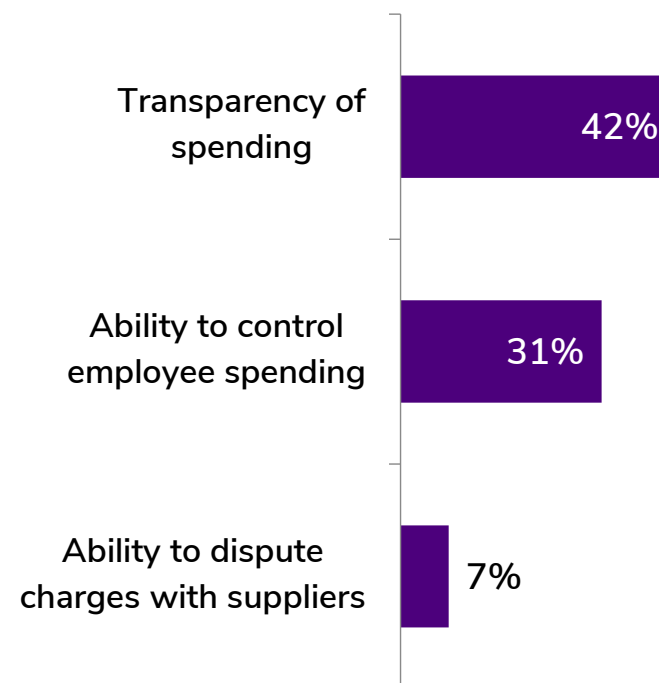
- In comparison to a “normal” business environment, 31% report that their organization’s card program (for employees who continue to work during the pandemic) is now even more important

MOST VALUABLE ASPECTS OF CARD DURING PANDEMIC

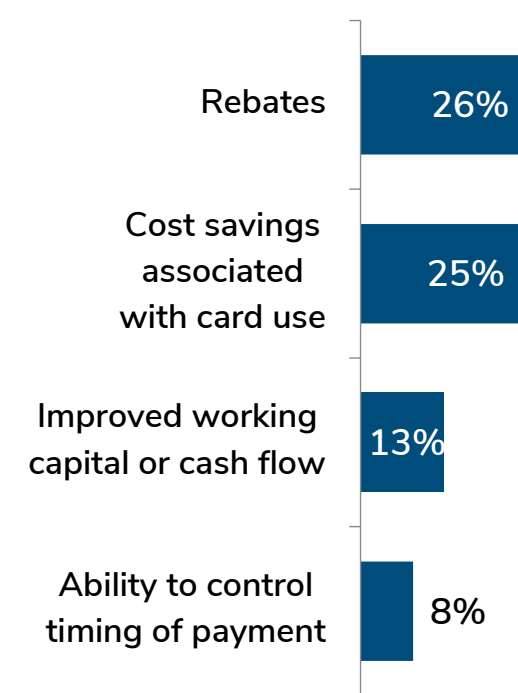
Employee Access and Safety



Keeping Control over Spending



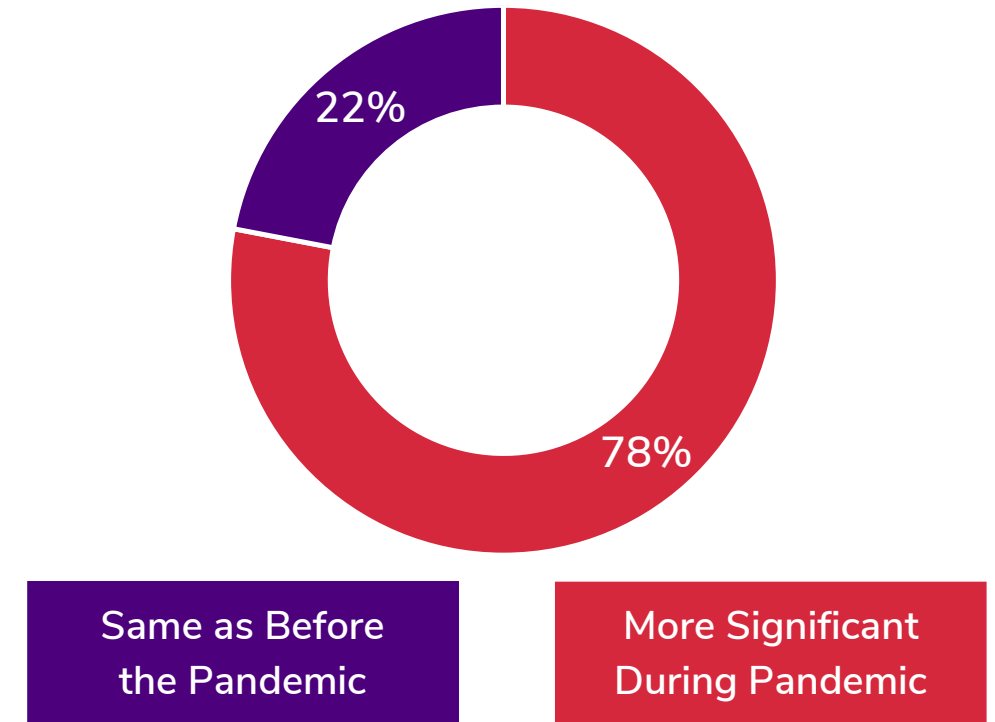
Preserving Resources



CHALLENGES AND ISSUES MANAGING CARDS

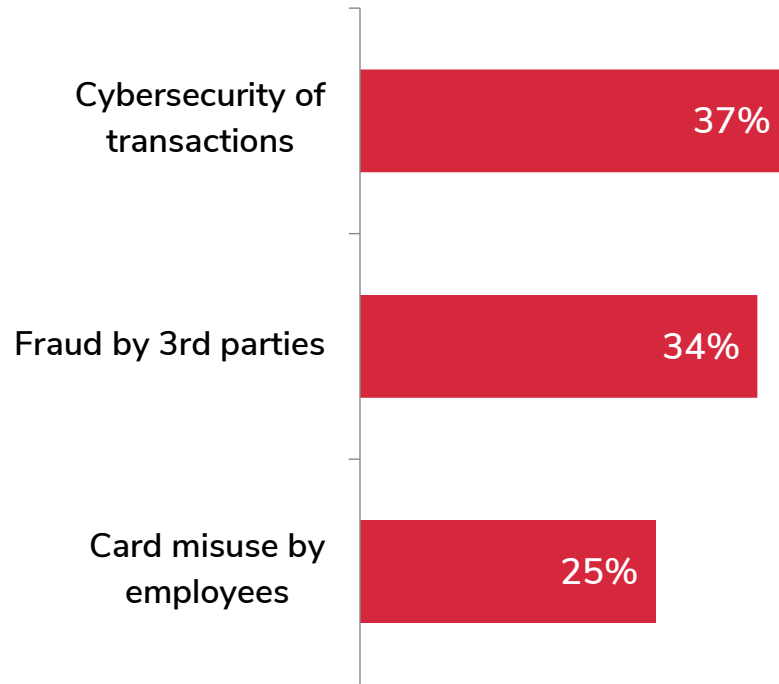
INCREASED CHALLENGES DURING PANDEMIC

- Those extracting the increased benefit of card use and access, also identify one or more item as a more significant challenge during the pandemic
- Those reporting a challenge that has become more significant are also:
 - ❖ 3x more likely to have increased card spending
 - ❖ 2x more likely to have increased spending limits and allowable purchases
 - ❖ 2x more likely to have increased plastic card distribution

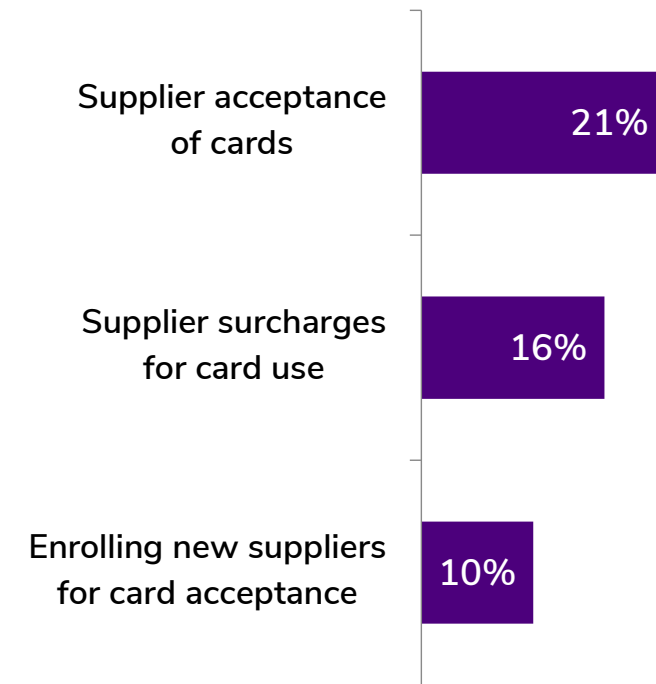


INCREASED CHALLENGES DURING PANDEMIC

Increased Concerns of Misuse and Fraud

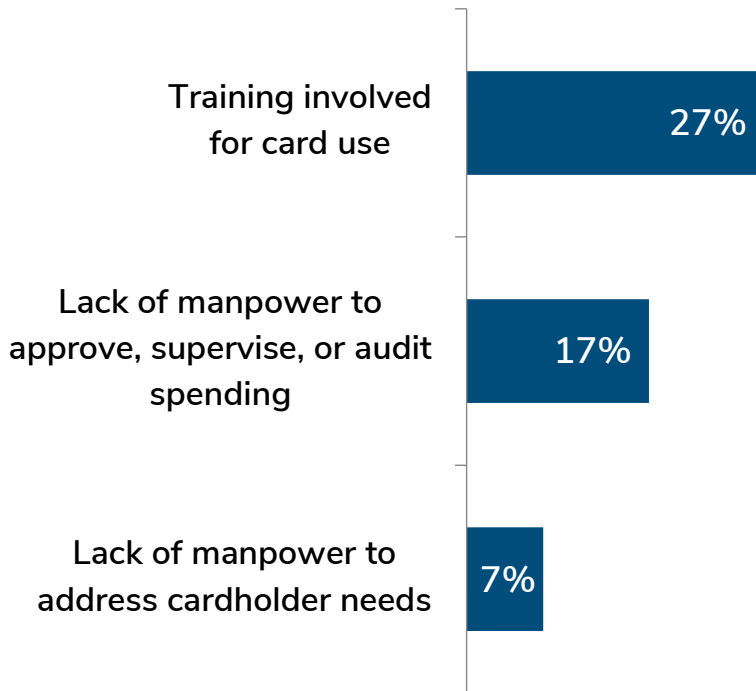


Increased Challenges with Suppliers

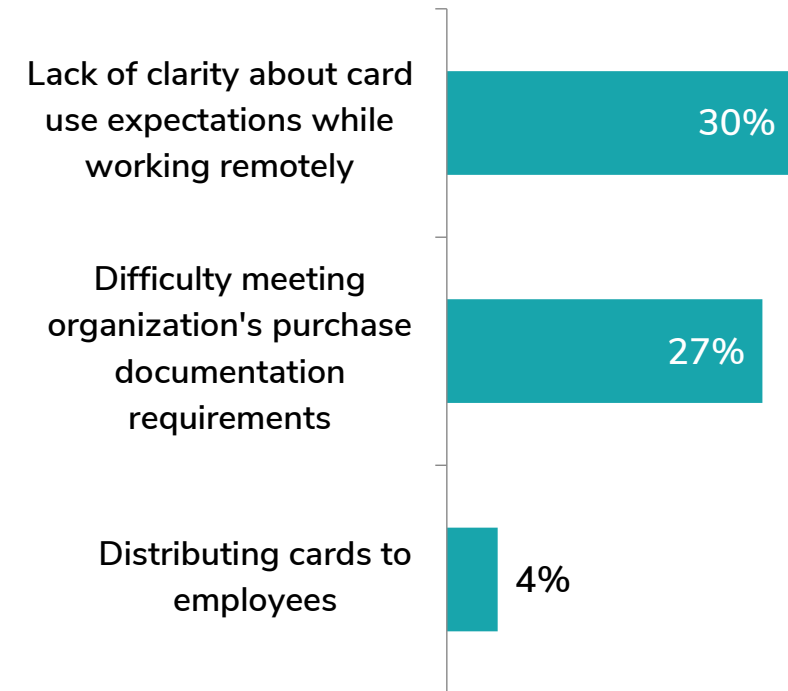


INCREASED CHALLENGES DURING PANDEMIC

Lack of Resources



Managing Pre-Pandemic Card Policies



CUSTOMERS SHARE THEIR EXPERIENCES

Lessons and Advice from Card Users

LESSONS AND ADVICE FROM CARD USERS

- “ Get early buy-in from the financial leaders to allow for small pools of dedicated and trustworthy divisional or departmental cardholders to receive higher-than-normal limits, to allow for decentralized, increased purchasing powers during the crisis, but maintaining adequate controls at the divisional/departmental levels. – *UNIVERSITY*
- “ Look for ways to automate the process of requesting cards or updating existing ones as printing, scanning, and obtaining signatures is very challenging during these times. – *FORTUNE 1000-SIZE CORPORATION*
- “ It is helpful to have done a recent audit or have a good understanding of who needs cards and why. At times like this, it is necessary to have an almost card-by-card (or at least department-by-department) understanding for what cards are generally used. – *UNIVERSITY*
- “ Be flexible, but maintain compliance. Document everything you are doing, allowing, and why. – *FORTUNE 1000-SIZE CORPORATION*
- “ Having multiple communication tools available has been essential (Teams, Skype, phone). The reconciliation tool that can be accessed through web or mobile app has been very helpful. – *FORTUNE 1000-SIZE CORPORATION*
- “ Review your procedures and processes to make sure they are not keeping you from successfully navigating this crisis. – *COUNTY GOVERNMENT AGENCY*
- “ We found that it isn't enough just to have emergency cards, you must have a good process for them to be used in order for them to be successful. – *CITY GOVERNMENT*

LESSONS AND ADVICE FROM CARD USERS

- “ Organize regular check-ins with business areas via virtual meetings to offer support and answer questions. Ensure monitoring of fraud and declines are ongoing. Communicate, communicate, and communicate. – *FORTUNE 1000-SIZE CORPORATION* ”
- “ All the planning in the world cannot account for a situation you've never been in. Do the best you can to set up your 'emergency plan,' but do not expect it to be fail-safe. Things will not go according to plan. You adjust and make changes to your plan on an ongoing basis through the crisis. When things calm down, you reassess and update your plans. – *STATE GOVERNMENT* ”
- “ Use this time to seek out those individuals who may not be totally on board with your card programs, and target messages to educate them of the benefits to both them and the company. – *FORTUNE 1000-SIZE CORPORATION* ”
- “ The importance of the bank relationship, as well as their responsiveness to our needs, and the ability to manage our card program through technology and a direct contact line has been invaluable. – *STATE GOVERNMENT* ”
- “ Buyers continued to be leery of card use until they saw for themselves the unwillingness of some suppliers to go through the traditional process. – *FORTUNE 1000-SIZE CORPORATION* ”
- “ Most importantly, communication is key. You don't want to inundate folks with information, but you do want to provide them what they need, who to talk to, what process to follow, so they're as prepared as they can be and there's no guessing involved. – *STATE GOVERNMENT* ”

How Cards “Stepped Up” to the Challenge

HOW CARDS “STEPPED UP” TO THE CHALLENGE

- “ The purchasing cards have been the primary source of buying PPE across the hospital network which encompasses 12 hospitals in two states. – *HEALTHCARE PROVIDER*
- “ We allowed an unusually large card purchase, which normally requires a PO, in order to expedite the purchase of additional [services]. – *SCHOOL DISTRICT*
- “ Finding needed supplies for our first responders and making on-the-spot card purchases to make sure we get the resources for which everyone is competing. – *CITY GOVERNMENT*
- “ We had several offices that were contaminated and needed someone to come clean the offices ASAP. We used the card to pay for these services. – *FORTUNE 1000-SIZE CORPORATION*
- “ Due to the nature of our business, many of our employees have to interact with people. Personal protection gear was very necessary. Our p-card has allowed us the flexibility to purchase these items. – *FORTUNE 1000-SIZE CORPORATION*
- “ Aside from PPE purchases, we have used the cards to secure and pay for hotel rooms for employees whose jobs put them in high risk situations for contact with the virus and they do not want to bring it home to their families. Further, the ability to adjust spending limits at the click of a few buttons is invaluable. – *STATE GOVERNMENT*

HOW CARDS “STEPPED UP” TO THE CHALLENGE

- “ Early in the pandemic, the Purchasing Manager's card was increased to a high level and had MCC restrictions removed in case there was an urgent PPE purchase that could be made with immediate payment only (as opposed to a PO). – *HEALTHCARE PROVIDER*
- “ Using the cards to feed employees at many places has been easy and beneficial. – *NOT-FOR-PROFIT ORGANIZATION*
- “ We have a task group that is using their cards to purchase groceries for seniors that cannot be in the public. – *CITY GOVERNMENT*
- “ Using P-Cards has helped with the ability to buy needed supplies that were outside normal vendors. For example, we were able to purchase large quantities of sanitizer that was made through a local distillery. – *SCHOOL DISTRICT*
- “ Our card program has always had flexibility for unusual purchases and unique needs. We have different challenges now; the questions have changed, but the processes haven't. – *FORTUNE 1000-SIZE CORPORATION*
- “ Yes, we are utilizing virtual card payments for suppliers to reduce check payments. – *MIDDLE MARKET CORPORATION*
- “ Overall, having p-cards issued has been a real benefit to our organization. – *SCHOOL DISTRICT*
- “ We have allowed cardholders at the Director/Chief level to have a temporary increase in the single purchase limit for emergency purchases if needed. – *CITY GOVERNMENT AGENCY*

*Issuer Assistance Provided
During the Crisis*

ISSUER ASSISTANCE DURING THE CRISIS

- “ They are proactively monitoring credit limits to ensure that our master accounts have a sufficient credit line available. – *FORTUNE 1000-SIZE CORPORATION*
- “ Our issuer was able to reallocate our credit line from our virtual card program to our p-card program to help facilitate this need. They have also been able to send cards directly to cardholders upon our request and expedite applications for new cards as needed. - *HEALTHCARE PROVIDER*
- “ Our card issuer has been extremely responsive to our needs during this crisis. In one day, our line of credit was extended to support excessive purchasing needs, as well as rush delivery of cards and temporarily changing the location for bulk card delivery to meet our needs for working remotely. – *STATE GOVERNMENT*
- “ The duty of care reporting has been valuable. – *FORTUNE 1000-SIZE CORPORATION*
- “ We needed to quickly change our card delivery locations so that admins working-from-home would be able to get them and send them to cardholders. Our provider got that change made quickly. Also, due to the travel restrictions, we had a lot of travel canceled and refunded, leading to a very large credit on our travel card account. Our provider was willing to quickly issue us refund checks rather than apply those credits to future purchases. – *UNIVERSITY*
- “ On-demand reports from banks to answer executive questions. – *FORTUNE 1000-SIZE CORPORATION*

ISSUER ASSISTANCE DURING THE CRISIS

- “ Our bank has decided to waive late payment fees for March late payments to give employees time to adapt as many had left their card statement at their work desk and forgot how to upload it! – *FORTUNE 1000-SIZE CORPORATION* ”
- “ Our bank’s program administrator help line has been invaluable. Someone always answers our call and they do their best to help or get someone that can help. Our Customer Manager was immediately available by email and we didn't have to wait long for limit increases or information. – *CITY GOVERNMENT* ”
- “ Our card issuer has been flexible and offered to distribute cards to other locations if needed. They have also stepped up their fraud monitoring due to the increase in online purchasing. – *LARGE MARKET CORPORATION* ”
- “ Our provider stepped up when we needed to have higher limits on a handful of cards. – *FORTUNE 1000-SIZE CORPORATION* ”
- “ We had a couple of card compromises during this time and were able to quickly get the cards closed and have new cards sent out. – *COUNTY GOVERNMENT* ”
- “ Ability to ship replacement/renewal cards to alternate addresses. – *UNIVERSITY* ”
- “ Our card product could not have been nearly as successful if our bank had not been behind us supporting the process and helping us with the steps necessary to use these cards, (i.e., increases to limits when needed, monitoring declines, and answering our administrator’s calls for help). – *CITY GOVERNMENT* ”

*Assistance Needed
During the Crisis*

A LITTLE HELP HERE?

- “ More real-time decline or fraud notifications—it usually takes 1-2 days for me to receive information. This was an issue before COVID-19, but has become more significant. – *UNIVERSITY*
- “ Need a billing dispute form that can be filled out online and electronically signed as opposed to manually filling it out, having the cardholder sign and scan it, and then the program administrator sign and scan it. Most employees who are offsite do not have a scanner. - *HEALTHCARE PROVIDER*
- “ It would be helpful to have more access to online administrative controls to decrease provider support calls even further (where there are typically long wait times). – *UNIVERSITY*
- “ Call center needs to be available with little wait time to add or close certain Merchant Category Codes. – *CITY GOVERNMENT*
- “ Quick response time to requests, opening up of MCC, limits, etc. For example, many breweries and distilleries are now making hand sanitizer, but the MCC for these types of companies are often blocked. – *FORTUNE 1000-SIZE CORPORATION*
- “ Expanded credit line. – *SCHOOL DISTRICT*
- “ More immediate responses and flexibility from the issuers. – *LARGE MARKET CORPORATION*

CONCLUSION

CLOSING THOUGHTS

- The current unprecedented COVID-19 challenge to life and economy has affected all of us—individuals, communities, organizations, governments—and the trials continue with no immediate end in sight. People who support, facilitate, and manage commercial card programs are unsung heroes within the organization, but continue to lubricate the wheels of business activity by enabling purchase options to many who are disconnected from the office, working remotely. Through this report, we want you to hear their voices, their innovations, their solutions, their challenges, and their stories. Hopefully, you will find some helpful advice and more importantly a comfort that you are not alone in this fight against the current pandemic.
- At RPMG, our defining purpose has always been bringing market intelligence for the benefit of card users, card issuers, and card networks. Our work and success over the last 20 years has been made possible by participation in and support of our work by the greater card community. We thank you and give you our continued commitment to bring the most objective and comprehensive market intelligence on card products to the marketplace.
- Please reach out to us if we can be of any service (info@RPMGresearch.net).

Be safe and stay well!

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