

# Alternative payment methods gaining ground in corporate travel

 By [Pascale Albrecht](#)

25 Jan 2018

Sometimes necessity is the mother of invention, and sometimes invention is spurred by convenience. Business travellers increasingly use not one or two, but three or four different payment mechanisms throughout the duration of their trip.



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On one single trip, a business traveller could pay for his or her visa on arrival with cash, use a virtual card to pay for the hotel and settle taxi fares through Masterpass.

## Alternative payment methods gaining ground, driven by consumer expectation

While traditional payment methods like cash and card reign supreme, for now, alternative payment methods are fast gaining ground as consumers' expectations of speed and efficiency, through automation and digitisation, increase.

These expectations are driven by the rapid growth of consumerisation in corporate travel. We find that business travellers are increasingly demanding the same multichannel payment experience they enjoy in their personal lives.

While cash remains king, for now, this won't last forever. In the current payment eco-system, we see the digitisation of cash through mobile wallets and the digitisation of cards, where the card information is stored in a mobile wallet app. In this scenario, the customer wouldn't actually need to carry a physical wallet. Digital payments provide a better customer experience and address security issues associated with physical cards. Our challenge in the corporate payment space is to strike a balance between the quality of the customer experience and the security of payments and information.

Corporates that embrace digital payment platforms and integrate them into an expense management system will find their travel and entertainment (T&E) expenses far easier to reconcile. Travellers are reimbursed much faster and travel managers can reconcile their expenses with their budget and check compliance with greater ease. Additionally, travel managers have complete oversight of the expenses associated with a trip.

## Corporate payment continuum

To illustrate the corporate payment continuum, it is helpful to see cash at one end, with cash defined as multiple currencies with fluctuating values depending on the performance of an economy, and at the opposite end is tokenisation and cryptocurrencies, which centre around the collection of information and enabling secure transactions.

Tokenisation is where the account number is stored in a secure token vault and a unique token number is issued for payment. A fraudulent user would have difficulty linking anything else along the chain even if the token number is intercepted.

On the payments scale, we have cryptocurrencies, such as Bitcoin, where the value of the currency is not influenced by global economic fluctuations. Cryptocurrencies are typically stored by a third party and ensure fast global payments and lower transactions fees compared to other existing cash currencies.

Solutions aimed at eliminating manual errors and completely preventing fraud in blockchain technologies, which cryptocurrencies make use of, are beginning to emerge. But the implementation thereof requires both the client and supplier to be technologically advanced, so it is unlikely that there will be major developments in the corporate travel space in the next few years.

In between the poles of the continuum, there is everything from virtual cards to mobile wallets, including invisible payments where the client is automatically recognised when paying for goods or services like Uber. The client is charged by a preloaded payment mechanism on his/her mobile device. The fare is automatically calculated and charged according to the payment method the client has linked to his/her account.

## **Virtual cards a growing trend**

Virtual cards are a growing trend in corporate travel payments, though they are less common in South Africa than in the United States and Europe. Virtual card platforms generate random virtual card numbers, which are linked to physical card accounts. It is possible to set a maximum charge for the virtual card number and the dates the card can be used. The likelihood of cards being cloned or stolen is reduced since no physical card is presented to the merchant. Trust is one of the biggest concerning factors that has slowed down the uptake of virtual cards in the South African market.

Corporate payment technologies will continue to evolve at a rapid pace, leaving behind those users who are unable to navigate multiple mechanisms at any given time. In this dynamic environment, travellers would do well to keep cash and cards in their wallets, familiarise themselves with mobile wallets and ask their companies about the potential use of virtual cards. It's time to cover all your bases.

## **ABOUT PASCALLE ALBRECHT**

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