



Virtual cards: A new era in B2B warranty and insurance payments

B2B companies in the warranty and insurance sectors face increasing pressure to streamline their payment processes while ensuring maximum security. Traditional payment methods, such as checks and physical cards, are increasingly becoming outdated, facing challenges like processing delays, high administrative costs, and vulnerability to fraud. Designed for decision-makers and financial professionals in the warranty and insurance sectors, this e-book explores the transformative potential of virtual cards in addressing these challenges, offering a solution that enhances security, streamlines processes, and provides flexibility for businesses.

Key benefits covered:



Enhanced security

Virtual cards provide unique, single-use numbers for each transaction, significantly reducing fraud risk. They come with built-in controls such as spending limits and expiration dates, ensuring that payments are authorized and secure.



Process efficiency and cost savings

Automating payment workflows with virtual cards eliminates manual data entry and speeds up transaction processing. This leads to lower administrative costs and improved cash flow management, making it easier to maintain strong vendor relationships and operational efficiency.



Scalability and flexibility

Virtual cards can be customized to fit the specific needs of businesses of all sizes, providing scalability as your company grows. They integrate seamlessly with existing systems, allowing for easy management of multiple accounts and real-time monitoring of transactions.

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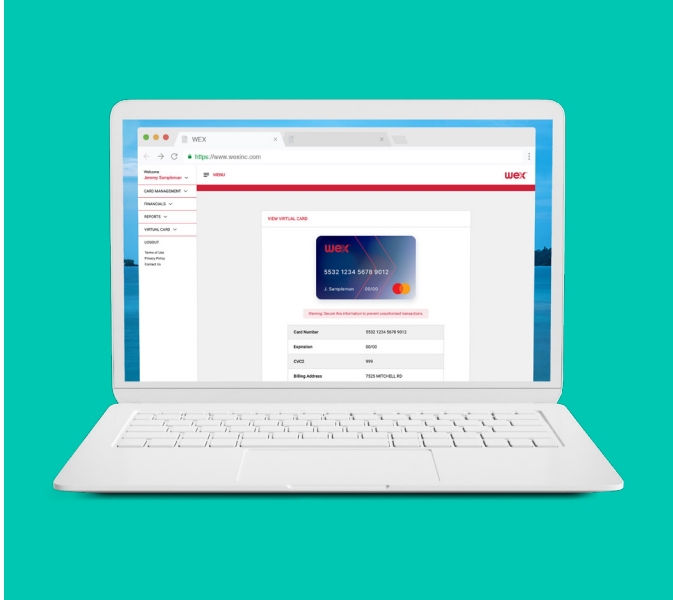
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Chapter 1:

Virtual cards 101

How virtual payment technology impacts warranty and insurance payment processing

Whether it's for automotive repairs, medical bills, or other claims, waiting for weeks to receive reimbursement for insurance claims can be a source of frustration and financial strain.

Bottlenecks in the traditional payment process

For years, the insurance industry has relied on traditional payment methods such as checks and electronic funds transfers (EFTs) to settle claims. While these methods are reliable, they are often slow.

The process typically involves multiple steps, including claim approval, payment authorization, and fund transfer, each of which can introduce delays. For instance, checks require mailing, which adds days or even weeks to the payment timeline. EFTs, though faster, still involve processing delays and potential errors in account information, leading to further delays. Another payment method is rising in popularity, offering faster service and greater security: Virtual cards.

What are virtual cards?

[Virtual cards](#) are digital versions of credit or debit cards. They are issued by financial institutions and function like physical cards. However, they exist only in digital form.

These single-use digital cards offer a variety of advantages, including enhanced visibility, greater control, and faster processing. By providing real-time detailed transaction records and payment monitoring, virtual cards have the potential to reduce fraud and improve customer satisfaction. Virtual cards are fast, secure, and efficient, making them ideal for businesses that want to take their financial operations to the next level.

One of the most significant advantages of virtual cards is their ability to enhance payment security. Traditional payment methods often expose businesses to fraud, with physical cards susceptible to theft and misuse. Virtual cards, however, offer a higher level of security through several key features:

Unique, single-use numbers

Each virtual card transaction generates a unique card number, which can only be used for a specific amount and purpose. This reduces the risk of fraud by ensuring that even if the card details are intercepted, they cannot be reused.

Transaction controls

Businesses can set specific controls on virtual cards, such as spending limits and expiration dates. This control mechanism ensures that the cards are used strictly for their intended purposes, further minimizing the risk of unauthorized transactions.

Real-time monitoring

Virtual card platforms often include real-time monitoring features, allowing businesses to track transactions as they occur. This capability not only helps in identifying suspicious activities immediately but also simplifies the reconciliation process.

These features collectively contribute to a significant reduction in fraud risk, providing businesses with a secure and reliable payment solution.



Chapter 2:

Success story: Smart AutoCare

Hear from Smart AutoCare how WEX virtual cards improved their business transactions

Who is Smart AutoCare?

Founded in 1986 in Richardson, Texas, Smart AutoCare has a history of excellence in offering industry-leading vehicle coverage that helps customers save money in the long term. Warranties include vehicle service contracts as well as ancillary coverage on restorations such as paintless dent repair, tires and rims, windshields, key replacement, and more. Smart AutoCare adjudicates more than 7,000 claims per month, paying out an average of \$5.5 million.

The company's traditional approach to payments was a patchwork of phone calls, paper checks, and manual data entry. This method was not only time-consuming but also error-prone. Customers often faced delays in receiving their vehicles, and the company was incurring substantial costs in processing and mailing payments. Moreover, the manual nature of the process made Smart AutoCare vulnerable to fraud and payment errors.

Smart AutoCare's challenges

The sheer volume of claims that Smart AutoCare processes on a daily basis quickly revealed why they needed to move away from the mostly manual payments process in which they operated. Traditionally, Smart AutoCare would make a phone call to each repair facility to share credit card information over the phone or give a heads-up about a paper check they were sending through the mail. Smart AutoCare was committed to building a more efficient, streamlined process, and they soon realized the problems with their current processes:

- 1 Their processes were too slow.** With over 450 claim payments per day totaling well over \$450,000, Smart AutoCare needed a solution that was faster, more efficient, and could facilitate the growing volume of payments that they adjudicate each day.

- 2 **Their processes could cause problems for their customers.** Most repair shops, understandably, will not release a vehicle until they've received payment for the work that's been done. Oftentimes, that means customers are waiting around at the shop for their vehicle while a manual or over-the-phone payment is made — which is not ideal for any involved party.
- 3 **Their processes are not secure.** Most forms of manual payment, be it over the phone or by paper check, come with an inherent risk of fraud and a lack of monitoring capabilities.
- 4 **Their processes cost more money.** Physically processing invoices isn't free. And with the number of payments that Smart AutoCare handles on any given day, processing fees can add up quickly — turning AP into a cost center when, in reality, it can be a revenue generator.

The road to efficiency

Recognizing the need for an overhaul, Smart AutoCare sought to modernize its payment operations. The goal was to streamline processes, enhance security, and improve overall efficiency.

Enter WEX, a digital payments platform provider. WEX offered a solution that promised to address Smart AutoCare's pain points by automating payment workflows, reducing manual intervention, and strengthening security measures.

How WEX helped Smart AutoCare

- 1 **Authorize exact payment amounts for vehicle repairs.** By using pre-authorized, randomly generated, single-use cards, the risk of AP fraud is significantly reduced. Repair shops can only process payments for the exact amount specified by Smart AutoCare, ensuring secure transactions and minimizing human error.
- 2 **Save time and money.** Unlike traditional checks, electronic payments are fast and free, allowing Smart AutoCare to process more claims payments daily. This efficiency has led to cost savings and improved customer service.
- 3 **Enjoy long-term business growth.** Since partnering with WEX, Smart AutoCare has seen an increase in contract sales. With the ability to process more claims and payments daily, the company is on a clear path to sustained growth.

See the detailed case study [here](#).

Physically processing invoices isn't free... [and] processing fees can add up quickly — turning AP into a cost center when, in reality, it can be a revenue generator.

Virtual card rebates

Turn expenses into revenue-generating opportunities

How virtual card rebates work

When you use a virtual card to make a payment, the issuing bank typically rebates a portion of the interchange fee back to your business. Interchange fees are the fees that merchants pay to banks whenever a customer makes a purchase using a credit or debit card.

For example, receiving 1 percent cash back on virtual card invoice payments means you will get \$10,000 back for every \$1 million spent.

Interchange fees are necessary to process convenient and easy card transactions. These fees help cover the costs associated with processing transactions, maintaining secure payment networks, and providing fraud protection. By enabling smooth and reliable card payments, interchange fees support the broader financial ecosystem that benefits both consumers and businesses.

The average interchange fee in the U.S. is between 1.5% - 3.5%. The exact cost will vary depending on the type of card used, the size of the transaction, and your industry. While these fees are essential for processing cards, they do impact the bottom line of merchants.

Virtual card rebates can help to offset these costs by returning a portion of the interchange fee back to your business. This can result in significant savings, especially for businesses that make a large number of payments each month.

The benefits of virtual card rebates

There are several benefits to using virtual card rebates to optimize payment processing costs:

- 1 Cost savings:** Rebates can add up quickly. These savings can open up new opportunities for revenue streams.
- 2 Improved cash flow:** Rebates can help improve your cash flow by providing you with a source of immediate income. This can be helpful for businesses that are looking to improve their working capital.
- 3 Reducing fraud risk:** Virtual cards are much more secure than traditional payment methods, such as checks or ACH payments. This is because virtual cards have unique numbers that are only valid for one transaction.
- 4 Increased efficiency:** Virtual cards can help to streamline your accounts payable process by automating payments and reducing the need for manual check processing. They provide more granular control over spending, allowing accounts payable teams to set specific transaction limits and restrictions.



Maximize your virtual card rebates

Consolidate payments

Whenever possible, consolidate smaller payments into larger, single transactions. This approach can help you maximize rebate amounts and streamline your accounting processes, making it easier to manage and track your expenditures.

Engage supplier and vendors

Proactively engage with your suppliers to discuss the benefits of accepting virtual card payments. Emphasize the advantages, such as immediate and guaranteed funds, which virtual card transactions offer. Some suppliers might even provide additional discounts for payments made via virtual cards.

Focus on using virtual cards for payments to high-volume suppliers, the ones you deal with most frequently and make the largest payments to each month. This strategy can significantly increase your rebate earnings, leading to substantial cost savings and improved financial efficiency.

WEX's [supplier enablement services](#) can assist in onboarding and educating your suppliers about the benefits of virtual card payments. This makes the transition smoother and more advantageous for both parties, further maximizing your rebate potential.

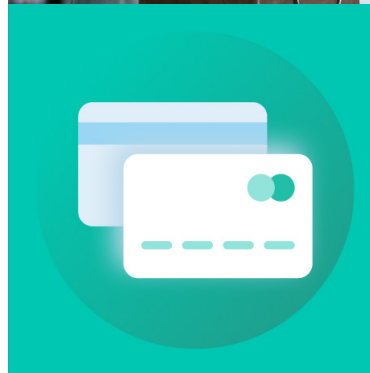
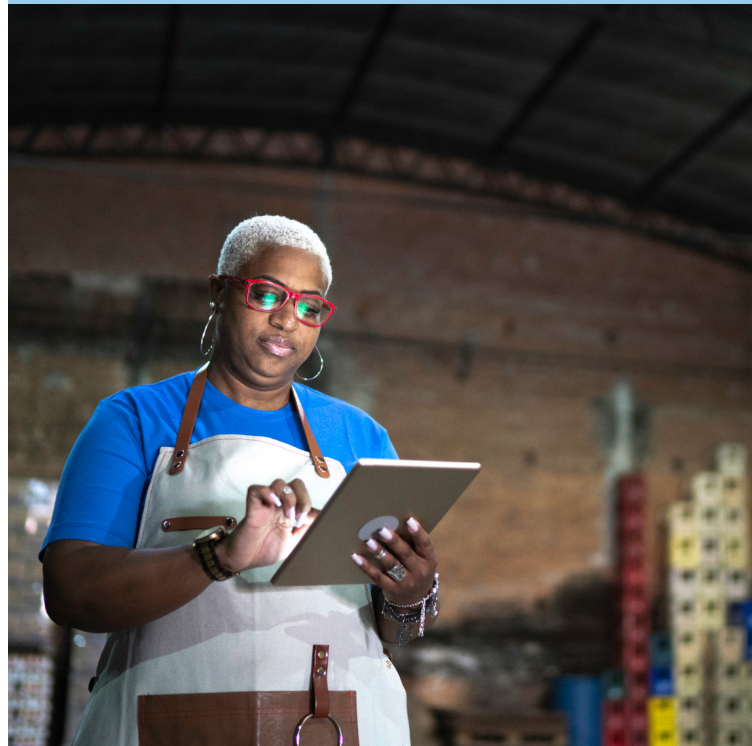
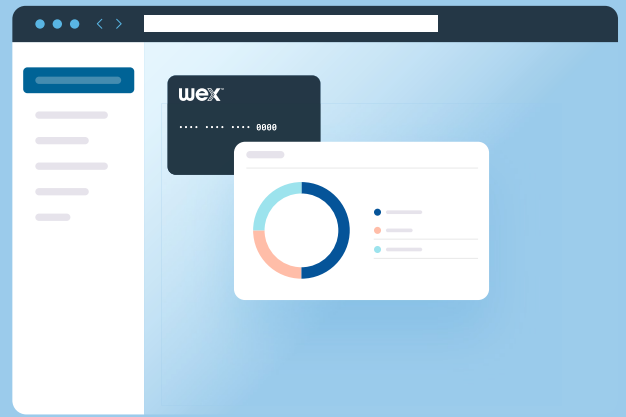
Integrate virtual card programs with accounting software

Utilize a virtual card program that integrates seamlessly with your accounting software. Providers like WEX offer solutions that integrate with existing ERP systems, simplifying the tracking and approval of invoices and making payment reconciliation more efficient. This integration allows you to manage all your processes in one place, enhancing overall financial control.

Stay informed

Stay updated on industry trends and developments in virtual card technology. Keeping informed allows you to adapt your strategies, ensuring you continue to maximize the benefits of virtual card rebates.

Virtual card rebates present a valuable opportunity to reduce payment processing costs. By implementing these strategies, you can maximize your rebates, improve cash flow, and strengthen your bottom line.



Eliminate payment delays with faster, secure virtual transactions

Why vendors and suppliers prefer virtual cards

Traditional warranty claim processes can be frustratingly slow, often involving lengthy paperwork and waiting for long periods of time as checks clear. This can lead to administrative headaches and customer dissatisfaction.

Fortunately, virtual payments, such as virtual cards, are changing the game in business payments, streamlining payment processing and expediting payouts for warranty customers.

Virtual cards also offer substantial benefits in terms of process efficiency and cost reduction. Traditional payment methods, on the other hand, often involve manual processes that are time-consuming and error-prone.

Virtual cards streamline these processes in several ways:

Automation of payment workflows

Virtual cards automate the payment process, from issuance to transaction recording. This automation reduces the need for manual data entry and reconciliation, which can be labor-intensive and prone to errors.

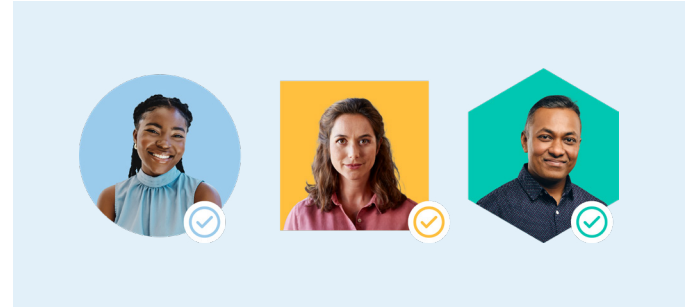
Faster payment cycles

With virtual cards, payments can be processed instantly, eliminating the delays associated with traditional methods like checks. This speed not only improves cash flow management but also enhances vendor relationships by ensuring timely payments.

Reduction in administrative costs

By automating and streamlining payment processes, businesses can reduce administrative costs. This includes savings on labor, as well as reductions in costs related to handling and processing payments.

These efficiencies translate into tangible financial benefits, making virtual cards a cost-effective solution for businesses looking to optimize their payment systems.



How virtual cards speed-up the repair claims process

When a policyholder files a claim for vehicle repairs, timely payment to the repair shop is essential to minimize downtime and ensure customer satisfaction. Traditional methods can delay repairs, as shops often wait for payment confirmation before starting work. This can be particularly problematic for businesses that rely on their vehicles for daily operations.

With virtual cards, insurance companies can issue payments to repair shops immediately upon claim approval. This allows repair work to start without delay, ensuring that vehicles are back on the road as quickly as possible. The benefits are clear:

Reduced downtime: Faster payments mean that repairs can start sooner, reducing the time vehicles are out of service.

Improved cash flow for repair shops: Immediate payment ensures that repair shops have the necessary funds to purchase parts and cover labor costs, leading to smoother operations.

Enhanced customer experience: Policyholders experience less inconvenience and downtime, leading to higher satisfaction and loyalty.

Secure transacting with virtual cards

Protect your bottom line from payments fraud

A staggering 80% of organizations experienced payments fraud in 2023, according to the Association for Financial Professionals. This is a 15% increase from 2022 and the highest rates of fraud since 2018. Business security is critical now more than ever.

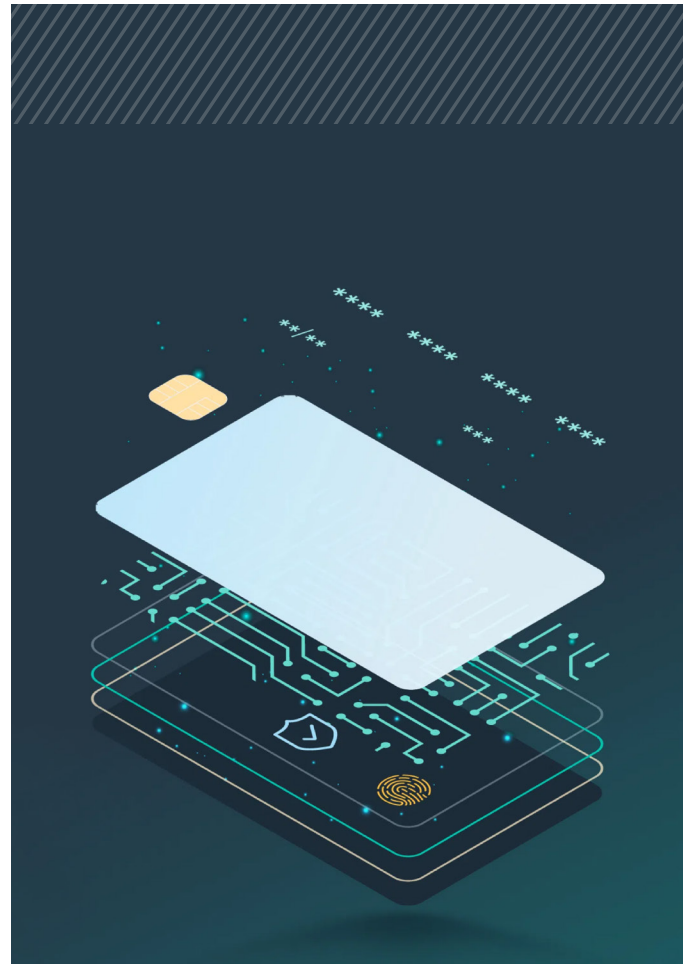
B2B commerce operates on a different scale than everyday transactions. Million-dollar deals are common, and trust between businesses is essential. However, this trust can be exploited due to fraud, making the need for prevention tools an absolute necessity. While streamlining transactions is important to simplifying business, the need for extra security measures in B2B transactions remains important.

A layered approach to fraud prevention

A variety of fraud prevention tools should be used to make up a comprehensive security strategy. Creating a multi-layer transaction process can help fortify payment security, protecting both business and customer information. Here are some measures to strengthen your fraud prevention efforts:

Multi-factor authentication for additional verification

Add an extra layer of security by requiring additional verification steps beyond just the card information. This requires users to verify their identity through multiple methods, such as a password and a unique code sent to their mobile device.



Transaction monitoring for faster fraud detection

Be vigilant about transactions with high order values or those coming from unfamiliar locations. With WEX, you can analyze transaction patterns, quickly identify anomalies, and flag any suspicious activities, providing real-time insights with greater security.

Use virtual cards for greater control and transparency

WEX virtual cards, including single-use and lodge cards, offer advanced security by limiting usage to specific vendors and amounts. This reduces the risk of fraud and unauthorized transactions by providing highly customizable spending controls.

Virtual cards can be limited to specific vendors, amounts, and transaction types, reducing the risk of payments fraud and unauthorized transactions. They are particularly effective for one-time transactions, as they expire after use, minimizing the chance of misuse.

Enforce a strong password policy

Include strong password requirements for customer accounts and require regular updates. Educating customers about the importance of unique and complex passwords can further enhance security.

A 2024 Forbes report found that 46% of surveyed Americans admitted to having their passwords stolen this past year. The study further revealed that many people reuse passwords across accounts or use weak passwords.

To help support and protect against hackers, enforce strong password policies. Through this, businesses can reduce the risk of unauthorized access and protect sensitive information.

Accounts payable (AP) automation

Your AP department is the anchor of your business' finances. WEX's AP automation solutions enhance security by minimizing manual processes, which are prone to errors and fraud. With automated reconciliation, custom spend limits, and real-time transaction monitoring, you can build a defense against fraudulent activities.

By integrating these automated solutions, businesses can reduce the risk of internal and external fraud, improve operational efficiency, and maintain better oversight of their financial transactions.

Address verification

Address verification is typically used to prevent card-not-present (CNP) fraud in transactions conducted online, over the phone, or wherever the physical card is not handed to the merchant. This real-time check helps identify discrepancies that could signal fraudulent activity.

When a customer makes a purchase, they provide their billing address along with their credit card information. The address verification system compares the provided address to the one on file with the card issuer. If the addresses match, the transaction proceeds. If there is a discrepancy, the transaction is flagged for further review. This simple yet effective process helps businesses catch fraud in action.

WEX is here to help you build and maintain customer loyalty

A smooth and efficient transaction process is important for building and maintaining trust with your customers. By employing effective fraud prevention tools, you can minimize disruptions and enhance the overall experience, which strengthens your relationship with customers.

Without adequate fraud prevention measures, the increased risk of fraudulent activities can lead to frequent interruptions and dissatisfaction, potentially damaging your business reputation and financial performance.

Don't let payments fraud impact your business' bottom line



Payments fraud has serious consequences for businesses. Financial losses from fraudulent transactions can be substantial, often leading to chargebacks and additional fees. Beyond the immediate financial impact, there's a loss of trust.

When a business falls victim to fraud, its reputation can suffer, making customers weary of future transactions. This erosion of trust can have long-term effects on customer relationships and overall business success.

A secure approach that layers multiple security measures can effectively protect B2B transactions and ensure relationships remain intact. A secure fraud prevention strategy is not simply a recommendation; it's a necessity.



Chapter 6:

Flexibility and scalability

Customize your virtual cards to fit your business needs

The flexibility and scalability of virtual cards make them suitable for businesses of all sizes, from small enterprises to large corporations. This adaptability is particularly valuable in dynamic industries like warranty and insurance, where payment needs can vary significantly:

Customizable spending limits

Businesses can set spending limits on each virtual card, ensuring that they align with corporate budgets and policies. This feature is particularly useful for managing expenses and preventing overspending.

Integration with existing systems

Virtual cards can be integrated with existing financial and accounting systems, facilitating seamless data flow and reducing the need for manual data entry. This integration capability enhances the overall efficiency of financial operations.

As businesses grow, their payment needs become more complex. Virtual cards offer the scalability needed to handle increased transaction volumes and manage multiple accounts efficiently. This scalability ensures that businesses can continue to benefit from virtual cards as their needs evolve.

This flexibility and scalability make virtual cards an ideal solution for businesses looking to modernize their payment systems while maintaining control and oversight.

Chapter 7:

Efficient transaction reconciliation

Simplify record-keeping and audits with virtual cards

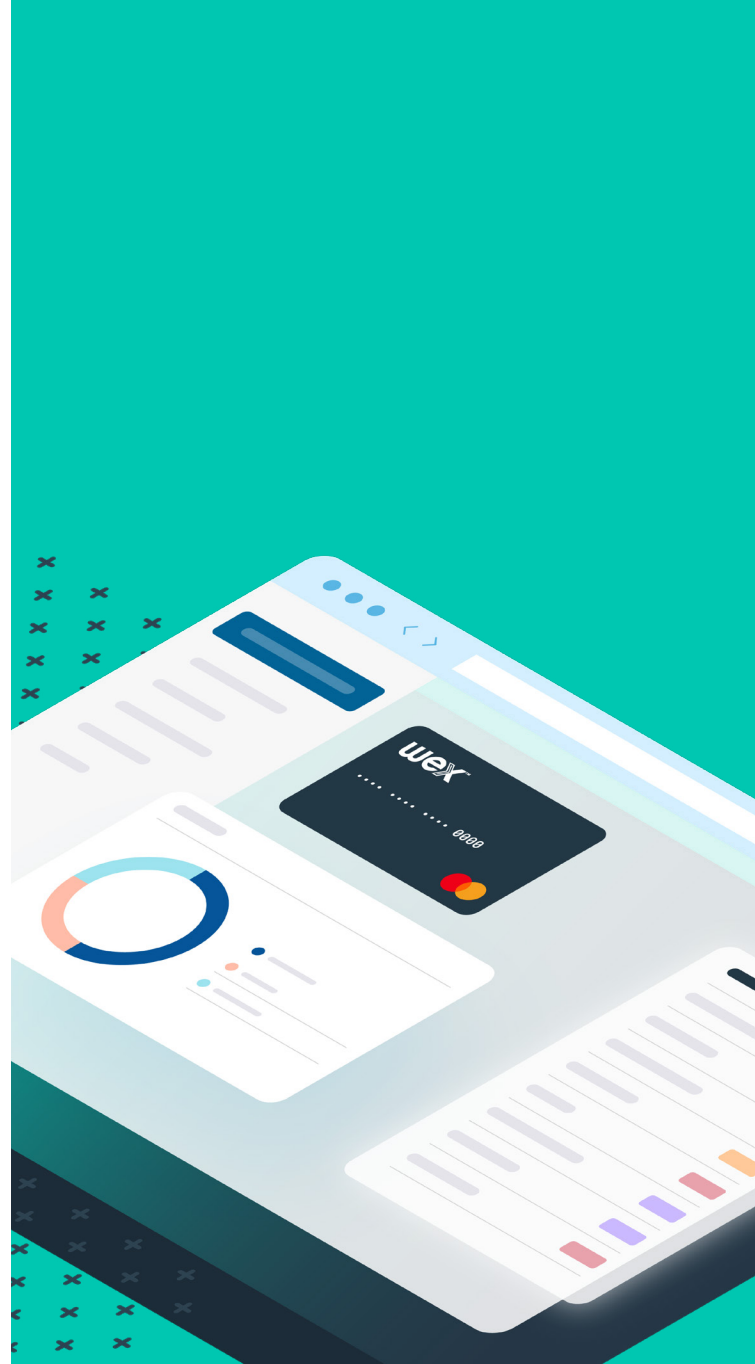
Reconciliation challenges not only affect your back-office employees but also indirectly impact your company's bottom line, forecasting accuracy, and cash flow management. Effective reconciliation can free up your employees to focus on more strategic tasks, reduce fraud, and improve customer satisfaction.

Virtual cards offer a smart payment solution that can streamline reconciliation processes.

Understanding reconciliation

Payment reconciliation involves verifying financial transactions to ensure that the payments made match the expected amounts. This process typically includes comparing bank statements or ledger entries with invoices and receipts. Accurate reconciliation is crucial for maintaining financial accuracy, compliance, and fraud prevention.

Reconciliation can be done in various formats, including daily, weekly, and monthly reports, with real-time access available through APIs that integrate seamlessly with accounting systems.



Who handles reconciliation?

Reconciliation is typically handled by various back-office roles, including:

- Accounts payable professionals
- Accounting staff
- Controllers
- Treasury staff



Characteristics of effective reconciliation

Effective reconciliation processes should be:

- **Detailed and scalable:** Transactions should be reconciled one-by-one rather than in bulk, making it scalable for handling large volumes.
- **Automated and integrated:** Automation and system integration streamline the process.
- **Electronic and transparent:** Electronic systems collect transaction data upfront, making payment statuses easy to track.
- **Fraud-resistant:** Quick detection of discrepancies reduces the impact of fraud.

Achieving these characteristics can save time and provide a clearer view of cash flow. Conversely, ineffective reconciliation can lead to back-office inefficiencies, unclear payment statuses, and difficulty matching multiple purchases to a single invoice, which can negatively affect customer satisfaction.

For instance, an auto warranty insurance provider must ensure prompt payment to service providers like towing companies and repair shops. Delays can cause customer dissatisfaction and damage business relationships. Efficient reconciliation, facilitated by virtual cards, prevents such delays and ensures smooth operations.

How virtual cards improve reconciliation

Virtual cards offer several advantages over traditional payment methods:

- **Automated issuance:** Virtual cards can be automatically issued to cover individual purchases, eliminating the need for bulk reconciliation.
- **Enhanced transparency:** Virtual card transactions provide real-time notifications through APIs. For example, in the auto warranty scenario, you could inform a customer immediately when a tow truck is dispatched, thanks to instant payment confirmations—something not possible with checks or other traditional payment forms.

Implementing a virtual card program

Best practices to adopting virtual cards into your financial operations

Successfully implementing a virtual card program requires careful planning and execution. Here are some best practices to consider:



Assess your needs

Start by assessing your current payment processes and identifying areas where virtual cards can provide the most value. Consider factors such as transaction volume, types of payments, and security concerns.



Choose the right provider

Select a virtual card provider that offers the features and support you need. Look for providers with strong security measures, user-friendly platforms, and good customer service.



Integrate with existing systems

Ensure that the virtual card solution can integrate seamlessly with your existing financial and accounting systems. This will help in automating data flow and reducing manual work.



Train your team

Provide training for employees on how to use virtual cards effectively. This includes understanding security protocols, recognizing potential fraud, and knowing how to report issues.



Monitor and optimize

Continuously monitor the performance of your virtual card program. Use data and analytics to identify areas for improvement and optimize the program over time.

By following these best practices, businesses can ensure a smooth transition to virtual cards and maximize the benefits of this technology.



Chapter 9:

Looking ahead: What's next for B2B virtual payments?

As businesses continue to face evolving challenges in payment processing, virtual cards offer a forward-looking solution that combines security, efficiency, and flexibility. The adoption of virtual cards is not just a trend but a significant shift towards more modern and secure payment systems.

For B2B companies in the warranty and insurance sectors, the benefits of virtual cards are clear. They provide a secure way to manage payments, reduce costs, and improve operational efficiency. As technology continues to evolve, virtual cards are likely to become an integral part of corporate payment systems, offering businesses a competitive edge in a rapidly changing marketplace.

Looking ahead, the integration of virtual cards into B2B financial strategies will likely deepen, setting a new standard for how businesses approach payment processing and financial management.

For more detailed information and to explore how virtual cards can benefit your business, [contact us](#).



Glossary of Terms

Accounts Payable (AP) Automation

The use of technology to streamline and automate the process of managing outgoing payments and invoices. This can include the issuance of virtual cards, which helps reduce manual processing and improve efficiency.

Address Verification System (AVS)

A security feature used to verify the billing address provided during a transaction matches the address on file with the card issuer. This helps reduce the risk of card-not-present fraud.

API Integration

The use of Application Programming Interfaces (APIs) to connect virtual card systems with existing financial and accounting software, allowing for seamless data exchange and automation.

Cash Flow Management

The process of monitoring, analyzing, and optimizing the flow of cash in and out of a business. Effective cash flow management is critical for maintaining financial stability and liquidity.

Electronic Funds Transfer (EFT)

A traditional method of transferring funds electronically between banks, often used in B2B transactions. While faster than checks, EFTs can still be prone to delays and errors.

Fraud Prevention Tools

Technologies and practices used to detect and prevent fraudulent activities. In the context of virtual cards, these include multi-factor authentication, transaction monitoring, and real-time alerts.

Interchange Fee

A fee paid by merchants to financial institutions for processing credit or debit card transactions. Virtual card programs may offer rebates on these fees, providing a financial incentive for businesses.

Multi-Factor Authentication (MFA)

A security process that requires users to verify their identity using multiple methods, such as a password and a one-time code sent to a mobile device. This adds an extra layer of security to transactions.

Rebate

A partial refund or discount received by businesses for using virtual cards, typically based on the transaction volume. Rebates can help offset the costs associated with payment processing.

Reconciliation

The process of matching financial records, such as invoices and bank statements, to ensure accuracy and consistency in financial reporting. Virtual cards simplify reconciliation by providing clear, detailed transaction records.

Supplier Enablement

The process of encouraging and assisting suppliers to accept virtual card payments, often involving education on the benefits and technical aspects of the system.

Transaction Monitoring

The real-time tracking and analysis of financial transactions to identify and respond to suspicious activities. This is an important feature of virtual card platforms, helping to prevent fraud.

Virtual Cards

Digital versions of credit or debit cards used for online or remote transactions. They offer enhanced security by generating unique, single-use numbers for each transaction, minimizing the risk of fraud.

For more information on [WEX corporate payments solutions](#), virtual card technology, and best practices for optimizing your business, check out:



Virtual cards: 5 simple steps to make the transition

Discover a straightforward guide to transitioning your business to virtual cards, enhancing payment efficiency, and securing transactions.



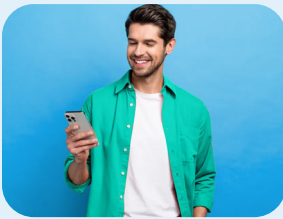
New to accounts payable? A few terms you should know

Familiarize yourself with essential accounts payable terminology to improve your financial management and understanding of payment processes.



5 ways to prevent accounts payable fraud

Learn practical strategies to safeguard your business against accounts payable fraud, a critical aspect of financial security.



3 tips to help you choose the right virtual card provider

Get expert advice on selecting the best virtual card provider for your business, ensuring you get the most out of your investment in payment technology.



Payment acceptance rates and what you can do to improve yours

Explore effective methods for improving your payment acceptance rates, a key factor in optimizing your payment processes and cash flow.

For additional resources and to stay updated on the latest developments in corporate payments, visit the [WEX business payments blog](#).