Wrangling Client Credit Cards

“Herding” Your Clients’ Ever Changing Credit Card Activity

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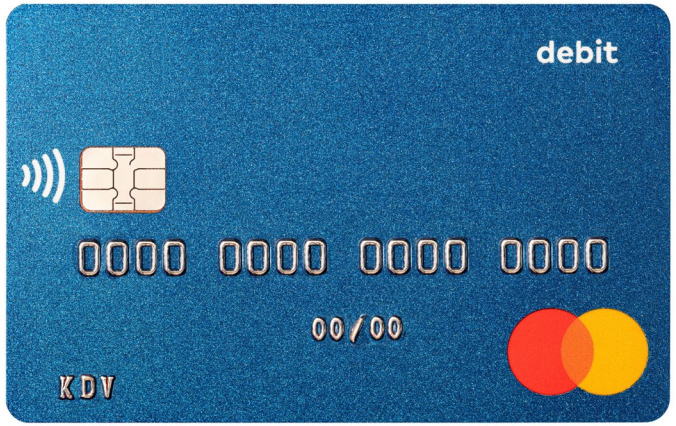
Learning Objectives

- Learn how sporadic and inconsistent use of credit cards (especially personal cards) exposes your client to an increased risk of fraud, embezzlement and/or personal liability
- Explore ways to increase spend controls for your clients – and visibility for you – when your clients (and their employees) are juggling the use of multiple credit cards
- Explore a powerful technology platform that aggregates multiple cards – including business and personal cards – into a single "bank feed."

The Format of Today's Presentation

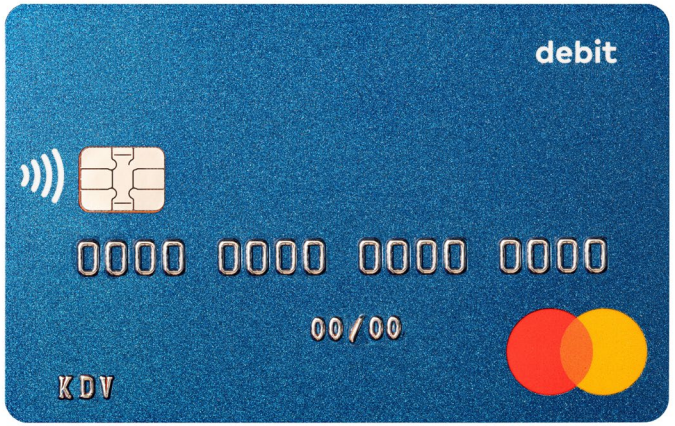
The Ugly

Debit Cards



Company Debit Cards (The Ugly)

- No Ability to Float Expenses
- No Option to Extend Payments for Cash Flow Prioritization
- No Earned Points (with Often with Convenience Fees Charged by Vendor)
- Does Not Build the Company's Credit Profile
- Fewer Cardholder Protections
  - Significantly Shorter Window to Dispute Charges
  - Money Immediately Drafted from Company's Bank Account → NSF Charges and Strained Relationships with Vendors (or Even Employees)



The Bad

Personal Credit Cards

Personal Credit Cards…The Bad

- **Pro:** Neutralizes Most of the Issues with Debit Cards (Assuming the Owner isn't using a personal Debit card
- **Con:** Does Not Build the Company's Credit Profile (Shares this downside with Debit Cards)
- **Con:** Exposes the Cardholder to Increased Personal Exposure/Risk
- **Con:** Typically Complicates Bookkeeping and Reconciliations
- **Con:** If an Employee is the Cardholder, there is an increased risk of over-expenditures (i.e., a lack of internal controls)

Personal Credit Cards → Best Practices

- Employees
  - Minimize the Use of Employee Cards for Business Expenses (More on this in the Company Credit Cards Section)
  - Use an Expense Reporting Solution to Quickly Validate Expenditures and Reimburse Employees
- Owners
  - Infrequent Business Usage: Have the owner file expense reports like employees
  - Frequent/Consistent Business Usage: Connect the Owner's Personal Card to the Company's Books through Bank Feeds

Note: These credit cards are, effectively shareholder (or owner) loans and/or receivables (More on this on the next two slides.)

Managing Owner Cards as Due to/from Owner*

Business Use of Owner's Personal Card

Debit	Credit
Expense/Cost/Asset/WIP/Etc.	Due to Owner (Credit Card Type)

Payment of Credit Card

Debit	Credit
Due to Owner (Credit Card Type)	Cash

Personal Use of Owner's Personal (but Company Managed) Card

Debit	Credit
Due from Owner (Other Current Asset)	Due to Owner (Credit Card Type)

After the *Company* Pays for Personal Charges

Debit	Credit
Owner Draw/Distribution	Due from Owner (Credit Card Type)

*Note: This approach streamlines accounting functions when the owner's card is used heavily and consistently for business transactions. If the owner's card is used infrequently, have the owner file expense reports as you do with the employees of the company.

*Tip: Try to get the owner to minimize personal charges on company-managed, owner-held cards. However, when this happens frequently, you can use rules to route these personal charges to Due from Owner

*Caution. When multiple employees at the client's location have access to the accounting system (e.g., Xero, QB, etc.), this approach discloses the client's personal transactions to anyone who has permission to view the transactions. It is critical for you to get the client's consent and express written permission to take this approach.

The Good

Company Credit Cards

Spend Cards vs. Credit Cards

- Benefits of Spend Cards
  - More Granular Spend Controls
  - Easier and Less Expensive (Typically) to Deploy throughout the Organization
  - Real Time Spend Limit Settings (Including Zero Spend Capabilities) → Activate Cards only When Needed
  - Most Spend Card Platforms Offer Virtual Card Options
- Downside of Spend Cards
  - Do Not Build the Company's Credit Profile
  - Do Not Allow the Company to Carry Balances as a Cash Flow Strategy
  - Often Do Not Offer Points (or as Favorable of Points)
  - Limited Dispute Options/Windows

Company Card Cards – The Good

- Offsets All the Concerns with Debit Cards and/or Personal Cards
  - Builds the Company's Profile
  - Allows for Strategy Cash Flow Management (Floating and/or Carrying a Balance)
  - Reduces the Handling of Personal Charges by Owners
  - Reduced Exposure/Personal Liability for Employees and Owners
  - Longer Dispute Windows
- Provides a Tax-Free Fringe Benefit – Owner Use of Points
- The Challenges
  - Not all Cards Integrate Well with Accounting Platforms (Even QBO or Xero)*
  - Broken Links to Bank Feeds/GL Apps
  - Matching Receipts to Transactions (and Getting Card Users to Provide Receipts) is a Continuing Challenge*
  - Clients Tend to Use Multiple Company Credit Cards (e.g., Due to spend limits per card, international travel, or points strategies)*

*There is a powerful solution that mitigates all these downsides!

The Better

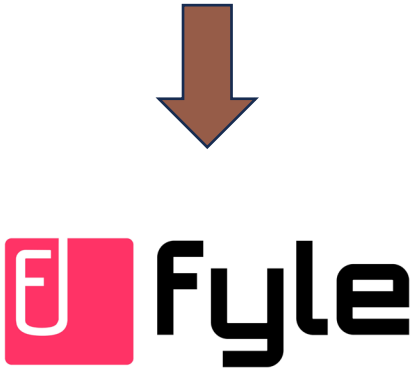
American Express Cards

Corporate American Express Cards – The Better

- Benefits of AMEX Cards
  - Allows for Multiple Card Holders within the Company with Spend Limits per Card Holder
  - Unique and Powerful Travel Perks, Discounts and Other Benefits
  - Consistently strong integrations with QBO, Xero and most Major Platforms
  - Allows You as the Accountant/Bookkeeper to Have a View Only Profile to Capture Statements and View Transaction Activity
- Downsides with Corporate AMEX Cards
  - Not accepted with some vendors, especially internationally.
  - Many cards do not allow you to carry balances beyond a 30-45 -day window
  - These are often fixed and difficult to monitor → Increased risk of expense overruns any time an employee has a company card in their name.*
  - American Express charges a fee for most types of corporate cards, per cardholder*
  - Each cardholder must undergo a credit check (including providing AMEX with their social security number)*

*There is a powerful solution that mitigates all these downsides!

The Best


fyle

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About Fyle

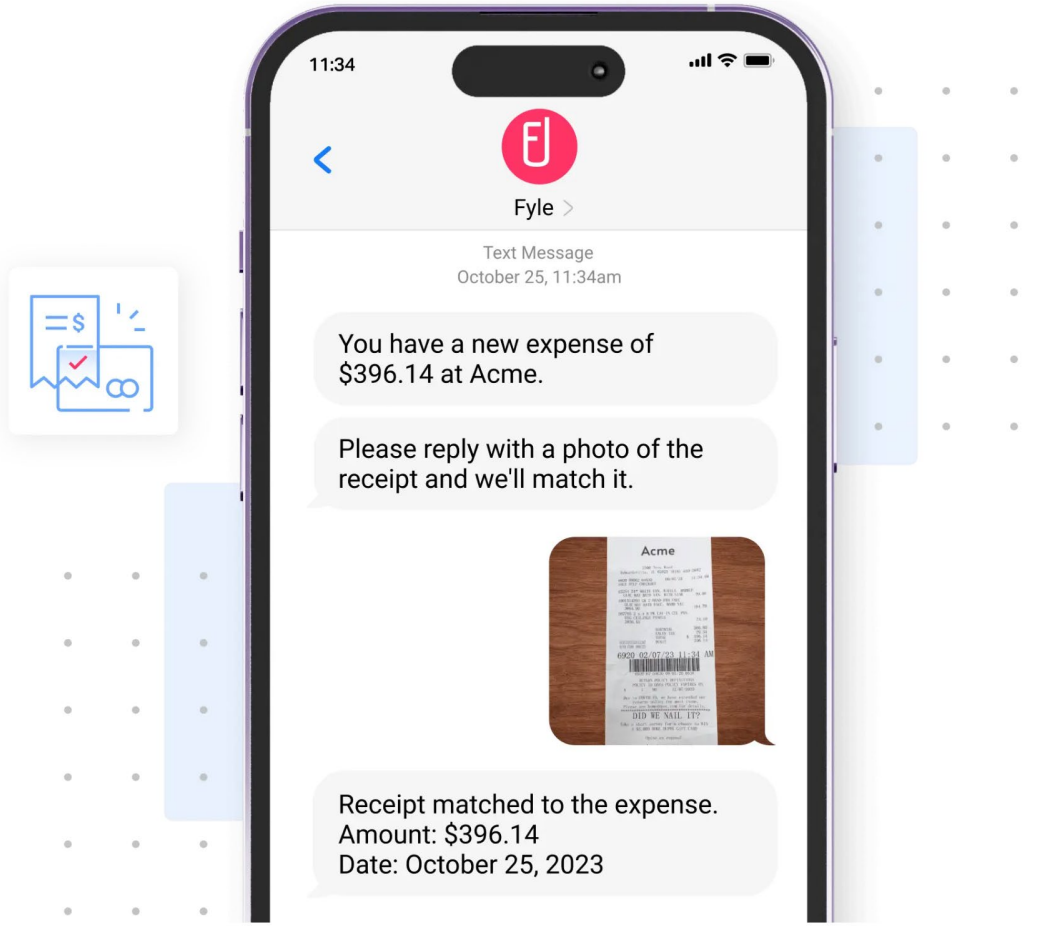
- Fyle is an AI based expense management platform that you can use on your existing credit cards
- It directly integrates with Visa, Mastercard and Amex to give you real-time transaction data
- Fyle is nestled within everyday tools like Gmail, Outlook, Slack, MS Teams, text message, and email to provide employees a unique way of submitting expense receipts on the go
- Has a powerful, 2-way sync with your favorite accounting software like Sage Intacct, NetSuite, QuickBooks and Xero
- No new apps to download or learn

Fyle

www.fylehq.com

Some Key Features

Send receipts by text message. You and/or the client's back office can have a text or chat exchange with the employee about the receipt/purchase.



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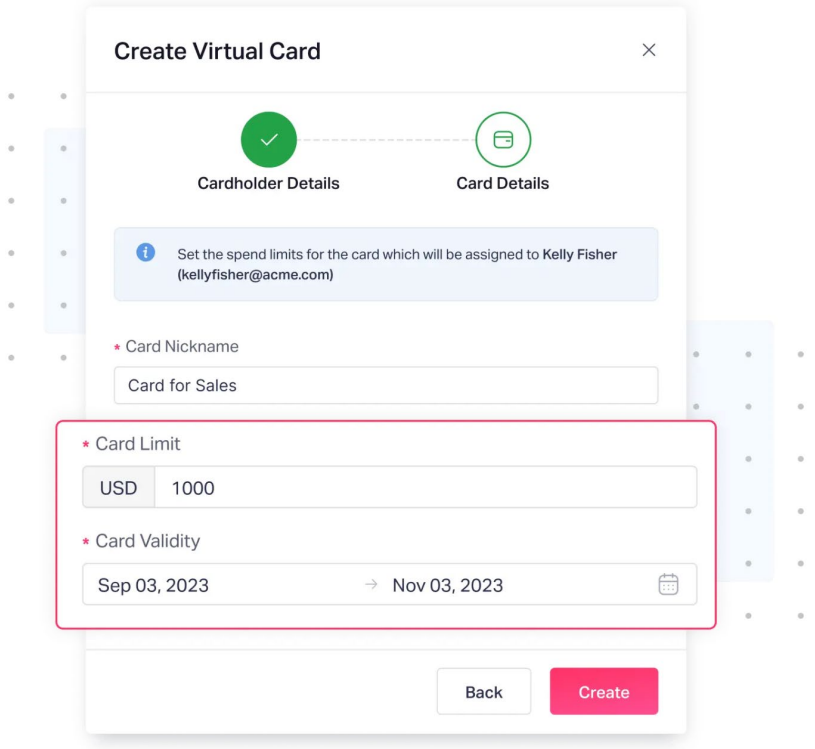
Create Virtual Card Numbers with AMEX Cards

Save the cardholder fees, employee credit check and increase spend controls.



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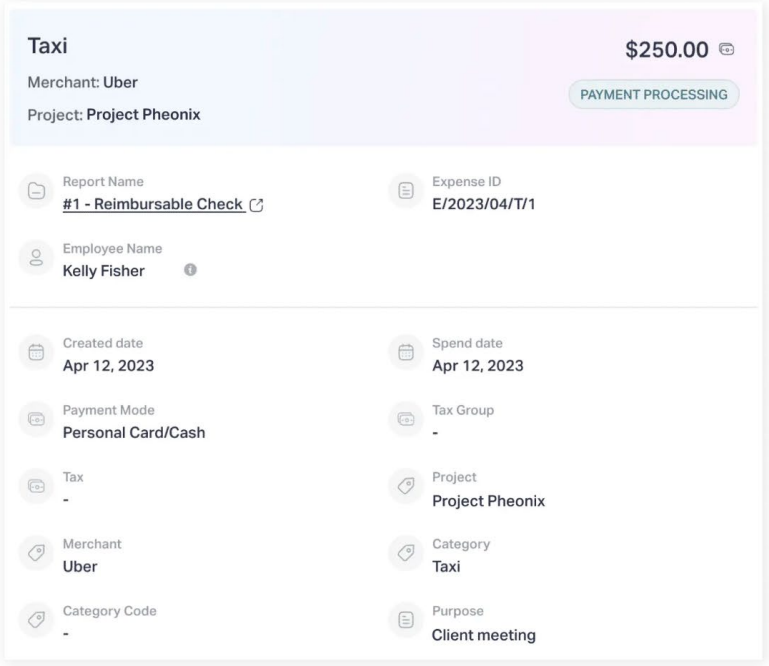
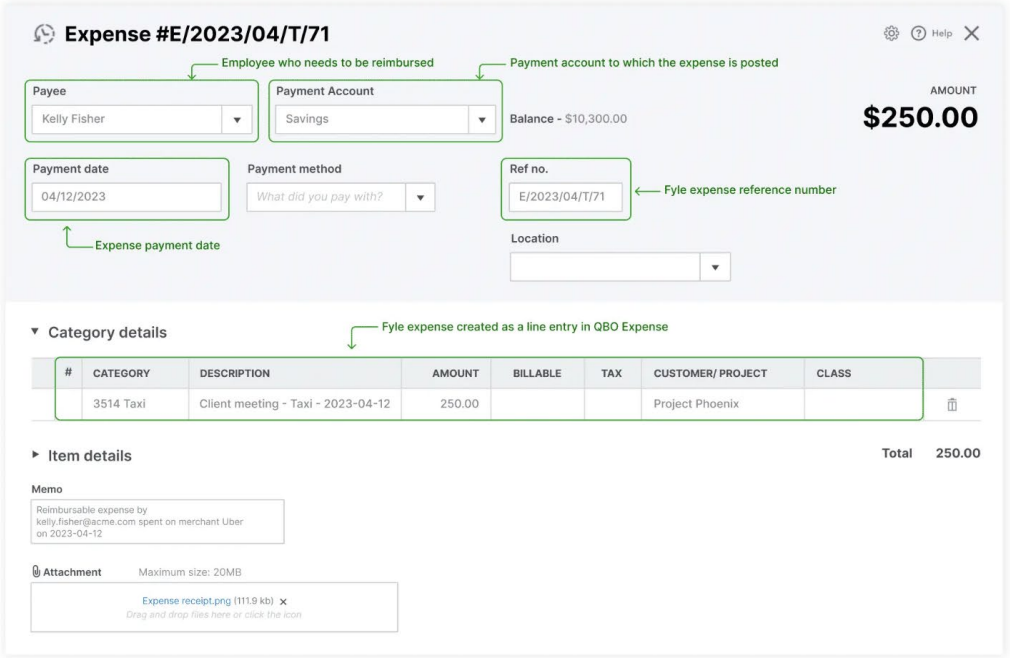
Integrate with QBO, Xero, Intacct, etc.





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