

VISA COMMERCIAL PERSPECTIVES 



Corporate Payment Cards and Cash Management

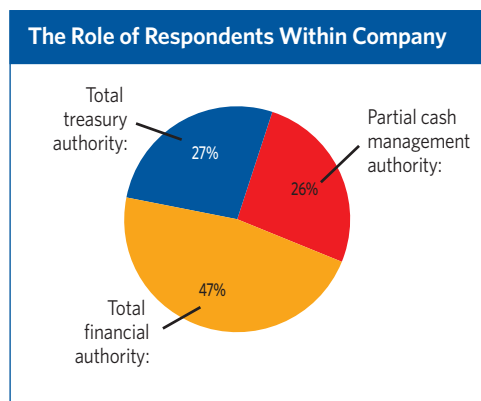
October 2006

Study Overview

As part of an ongoing effort to understand and improve business payment processes, Visa Commercial Solutions initiated a comprehensive survey four years ago designed to take an in-depth look at the effectiveness of cash management practices among today's businesses. The annual Visa Cash Management Survey measures key trends in the attitudes and opinions of corporate financial executives regarding their cash management processes, while identifying opportunities for improving the efficiency of those processes.

Scope

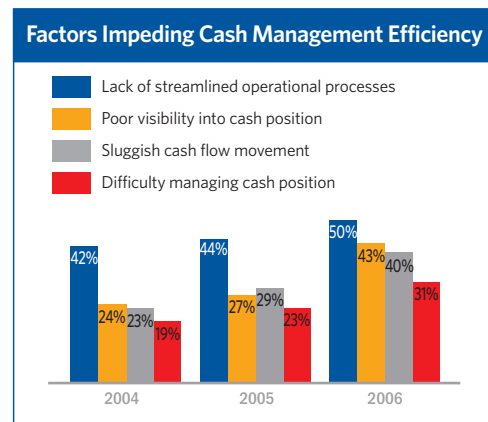
The 2006 Visa survey involved 400 senior executives responsible for the financial, treasury and cash management decisions of their organization. Spanning more than 20 industries, the majority of respondents (85 percent) had annual sales of more than \$50 million — of which 56 percent represented those companies with more than \$100 million in sales per year. A large majority of survey respondents were company executives with either total financial authority or total treasury authority for their organizations.



Key Findings

Growing Awareness of Cash Management Inefficiencies

The survey revealed that awareness of cash management inefficiencies among financial executives appears to be growing. When identifying several key challenges to achieving greater cash management efficiency, the percentage of respondents recognizing these inefficiencies has increased significantly over the past three years. As awareness of these contributing factors to cash management inefficiency grows, the results indicate a trend that financial executives are taking steps to improve their processes and realize cost savings resulting from improved process efficiency.

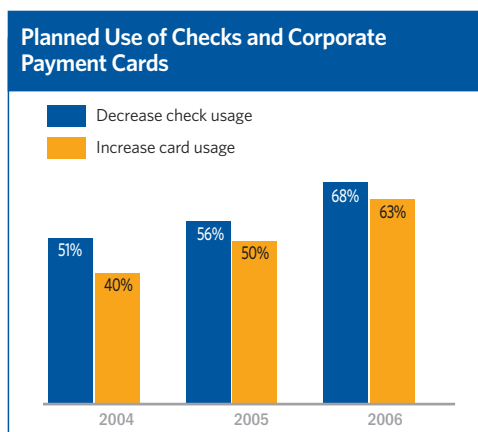


The annual Visa Cash Management Survey measures key trends in the attitudes and opinions of corporate financial executives regarding their cash management processes.

Checks vs. Payment Cards

A number of trends were identified among survey respondents regarding the use of checks and corporate payment cards for making business-to-business payments. Results show that financial executives and cash managers' preference for checks as a commercial payment tool is declining, as satisfaction with and use of

electronic payment methods, like corporate payments cards, is rising. As more financial executives discover the inefficiencies of the cash management process, the survey found that they also recognize the potential benefits of utilizing corporate payment cards as an effective cash management tool.



The 2006 survey measured for the first time the opinions and practices of financial executives regarding the integration of corporate payment cards with e-procurement and enterprise resource planning processes.

Additional key findings when comparing check and payment card usage included:

- 92 percent of respondents said reduction of back office payment processing costs is influential in encouraging their company to make greater use of corporate payment cards.
- 53 percent of respondents report using corporate payment cards to make payments, up from 41 percent in 2005.
- 40 percent said checks make up more than half of their company's transactions when making payments, down from 66 percent a year ago.
- 44 percent said they utilize cards for receiving commercial payments, up from 27 percent last year.

Importance of Payment Card Integration

The 2006 survey measured for the first time the opinions and practices of financial executives regarding the integration of corporate payment cards with e-procurement and enterprise resource planning (ERP) processes. Achieving more streamlined processes and cost savings were the primary reasons cited for payment card integration. Key findings in this area included:

- A large majority (76 percent) said utilizing both e-procurement and ERP processes was important to their business.
- An even larger majority (93 percent) have integrated corporate payment cards with their e-procurement and ERP processes, with 71 percent using cards for at least 25 percent of their total transactions.

Respondents identified numerous benefits of corporate payment card integration with e-procurement and ERP processes. The top three reasons for integrating corporate payment cards were:

- Process streamlining leading to cost reduction
- Automating expense reconciliation processes
- Availability of transaction data for spend analysis



Corporate Payment Cards and Process Efficiency

The survey found that a growing number of financial executives recognize the contribution of corporate payment cards to improving efficiency of the overall cash management process. When comparing 2006 versus 2005 survey results, an increasing number of respondents identified key areas where payment cards have helped improve efficiency.

About the Visa Cash Management Survey

The Visa Cash Management Survey was conducted by Survey.com over 10 days in August 2006 and involved the responses of 400 financial executives and cash managers from across more than 20 industries. The majority of respondents (85 percent) had annual sales of more than \$50 million, of which 56 percent represented companies with sales of more than \$500 million annually.

The Visa Cash Management Survey was conducted by Survey.com over 10 days in August 2006 and involved the responses of 400 financial executives and cash managers from across more than 20 industries.

Contribution of Payment Cards to Process Efficiency

Help with collections
+17 percentage points to 52 percent

Providing new levels of data
+9 percentage points to 53 percent

Giving more visibility into cash position
+10 percentage points to 46 percent

Note: Survey results are provided for informational purposes only and should not be relied upon for marketing, legal, regulatory or other advice. Visa is not responsible for your use of the survey results, including errors of any kind, or any assumptions or conclusions you might draw from their use.

Nearly three-fourths of respondents (73 percent) said that corporate payment cards were relevant when both making and receiving commercial payments. When asked why corporate payment cards were relevant to the cash management process, respondents identified several factors relating to improvements in efficiency.

Why Payment Cards Are Relevant

