Virtual Credit Cards
WHY ISN'T EVERY CLUB USING THEM?


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Every once in a while, a new technology comes along that seems "too good to be true." More often than not, that turns out to be the case, and the technology fizzles out because of feasibility or cost issues. Not so with virtual credit cards.

Here's a technology that offers a huge upside with no real downside. Yet very few private clubs are taking advantage of this amazing technology.

Virtual credit cards (aka VCCs) are just what the name implies – a credit card that is used by a business to pay vendor invoices online through the internet.

It's simply another payment option along with issuing a paper check or drafting the club's checking account (ACH). But unlike other payment methods, VCCs offer a benefit that makes them seem *too good to be true* – rebates. On average the rebate is about *one percent of the payment amount*. What does this net out to for a typical club? Let's do the math.

Assume your club pays out $6 million in A/P invoices annually. Also assume that on average, 25 percent of your vendors will accept VCC payments. That results in $1.5 million in VCC payments each year. Multiply by the one percent rebate and the club receives a $15,000 annual revenue stream simply by paying with a VCC. And that's it. There are no fees or expenses related to VCCs – just revenue to the club. So why are so few clubs using VCC technology? Here are some reasons we've heard:

1. "We're concerned about security. We think paper checks are safer." That's a big no and here's why. VCCs can only be used by authorized club personnel (usually just the A/P clerk and the controller/CFO) to pay vendors who are participating in the program. And VCCs can only be used through the club's computer network (no cards are issued to individuals).

But unlike traditional credit cards, a unique VCC number is generated for each payment. Once that transaction is complete, the number becomes invalid, eliminating the risk of a stored card number being stolen. VCCs are PCI-compliant, the data is encrypted, and the data is not stored on the club's computer system. Minimal security risk to be worried about.

2. "Not enough vendors will participate." Wrong. The average participation rate in the private club industry is 30-40 percent of the "spend" – meaning 30-40 percent of the total amount paid out through A/P.

3. "We don't have time to contact all of the vendors to invite them to participate." No problem. Some VCC providers will make all of the contacts and do the on-boarding for you – at no charge to the club. Actually this is not much of a chore since so many vendors serving the club industry are already participating.

4. "The rebate isn't large enough for us to take the time to set up a VCC arrangement." Seriously?

Specifics: If you have the Jonas club accounting system, CSI globalVCard has a robust interface to the Jonas A/P module, which makes the whole process a breeze. CSI also has club customers using Clubessential/ClubSoft, IBS, Northstar and other club accounting systems with easy-to-do file uploads.

Unlike some VCC providers, CSI on-boards your vendors for you – saving you time and expediting your start-up. Of course there are VCC solutions other than CSI available to choose from – although none of them have the club experience of CSI.

So if your club is not taking advantage of virtual credit cards, what are you waiting for? There's a pot of rebate money waiting for you to collect! **BR**

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