

Market Pulse:

*Economic Outlook, Corporate Cards, Virtual Cards and
Single Use Accounts, Digital Experiences*

May, 2019

Content



Economic Outlook



Corporate Cards



Virtual Cards and Single Use Accounts



Digital Experiences

Executive Summary

V74 May, 2019

- Commercial executives remain positive overall about the economy, but scores remain below 2018 highs. Companies with less reservations cite trade issues, political uncertainty, and market conditions. Those with more optimistic perspectives cite favorable business environments and a lack of anticipated rate increases by the Fed.
- Almost two thirds of respondents use their corporate card daily, with the most prevalent uses being for corporate T&E, paying vendors, indirect expenses, and field purchases. American Express is the leader in corporate card providers, being used by almost half, with 27% of all users reporting that American Express is their lead provider.
- Most participants also expect to maintain or increase card product usage over the next year. When selecting a provider, financial incentives are seen as the most important factor, however administration benefits, cardholder features, and payment terms are also highly important.
 - Among incentive-related features, cash back, a lack of minimum spend, and rebates on large transactions are most important.
- Nearly one in five companies report using Virtual Card Numbers (VCNs) or Single Use Accounts (SUAs). Users report that all features are of importance to their business, particularly secure payment notification to suppliers, real time requests for VCNs online, single payment instruction, and supplier recruiting support.

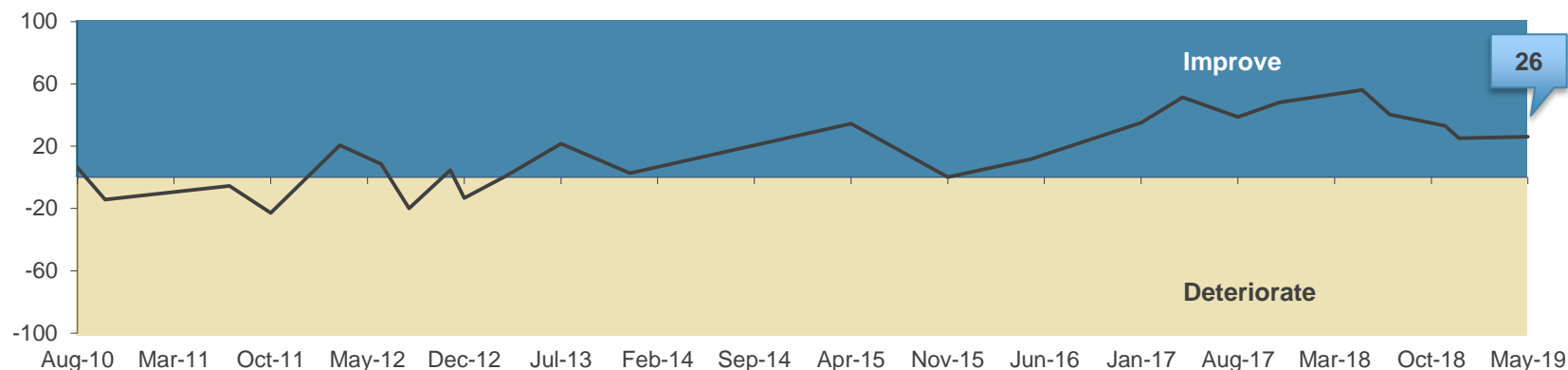


Economic Outlook

Overall Executive Optimism Remains Below 2018 Highs

Some Executives Anticipate a Correction

Greenwich Optimism Index – Commercial Executives



Why do you feel this way?

Improve

- "Good economic environment and direction."
- "The Federal Government is doing everything possible to accommodate business."
- "If the fed backs off on interest increases, we should continue to grow. Jobs market is very strong and it is very hard to find workers."
- "Fewer federal restrictions on businesses, opening free markets and competition again."
- "As we survey our overseas client base we see and hear increased interest and activity which further supports our view. Increased level of applications for booking of programs also number higher than last year based upon deadlines and timing."

Deteriorate

- "The economic factors I look at have peaked in my opinion. Only one way to go and that is down."
- "Isolationist trend (tariffs), recent earnings releases, tight labor market, Fed tightening, current political environment and failures by the Executive Branch to identify and depend on experts."
- "General market conditions, uncertainty in global markets, growth slowdown."
- "Uncertainty in the markets and trading partners, plus instability in government."
- "Stock market upheaval."

Note: The Greenwich Optimism Index is the net score of companies who feel that the economy will improve versus deteriorate.

On a scale from 1 = Will Deteriorate Significantly to 5 = Will Improve Significantly, what is your view on or expectation for the economy over the next six months? Why do you feel this way?

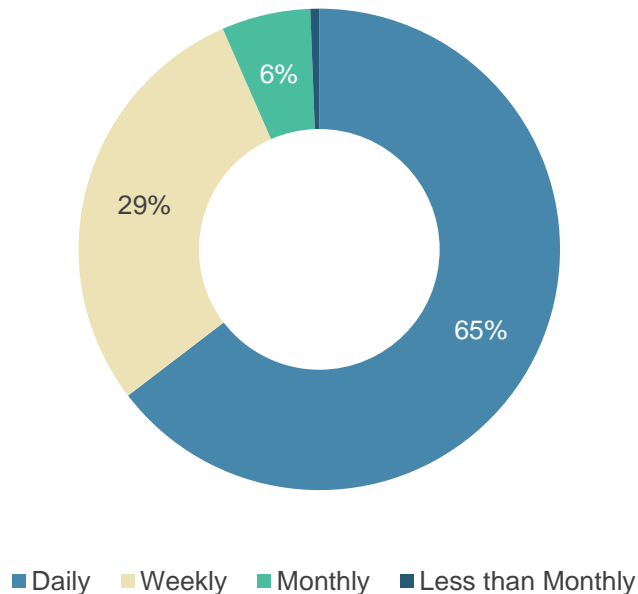
Source: Greenwich Associates Market Pulse v74 (May 2019).



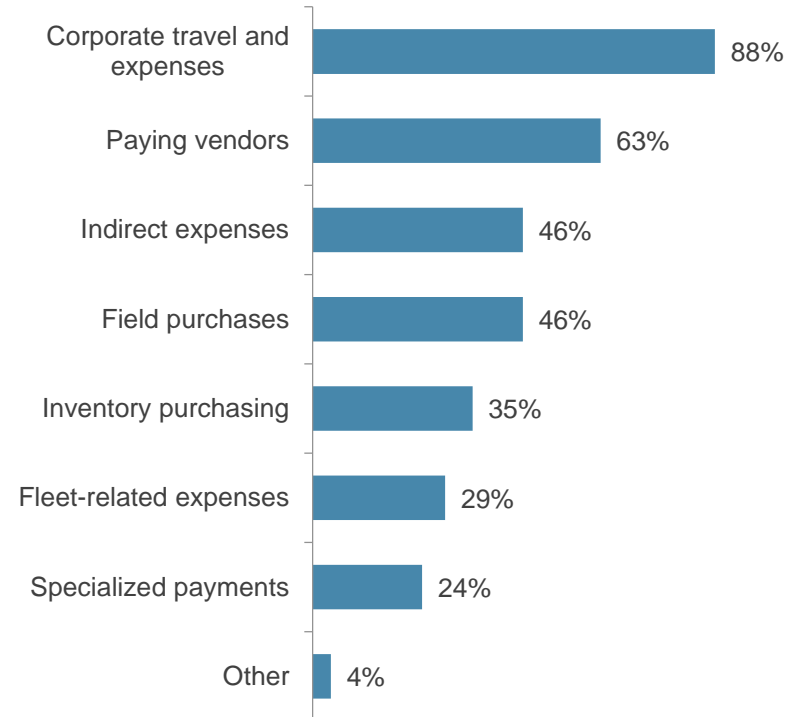
Corporate Cards

Almost Two Thirds of Respondents Use a Corporate Card Every Day

Frequency of Corporate Card Usage
(Base: 326)



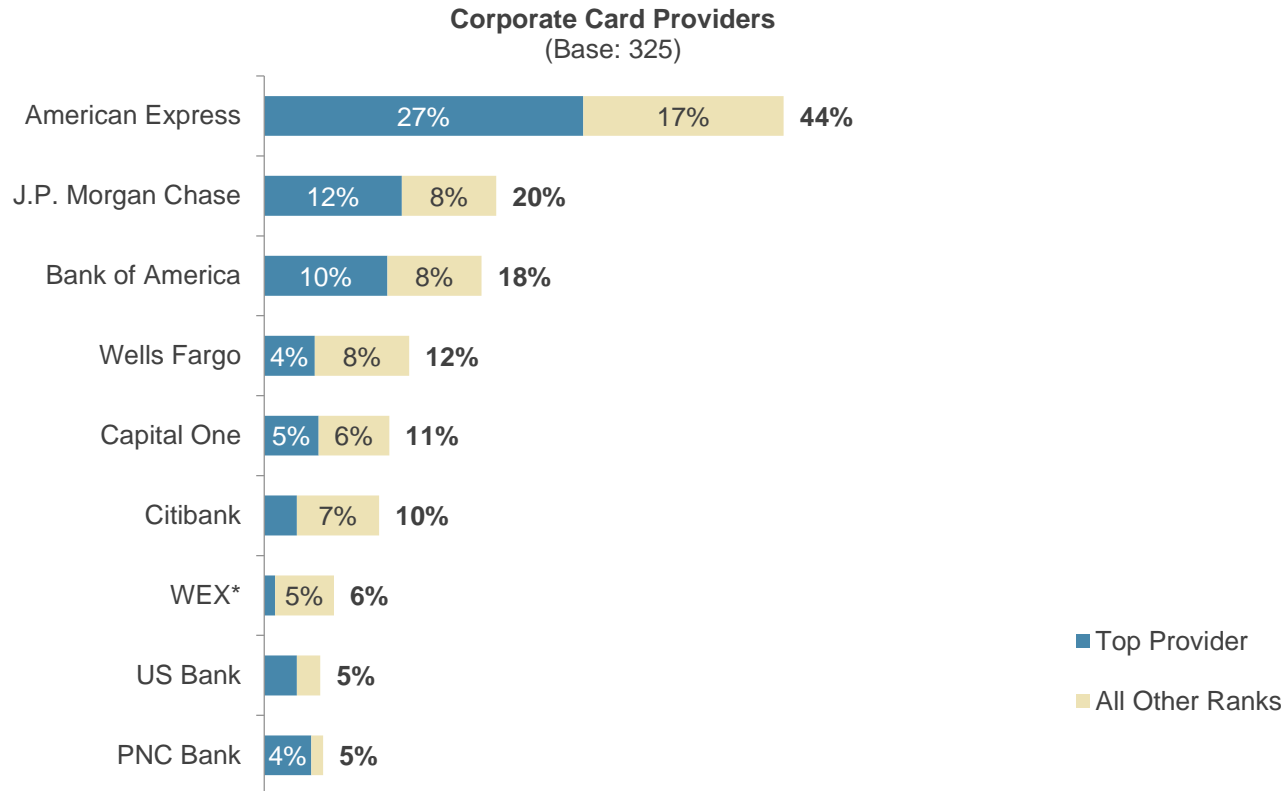
Uses of Corporate Card
(Base: 332)



How does your company currently use your corporate card services?
How often does your company currently use your corporate card services?
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American Express has a Commanding Lead of the Corporate Card Market

Capital One Benefits from Legacy Retail Business



*Specialty Fleet Provider

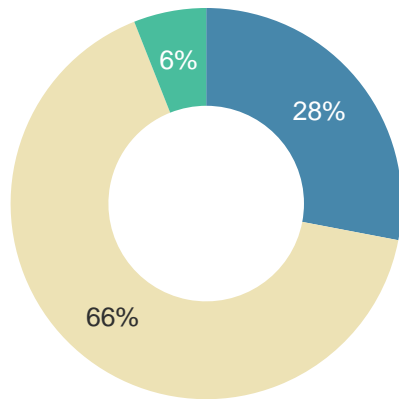
Which issuers does your company use for corporate credit cards?

Please rank the providers selected in order of usage, with "1" being your most used provider.

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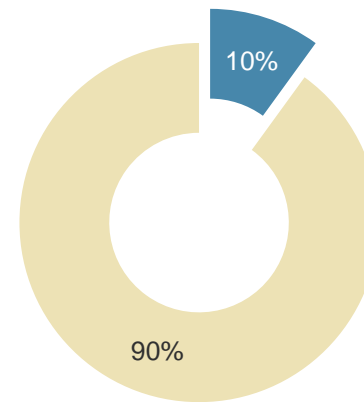
Nearly a Third of the Market Anticipates Expanding Card Usage in 2019

Card Usage in Next Year
(Base: 304)



- Expanding use of card products
- Keeping usage levels the same
- Reducing use of card products

Planning on Adding a Provider in Next Year
(Base: 271)



- Yes
- No

Of the 10% Planning Adding a New Provider, 65% Also Plan to Replace an Existing Provider

Is your company planning to add an additional corporate card provider in the next 12 months?

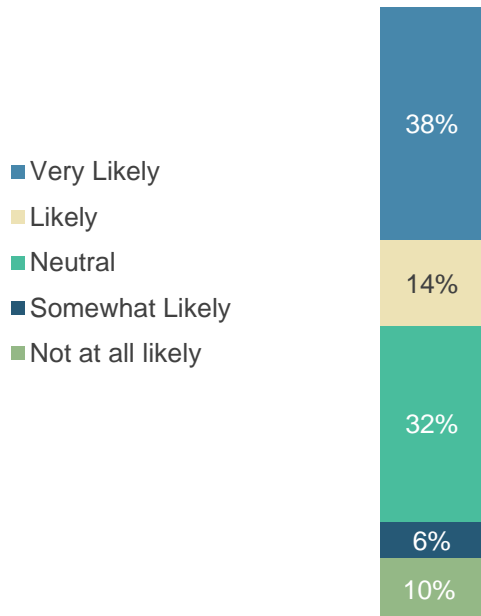
Is your company planning to replace an existing corporate card provider in the next 12 months?

In the next year will your company be expanding its use of corporate card products, keeping usage levels the same, or reducing the use of card products?

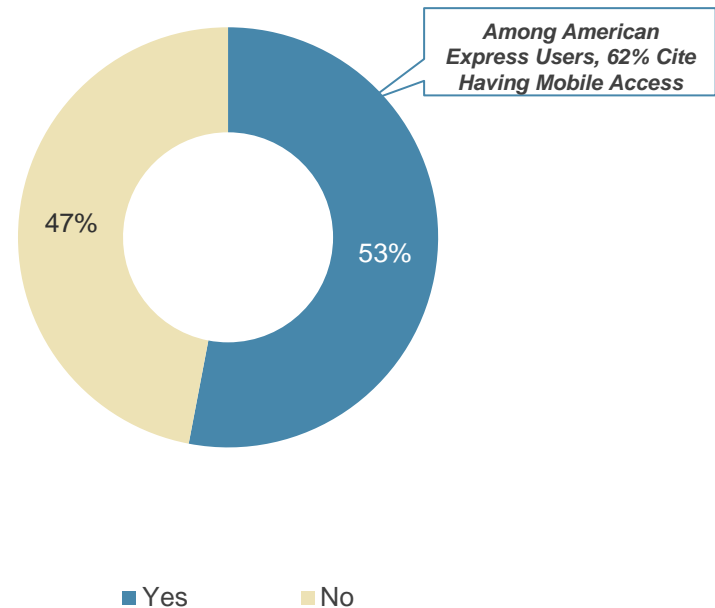
No Clear Preference for Bank vs Non-Bank Providers

While Common, Mobile Access is Far from Ubiquitous

Likelihood to Choose Bank vs. Nonbank as Corporate Card Provider
(Base: 287)

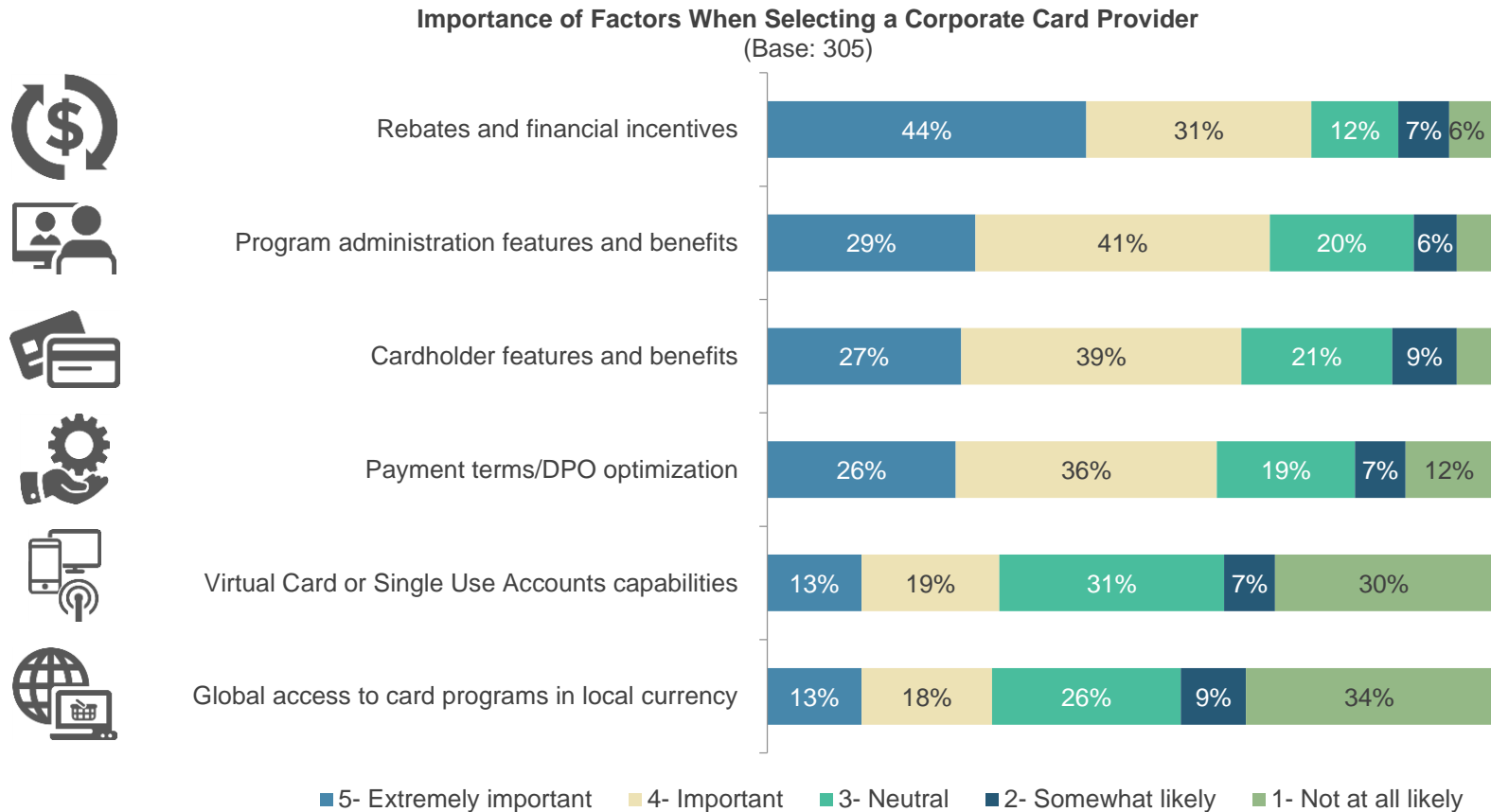


Access to Mobile Applications for Managing Corporate Card Accounts
(Base: 259)



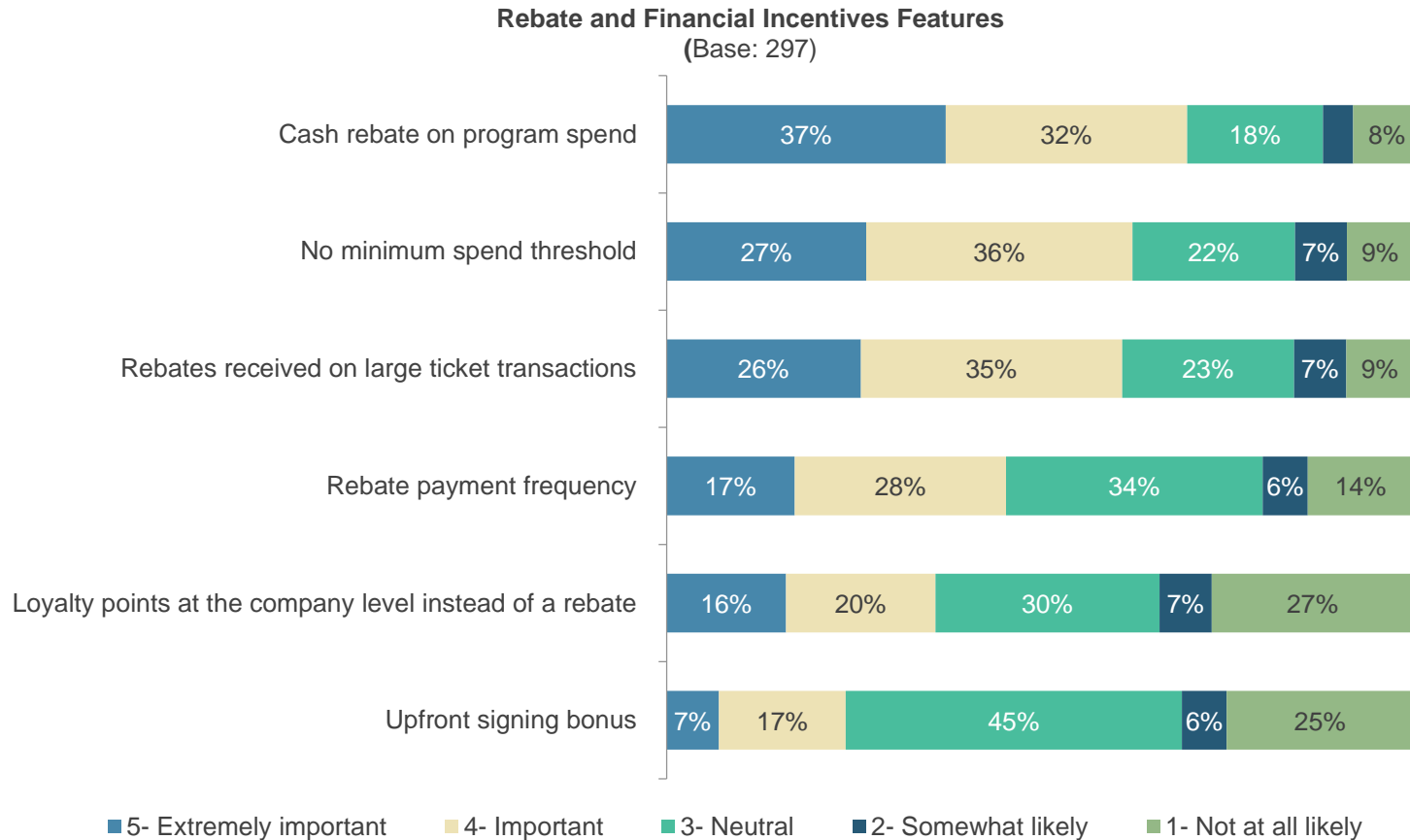
On a 5 point scale, how likely are you to choose a bank in your bank circle over a nonbank as your corporate card product partner?
Do you or your cardholders currently have access through your card issuer to mobile applications to help manage your corporate card account(s)?

Financial Incentives are Clearly Important, but Not the Only Factor in Selecting a Card Provider



Please rate the following corporate card provider selection material on their importance to your company.
Mean score calculated on a 5 point scale where 5=100, 4=75, 3=50, 2=25, and 1=0.

Cash Rebates Rank First Among Financial Incentives



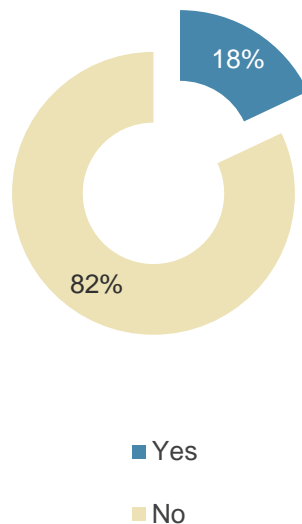
Please rate the following rebate and financial incentives features on their importance to your company.
Mean score calculated on a 5 point scale where 5=100, 4=75, 3=50, 2=25, and 1=0.



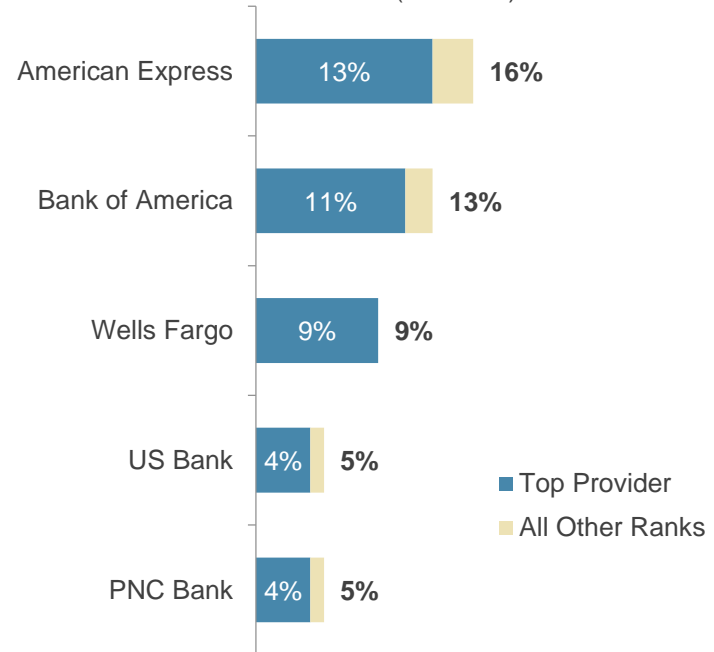
Virtual Cards and Single Use Accounts

Virtual Cards/Single Use Accounts are Used By 1 in 5 Companies, With American Express and Bank of America as the Top Providers

VCN or SUA Usage
(Base: 306)



Corporate Virtual Card Numbers and SUA Providers*
(Base: 55)



Only 6% of Card Usage is Personal, as Opposed to Company.

*Regional Banks Receiving Equal Citations (4%) include capital One, BB&T, BMO Harris, Citizens Bank, KeyCorp, and Regions Bank

Does your company currently use corporate Virtual Card Numbers (VCN) or Single Use Accounts (SUA)?

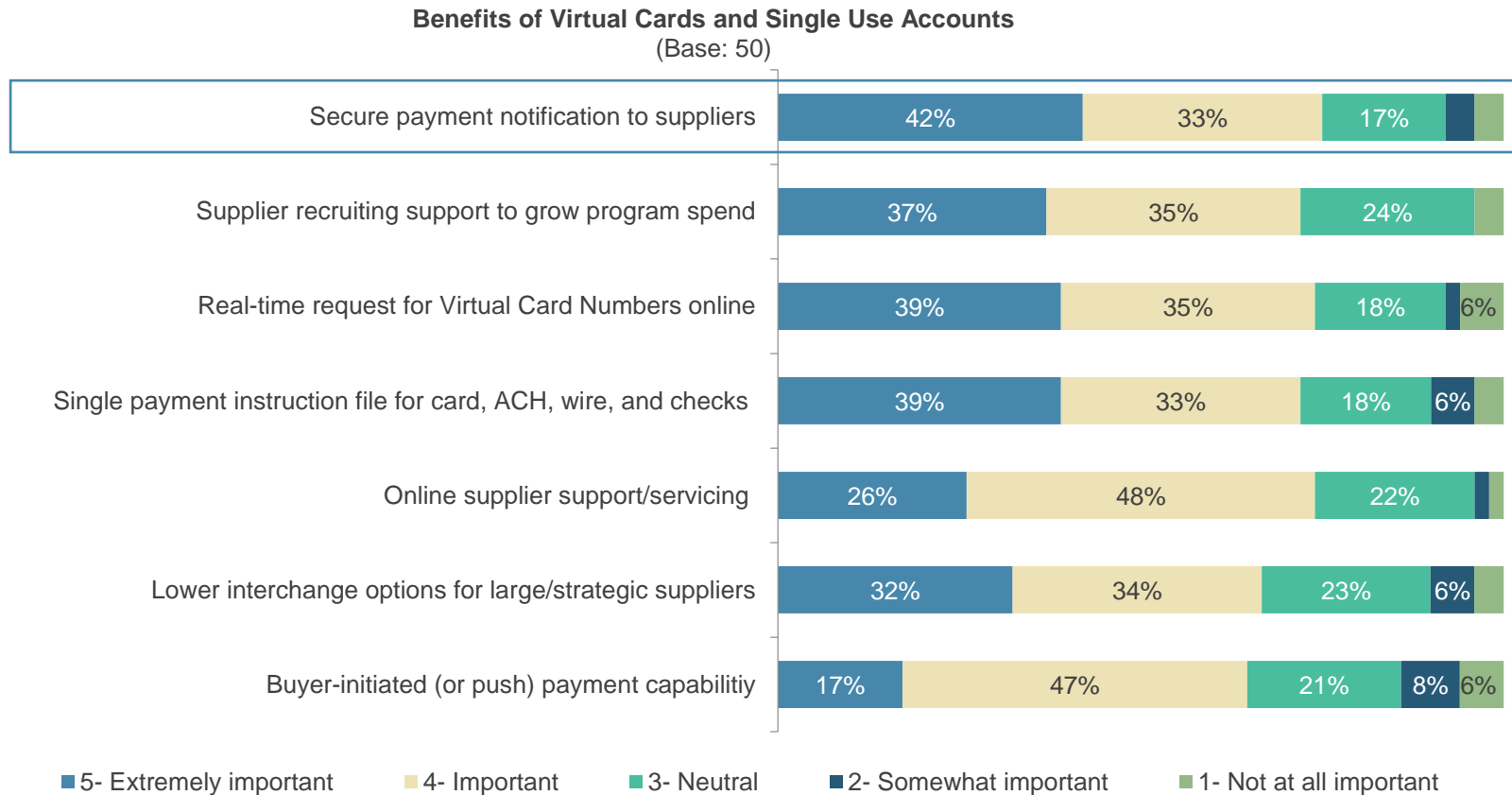
Which issuers does your company use for corporate Virtual Card Numbers (VCN) or Single Use Accounts (SUA)?

Please rank the providers selected in order of usage, with "1" being your most used provider.

Please indicate the proportion of corporate Virtual Card and Single Use Account (SUA) purchases that are: a) Personal Purchases b) Company purchases

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Secure Payment Notification Tops List of Important Benefits for Virtual Cards



Please rate the following Virtual Card and Single Use Account (SUA) benefits on their importance to your company.
Mean score calculated on a 5 point scale where 5=100, 4=75, 3=50, 2=25, and 1=0.

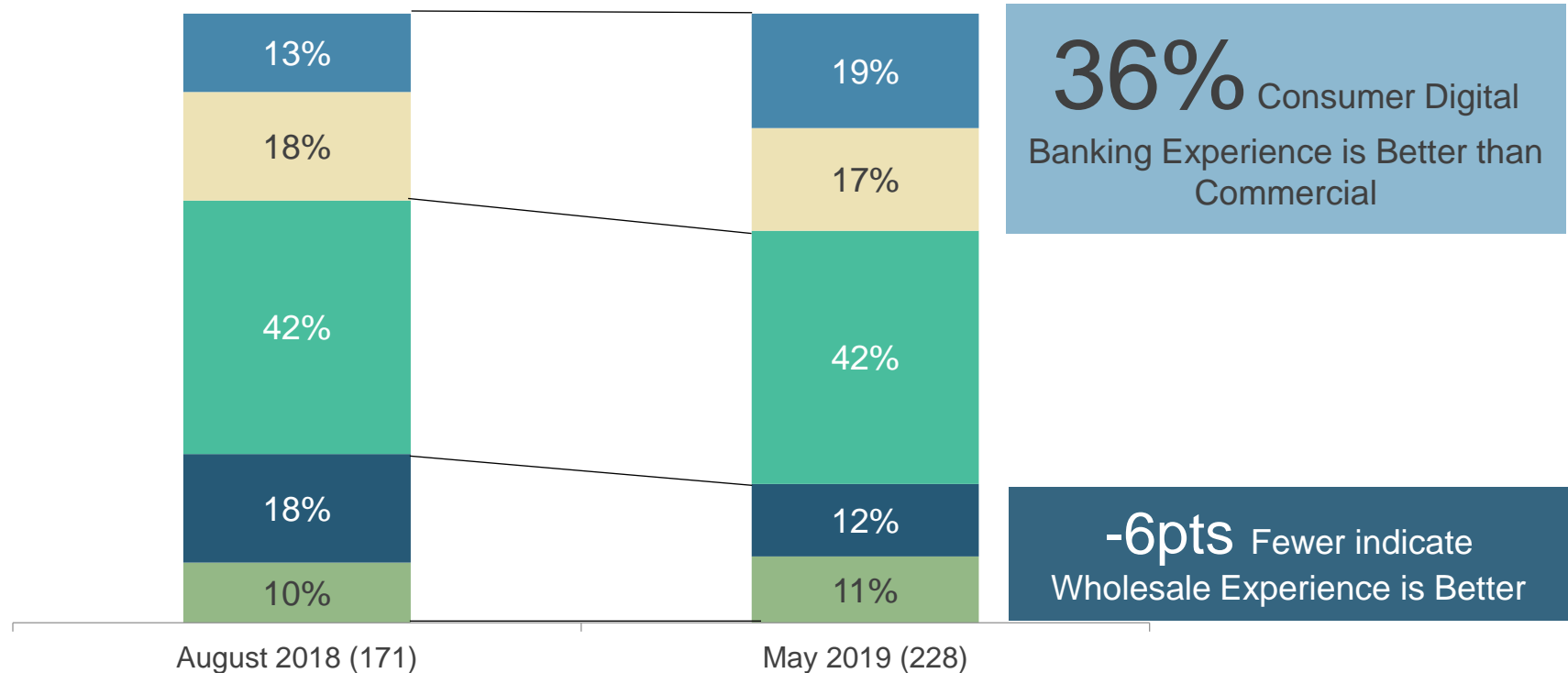
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Digital Experiences

Consumer Banking Experiences Continue to Outpace Commercial

Personal and Commercial Digital Banking Experience



■ 1-My personal digital banking experience is much better ■ 2 ■ 3 ■ 4 ■ 5- My commercial digital banking experience is much better

Please compare your personal digital banking experience with your commercial digital banking experience using a 5-point scale, from 1 "my personal experience is much better" to 5 "my commercial experience is much better."

Greenwich Market Pulse

Greenwich Market Pulse: An ongoing research series that addresses the most important and timely issues facing small and mid-sized (\$1- 500MM) company executives and their banking relationships. Greenwich Associates' access to thousands of financial decision-makers in the United States allows for constant contact with the market. Greenwich Market Pulse reports deliver the unbiased perspectives of these individuals in concise and actionable charts, complemented by insights and analysis from Greenwich Associates' industry experts. Greenwich Market Pulse studies are conducted four times per year and are often used in tandem with other annual Greenwich Associates research.

Methodology: 338 companies were interviewed online in March 2019, representing 142 small businesses and 196 mid-sized companies.

Contact Information



Maribeth Farley
Global Marketing Manager
Greenwich Associates

Direct: +1 203.625.4314
Email: Maribeth.Farley@greenwich.com

greenwich.com

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