

The imperative in 21st-century business is to act quickly, whether in adopting new technology, dealing with customer enquiries or seizing new opportunities. But speed has to be accompanied by accountability and control.

CARDS OVERTAKE CASH TO BECOME KING

As Adil Husain, managing director of Asia-based business consultancy Emerging Strategy explains, corporate cards have become a key tool for companies to retain visibility of employee spending. He says, “In business culture in most parts of Asia, entertainment is a big expense category, so employers have been looking for ways to gain transparency and a better handle on what employees are engaged in. That has driven adoption of corporate cards.” The Chinese government is also keen to promote the use of corporate cards in order to minimise corruption and increase transparency and compliance. In December 2011, the Chinese authorities announced that cash could no longer be used to pay for a wide range of government expenses, including travel payments, conference fees and “official hospitality.”

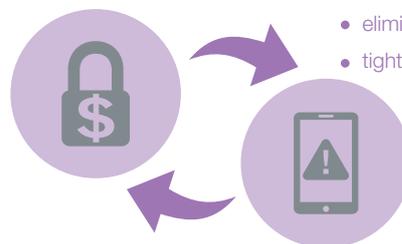
The Ministry of Finance argued that corporate cards “can boost fiscal transparency, contribute to anticorruption efforts, eliminate fraud and tighten financial control,” according to Emerging Strategy’s 2013 paper “Government Use of Credit Cards in China,” authored by Mr. Husain. “Government use of corporate cards is at the forefront of the development of China’s corporate bank-card industry, since it promotes the use of non-cash payment instruments, reduced cash handling and more transparent and accountable financial transactions,” says Mr. Husain.

This has had a tremendous ripple effect in the region, with so much of the business activity in regional hubs like Singapore and Hong Kong focused on China.

“Asian companies are now grappling with the benefits of corporate cards as a more efficient way to deal with payments,” says Chris Rogers, Singapore-based director of market development at customer management consultancy the Collinson Group. Many Asian companies have now adopted paperless and automated invoicing, acquiring new accounting systems from providers such as Sage that enable far more control over payment records and invoicing processes.

MORE POWERFUL IT TOOLS:

- boost fiscal transparency
- contribute to anticorruption efforts
- eliminate fraud
- tighten financial control



Many have also begun to migrate their software systems to the Cloud, taking advantage of Software-as-a-Service (SaaS) deals, whereby they pay a regular subscription fee for a set of software tools and systems, along with high levels of storage and computing power, without the need to store data onsite or to pay for expensive upgrades and new hardware.

Such advances in IT systems have tied in well with similar advances in corporate payment systems, allowing employers to gain far greater visibility of individual employees' spending patterns and transactions, and to aggregate the mass of data from across an enterprise in order to detect where savings can be made or better use of resources could be created.



As Richard Koch, head of card payments policy at the U.K. Cards Association, an industry body, points out, for the past few years many companies globally—in Asia as much as elsewhere—have endured a recessionary environment. This has made them look more closely at their corporate spending and influenced their financial policies, with many trying to reduce spending wherever possible.

The increased visibility of corporate cards, compared to previous eras, means that companies are now far better able to adjust their spending to reflect the current economic environment. “Corporate cards use means that companies can implement their policies more easily,” says Mr. Koch. “They can set preferred hotels and airlines, and police these policies in ways that were previously impossible.”

These new abilities have been adopted with particular gusto in the public sector, according to Mr. Koch. Government departments in Asia, with many thousands of employees and a purchasing budget running to tens of millions of dollars, can be kept under control more easily with corporate cards than with any other system, he believes.

Although the global economy has picked up in recent months, with spending returning to levels last seen before the crash of 2008, the policies that have been implemented by many companies over the past six years are likely to persist, Mr. Koch argues. “Once they have been embedded in a company, managers tend to stick with them,” he says.

At the top of the corporate financial tree, at the large investment banks in Hong Kong, Singapore and elsewhere in Asia, the wave of corporate governance changes that began in New York and swept through Europe have begun to make an impact. Anti-corruption measures restricting the payments that brokers can make to their clients, together with new global regulations on tax havens and offshore banking, have meant that many thousands of Asian employees have new responsibilities to comply with financial and legal regulations.



And in a company such as Antal International recruitment agency, with its 32 offices around the world and several hundred employees (180 of them in Asia), there is plenty of scope to ensure that employees are compliant with company policy. As chief executive Tony Goodwin says: “I have a good deal of insight into how employees use corporate cards, meaning that there is far less likelihood of problems.”

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