



# 5 Ways to Shape your Pcard Program to be “Best in Class”

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FORUM2016

# Agenda

- Process Improvements
- Securing your Role
- Separation of Duties
- Third Party Payments
- Audits
- Card Fraud



# Process Improvement

How to improve your process...

- Roles (From PA, Supervisor, & Fiscal perspectives)
- Online Reconciliation including receipts imaging
- Spot auditing
- Payment Center
- Accountability
- Examples



# Works® configurable workflow

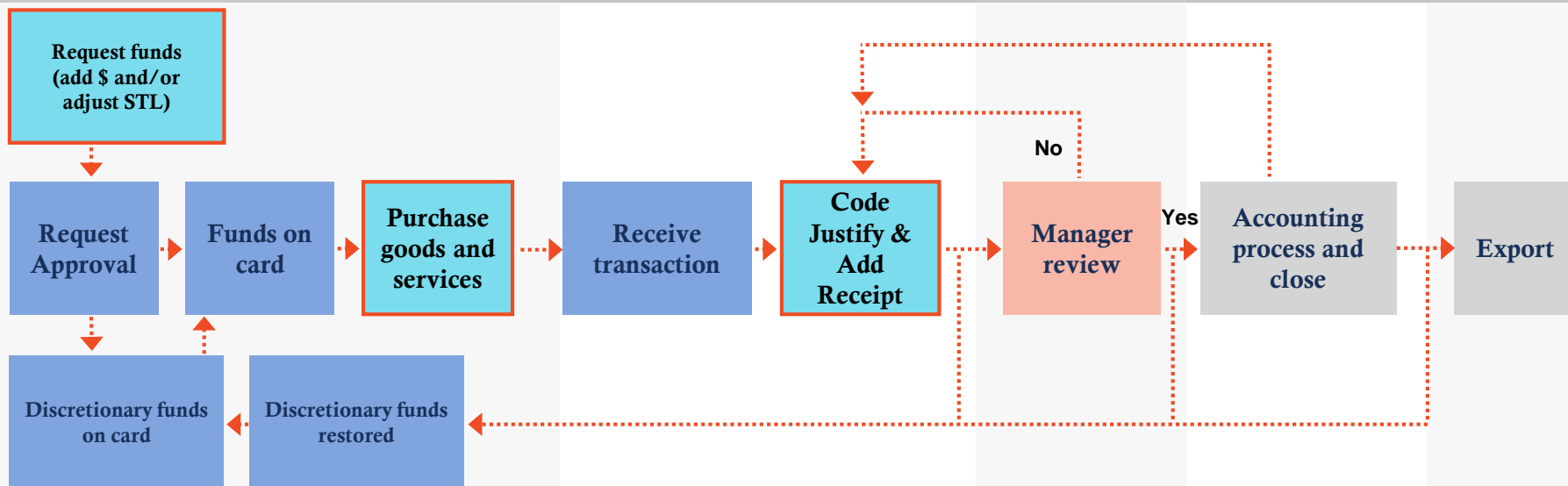
Fund card

Cardholder signoff

Manager signoff

Accounting signoff

Export



Cardholder

Accountant

Works

Manager

# Uploading receipt images

# Simple



## Uploading receipts into Works:

1. Once enrolled in the program, a cardholder logs into Works.
2. The cardholder selects the transaction, reimbursement request or expense folder which corresponds to a receipt image.
3. The accountholder clicks on the Single Action Menu (SAM), and selects “Manage Receipts”.
4. The user clicks “Add”, selects the receipt image to be uploaded, and clicks “OK”.

## Retrieving receipts:

1. A cardholder/manager logs into Works.
2. The cardholder/manager selects a transaction or an expense report to view attached receipts.
3. The user clicks on the name of the image to view the image.
4. The user can then print and save PDF images on their computer.

- ✓ Users can upload receipts from their desktop directly into Works.
- ✓ Receipts can be attached to the transaction, reimbursement or expense folder.
- ✓ Additional receipts can be stored in the Receipt Store until needed.





More saving.  
More doing.\*

1261 NORTH MILITARY HIGHWAY  
NORFOLK, VA 23502 (757) 461-6197

4615 00056 33466 10/26/16 12:10 PM  
CASHIER SELF CHECK OUT

076174334289	26'TAPE <A>	14.97
	STANLEY 25'X 1" POWERLOCK TAPE MSRE	
071649164903	PADLOCK <A>	19.99
	1-1/2" SOLID ALUMINUM W/ 2" (2 PK)	
052427603401	25YDPKGTAP <A>	3.97
	1.88 IN X 25 YD PACKAGING TAPE CLEAR	
049000009774	20 OZ. WATER <A>	1.78
	200Z DASANI WATER	

SUBTOTAL	40.71
SALES TAX	2.38
TOTAL	\$43.09

XXXXXXXXXXXX8207

USD\$ 43.09

AUTH CODE 930818

Chip Read

Verified By PIN  
US

AID A0000000980840

TVR 8080048000

IAD 06010A03600000

TSI 6800

ARC 00



4615 56 33466 10/26/2016 1557

RETURN POLICY DEFINITIONS

POLICY ID	DAYS	POLICY EXPIRES ON
A 1	90	01/24/2017

THE HOME DEPOT RESERVES THE RIGHT TO  
LIMIT / DENY RETURNS. PLEASE SEE THE  
RETURN POLICY SIGN IN STORES FOR  
DETAILS.



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# Securing your Role



- Cardholder- Payment –VS-Procurement
- Manager/supervisor- signing off on any transaction whether its OLR or traditional, you are verifying that you have reviewed the transaction, statement, reconciliation, and this is an approved purchase. You are also verifying that all coding and back-up documentation is correct.
- PA responsibilities- Following CAPP Manual
- Examples- Purchasing online instead of the eVA mall. Frequent over the counter purchases at non eVA vendors.

# Separation of Duties



- Acquiring an SPCC
  - What is the process? Can a PA have a card?
- Review Process
  - How many levels of review are needed/required?

- Example





# Third Party Payment Systems

- Examples – PayPal, Square, & Stripe
- Allowable, but not the preferred method of payment
- Can pay through a third party system as long as card information is NOT stored

**PayPal**<sup>™</sup>

  
Square





# Audits

- Receipts- Statement manipulation
- PayPal- Payment to vendor with a personal name instead of business name
- Square- Payment to vendor with a personal name instead of business name
- Level 3 data- Look at payment details

# Audits

presentation data.xlsx [Compatibility Mode] - Microsoft Excel

Vendor Name	MCC	Purchase Date	Vendor City	Vendor State	Amount	Detail Description	Detail Amount
BEST BUY 00010132	5732	10/9/2015	GLEN ALLEN	VA	\$631.78	BEATS SOLO 2 WIRELES EACH	\$299.99
STAPLS3142724359000	5111	6/19/2012	800-3333330	CA	\$983.92	BROTHER TN315BK HY BLACK T EA	\$233.98
STAPLS3142724359000	5111	6/19/2012	800-3333330	CA	\$983.92	BROTHER TN315C HY CYAN TON EA	\$249.98
STAPLS3142724359000	5111	6/19/2012	800-3333330	CA	\$983.92	BROTHER TN315M HY MAGENTA EA	\$249.98
STAPLS3142724359000	5111	6/19/2012	800-3333330	CA	\$983.92	BROTHER TN315Y HY YELLOW T EA	\$249.98
BALL OFFICE PRODUCTS LLC	5044	2/27/2014	804-2041774	VA	\$622.23	CAMCORDER,HD,ACTION,WI-FI EA	\$229.99
Amazon.com	5942	1/11/2016	AMZN.COM/BILL	WA	\$429.51	Bose QuietComfort 25 Noise PCE	\$299.00
TARGET 00010199	5310	7/24/2014	GLEN ALLEN	VA	\$139.49	EXTRA EXTRA WATERME EACH	\$0.99
TARGET 00010199	5310	7/24/2014	GLEN ALLEN	VA	\$139.49	EXTRA GUM ST 15 EA BERRY G EACH	\$0.99
BALL OFFICE PRODUCTS LLC	5044	7/30/2013	804-2041774	VA	\$303.09	FAN,BOX,16" TILT, BLK EA	\$65.15
BALL OFFICE PRODUCTS LLC	5044	7/17/2013	804-2041774	VA	\$352.96	FAN,TWR,RMTE,OSC,3SP EA	\$82.17
TARGET 00010199	5310	7/24/2014	GLEN ALLEN	VA	\$139.49	FEBREZE NT RF GRPFRUI EACH	\$4.66
TARGET 00010199	5310	7/24/2014	GLEN ALLEN	VA	\$139.49	FEBREZE NT RF GRPFRUI EACH	\$4.66
TARGET 00010199	5310	7/24/2014	GLEN ALLEN	VA	\$139.49	FEBREZE S&R HAWAI 2C EACH	\$4.99
TARGET 00010199	5310	7/24/2014	GLEN ALLEN	VA	\$139.49	FEBREZE S&R HAWAI 2C EACH	\$4.99
TARGET 00010199	5310	7/24/2014	GLEN ALLEN	VA	\$139.49	FEBREZE SLEEP S&R M&H EACH	\$2.99
TARGET 00010199	5310	7/24/2014	GLEN ALLEN	VA	\$139.49	FEBREZE SLEEP S&R M&H EACH	\$2.99
TARGET 00010181	5411	3/8/2013	RICHMOND	VA	\$17.95	COKE CLASSIC 96FLOZ 8PK 12 EACH	\$3.33
BEST BUY MHT 00014373	5732	11/18/2015	MIDLOTHIAN	VA	\$966.28	IPAD PRO WIFI 128GB EACH	\$949.99
BEST BUY 00004226	5732	1/10/2016	RICHMOND	VA	\$1,159.28	IPAD PRO WIFI 128GB EACH	\$949.99
WM SUPERCENTER	5411	11/29/2011	RICHMOND	VA	\$85.17	Tax	\$2.25
WM SUPERCENTER	5411	12/9/2011	RICHMOND	VA	\$74.73	Tax	\$3.11
WM SUPERCENTER#2821	5411	4/14/2012	RICHMOND	VA	\$43.93	Tax	\$1.81
Best Buy 00010132	5732	4/25/2012	GLEN ALLEN	VA	\$787.46	Tax	\$37.50
TARGET 00010165	5411	5/6/2012	COLONIAL HEIG	VA	\$52.49	Tax	\$2.50
TARGET 00010181	5411	3/8/2013	RICHMOND	VA	\$17.95	Tax	\$0.61





# Focused on card fraud prevention

- Fraud trends
  - external
  - internal
- Issues
- Examples




# Card fraud landscape

**Card not present**  
fastest growing channel for fraud

**51%**

of global fraud was CNP in 2015<sup>1</sup>

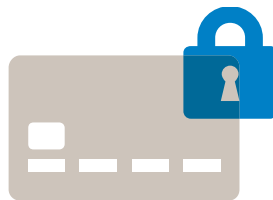
 EMV adoption increases  
CNP fraud increases

## ADDRESSING CNP FRAUD

- ✓ Enhanced fraud rules targeting CNP type transactions to mitigate fraud while allowing valid spend
- ✓ Meeting with industry partners to quickly identify new and emerging threats
- ✓ Ongoing training on industry rules and mandates

## EMV CARD TECHNOLOGY

Helps reduce counterfeit cards



**75%**

of BofAML U.S. commercial cards issued as EMV

**28%**

U.S. merchants accept EMV<sup>2</sup>

- 1) Source: Fraud Performance Benchmarking (FPB). TC40 fraud reported by Issuers and VisaNet Settlement data
- 2) VISA - U.S. EMV Migration Summary (Client Facing Version) June 2016

# Successfully combating fraud

## ROBUST FEATURES AND TOOLS

**#1** **FRAUD PREVENTION CARD SOLUTIONS**

Javelin Strategy & Research, 2016

### ZERO liability for external fraud impacts

#### Fraud protection and monitoring

- Account activity alerts through SMS, email or phone
- Risk weighted proactive card reissuance
- Notification to cardholders and administrators through email or phone
- Data analysis and continuous evaluation of industry trends and benchmarking

**32% less loss Q4 2015**  
than industry average  
bps of loss based on volume, VISA



#### Employee misuse insurance

Consistent North America coverage as a best practice

#### Program control and spend monitoring

Exception reporting based on MCC codes

## FRAUD PREVENTION BEST PRACTICES

- ✓ Set company policies
- ✓ Review transactions and report suspicious transaction activity to bank immediately
- ✓ Enroll in account activity alerts
- ✓ Differentiate user names and passwords across platforms
- ✓ Segregate duties
- ✓ Phishing & Masquerading – provide fraud education and training
- ✓ Client level fraud review – stats/trends/specific client experiences related to fraud



# Fraud protection and monitoring

## Systemic controls

A sophisticated application authorizes only the transactions that clear the specific parameters you define for each card, including:

- Single transaction limits
- Monthly or cycle spending limits
- Merchant category blocks
- Velocity controls limiting the number of times a card can be used within a specified time period

## Card production security features

Cards are embossed at a secure production facility under a dual custody process.

## Early fraud detection

A scoring application automatically monitors account activity and alerts our security division of potential fraudulent activity. Cardholders are then contacted to verify legitimacy of transactions. Cardholders can report lost or stolen cards any time, day or night to our dedicated security department.

## Protection against card reproductions

Physical features such as holograms, embossed account number on front, printed account number on back and secure algorithms within the magnetic stripe further protect your cards.



**In October 2015, the liability for fraudulent transactions shifted to the merchant. This shift encourages the industry to upgrade terminals, accept chip cards and enhances payment processing.**

# Leading the industry fraud detection and resolution

## Identification

Identify points of compromise through internal and payment network processes

## Analysis

- Analyze identified accounts
- Data type exposed
- Fraud type

## Treatment

- Block and reissue
- Ongoing monitor of accounts

## Outreach

- Coordinated reissue with program administrators
- Proactive messaging informing cardholder of compromise reissue
- Email contact to cardholder



## AUTOMATED CARD REISSUANCE

- Reissue compromised commercial cards without negative client experience
- Allows the existing card to remain active for 30 days
- Reissuance process follows existing client delivery preferences



# Methods to combat a changing fraud environment



## CUSTOM FRAUD SCORING MODEL

- Only uses Bank of America client card authorizations data
- Allows fraud rules to be specific to Bank of America client base
- Learns and adapts to client spending patterns to minimize false positives



## TWO-WAY MOBILE ALERTS

- Allows real-time notifications for selected events
- Instantaneous notification of suspicious transactions via text, email, or automated call
  - Faster resolution of suspected fraud activity



## ENHANCED FRAUD DETECTION EMAIL

- BofAML branding eliminates phishing concerns
- Allows multiple email recipients
- Contains reference number that will be used for authentication and account identification
- Email sent during the detection review process versus batch processing

# Client collaboration



- ✓ Offer accurate contact information for your cardholders – including email address and phone number(s)
- ✓ Determine the best centralized replacement process for your company's needs
- ✓ Identify established pre-authorized debits to update with new account numbers

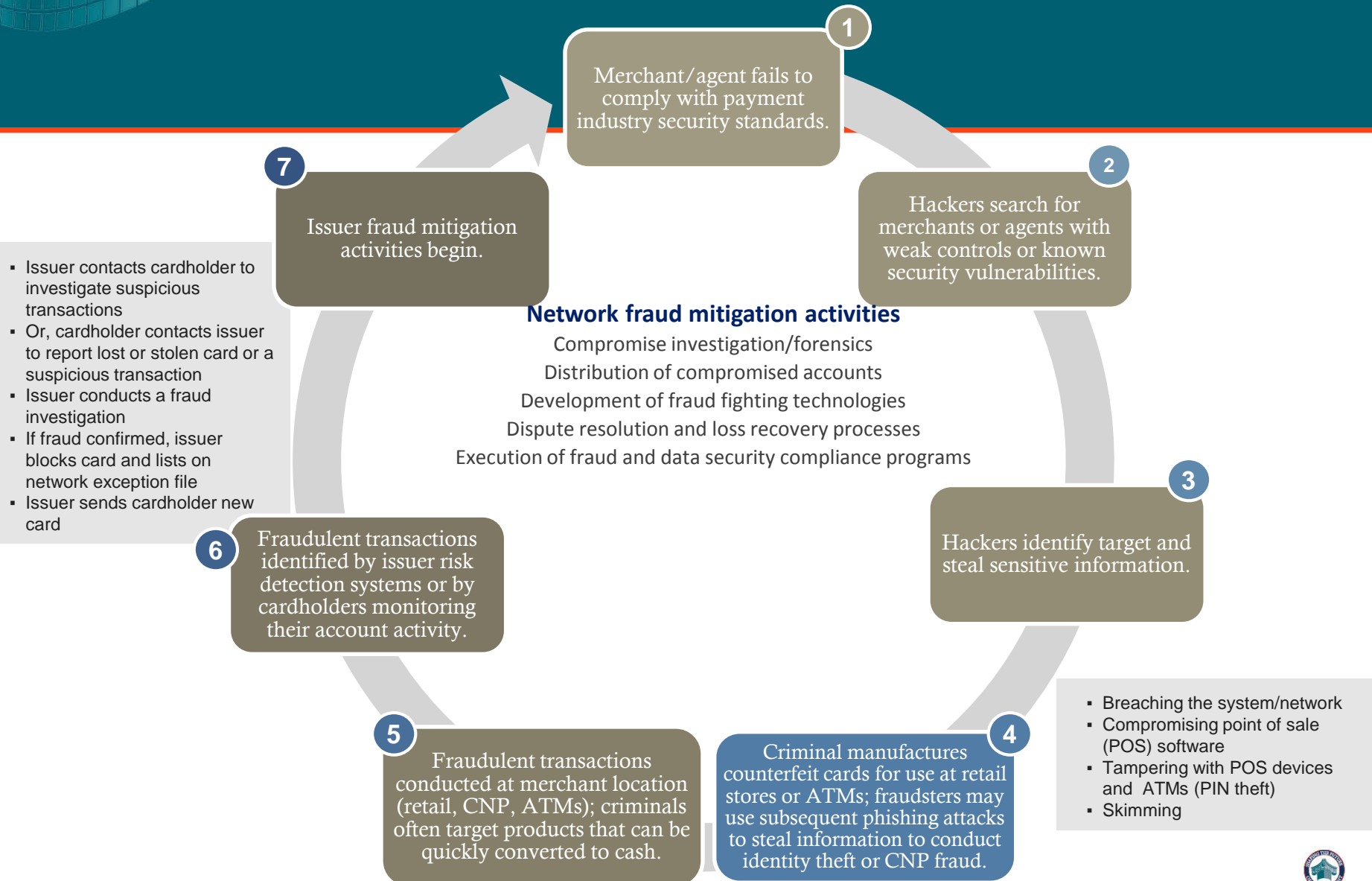
## Managing fraud risk website



Bank experts and industry leaders share trends, tools and tactics for all business segments through video vignettes, case studies, podcasts, and featured white papers.

Learn more: [managing fraud risk website](#)

# Typical data breach and fraud cycle



# Fraud servicing scenarios

## Authorizations that need to be validated

- Outbound call to primary contact listed on account to verify activity
- If no answer, outbound call to secondary contact listed on the account
- If no answer at either telephone numbers or phone attempts can not be made, email sent to primary contacts to ask for a return call

## Posted fraud charges that require credit

- Following fraud confirmation, the account will be closed and each transaction transferred to new account
- All transactions will appear on the new account number billing statement or your reporting tool
- Fraud will send a fraud statement to the Program Administrator or cardholder via email, fax or regular mail
- Program Administrator or cardholder may be asked to complete Fraud Affidavit to comply with VISA and MasterCard regulations
- Credits for individual fraud transactions will appear on new account for balance reconciliation
- Once the credit is applied to the account, the claim is resolved



## Client action

Call the Fraud department at 866-500-8262 or collect 509-353-6656.

The department is available 24/7 to assist with questions or verification.

# The path forward

**Fraud attempts will occur,  
but we are focused on minimizing impacts**

## Payment trends and considerations

Continued focus on balancing fraud risk while  
maintaining the highest level of client satisfaction

Let's work **together** to achieve a long-term,  
sustainable business model

### SERVICE QUALITY AWARD WINNERS

Visa 2015, Commercial Credit  
Authorization Approval Rate, Domestic & International



**#1 IN FRAUD PREVENTION, 10 years in a row**  
Javelin Research, 2016  
10th Annual Credit Card Issuers' Identity Safety  
Scorecard