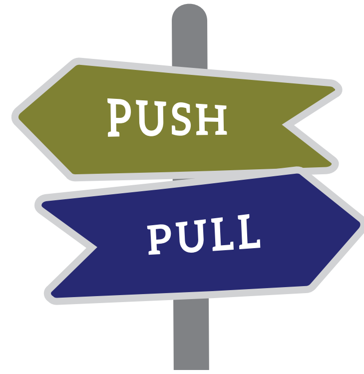
VSPIRE
VIRTUAL PAYMENT SOLUTIONS



Pull Pay vs Push Pay

B2B Virtual Card (V-Card) Payments

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There are frequent debates about the differences and benefits of business-to-business (B2B) virtual credit card payment options between Pull Payments and Push Payments. Which solution is best for my company? The answer, "it depends."

As with most electronic payment acceptance methods, one solution is not best for all organizations. With B2B virtual card payments, there are options for supplier acceptance based on what's the most advantageous solution.

EXPLORING THE DIFFERENCES BETWEEN PULL PAY AND PUSH PAY

"PULL PAY" or Supplier Initiated Payments

Supplier initiated payment ("Pull Pay") is a type of B2B credit card transaction that requires the supplier to "pull" their approved invoice payment. After the buyer approves the supplier invoice, the supplier receives a remittance notification with the virtual credit card number (or, token to securely receive card information), remittance information and payment instructions.

The supplier uses their existing point-of-sale terminal or web-based interface to process the payment through the card network. The supplier receives a full invoice payment into their business bank account. If the transaction amount equals invoice amount, then both the buyer and supplier reconcile. Or, if the transaction amount doesn't equal the invoice amount, then the variance must be accommodated within both the buyer's and supplier's accounting systems. The supplier's merchant fees are debited (up to 30-days post payment) from the supplier's bank account. Standard merchant fees apply for Pull Payments.

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"PUSH PAY" or Buyer Initiated Payments

Buyer initiated payment ("Push Pay") is a type of B2B credit card transaction that requires no action by the supplier and the buying organization maintains complete control of the card transaction. Buyer initiated payments are often known as "straight through processing" payments. A point-of-sale terminal or other software is not required to receive payments. The supplier simply receives the payment as a direct deposit (EFT) into their bank account, along with an electronic remittance notification of the deposit.

Push Pay offers the buyer and the supplier the ability to receive enhanced data that can be automatically uploaded into their AR system. Reconciliation is automatically balanced for both the buyer and the supplier because the buyer's payment will always match the amount on the supplier's invoice. Typically, a lower merchant fee is applicable with Push Payments. The merchant fee is set and negotiated between the supplier and the approved merchant acquirer.

The Pull Pay model is the more traditional B2B card payment method, whereas, the supplier can use their existing merchant acquirer to process card transactions. The Push Pay requires the supplier to process their card transactions with an approved merchant acquirer who utilizes straight-through processing. In some instances, the supplier will need to change merchant acquirers to process any virtual card payments. Both models are allowing for B2B virtual card payments to gain momentum and offer viable payment solutions.

Today, it is estimated that 70% of B2B payments are still being made by check, but this landscape is slowly eroding and moving more toward electronic payments. The average cost to cut and process a single paper check is between $5 to $30 or higher. Supplier payment acceptance for Pull Payments and Push Payments is continuing to rise. There is not a one-size-fits-all solution for all suppliers' payment requirements, but the buyer can offer multiple virtual card payment alternatives to their suppliers. Multiple payment method options offer flexibility for the supplier on how they prefer to accept payments for their organization.

VSPIRE, a virtual card service provider, offers multiple virtual card payment options (Pull Payments and Push Payments) that meet the needs of our buyers' suppliers. During the onboarding process, VSPIRE works with suppliers to understand their specific needs and payment requirements. Our focus is to help buyers eliminate costs associated with processing paper checks (or, wires) to all suppliers, regardless of size.

About VSPIRE

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Leslie Backus is the President of VSPIRE. She and her team have over 15-years of virtual payment solutions experience and have lead program implementations of over 100 buyer programs and have successfully on-boarded over 10,000 suppliers in multiple electronic payment solutions.

VSPIRE's unique advantages are to:

1. Offer virtual card solutions in parallel with existing SCF or dynamic discounting programs while not disrupting buyers existing treasury relationships, and
2. Offer rebate revenue, in addition to offering expedited payments, using a priority algorithm to enrolled virtual card suppliers while maintaining buyer's standard payment terms (improves cash flow, while gaining float advantage).