center

How Do Employees Really Feel About Using Personal Cards for Work Expenses? Hint: It's Complicated

## What Employers Need to Know

Contents

Introduction

Do business spenders mind using personal cards for work expenses? That's the question we set out to answer in our first **Business Spender Sentiment Survey.** We had heard—many, many times—over the last few years some variant of "Employees *want* to use their personal cards for business expenses because they like the points and rewards."

We've heard this statement from CEOs, CFOs, controllers, travel managers, and accounting professionals in companies of all sizes, across a wide span of industries. Sometimes it comes up when talking about challenges with their travel or expense management processes. Sometimes, it's presented as the reason why their organization doesn't offer a corporate card program.

We wondered... is that really true? **Do employees prefer to use their personal cards over corporate cards?** So we asked 529 business spenders directly. (Survey respondents all indicated that they either travel for work or make purchases on behalf of the company.)

What we learned is that **while business spenders do like getting points on their personal cards, many also experience stress and financial strain as a result.** Using personal cards for work expenses ends up being a bit of a tightrope act: employees have to balance the opportunity to earn rewards with significant potential for negative financial implications.

Who prefers using personal cards? Which employees feel the financial burden? What causes the most stress? And how can employers help alleviate these stresses? Read on, because the answers aren't always what you might assume. As with most things financial, it's complicated.
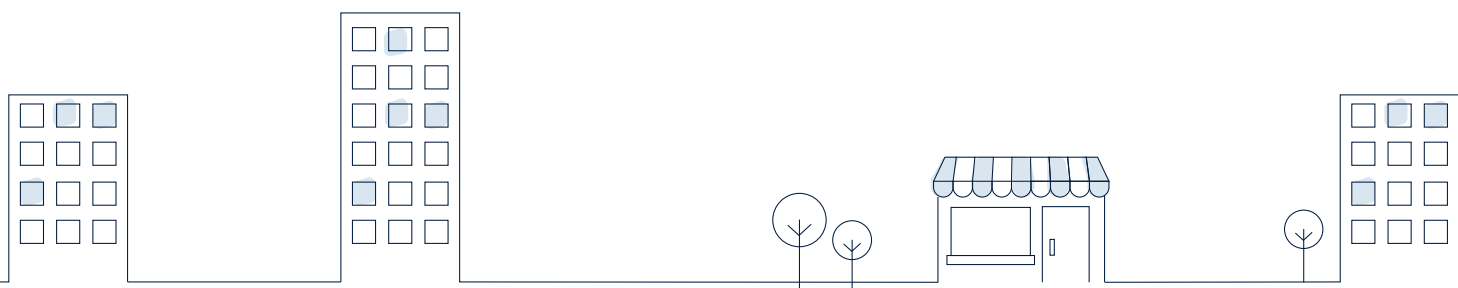
The Short Answer: Yes, Employees Like Points

We asked 529 business spenders whether they agree or disagree with this statement: "Employees want to use personal cards instead of corporate cards because they can earn rewards, points, or cash back."

8 Out of 10 Agree

The majority of respondents agree that earning points, rewards, or cash back on personal cards is a benefit.

A quarter of respondents strongly agreed with the statement, while another 53% somewhat agreed (79% combined). In contrast, 15% somewhat disagreed and 6% strongly disagreed (21% combined).

Our survey revealed notable differences between people who choose to use personal cards and those who have to use personal cards. The former were more likely to agree (87%) with this statement than those who didn't have a choice (78%).

People who *choose* to use personal cards have been issued a corporate card by their employer, but still use their personal card anyway. (See page 7 for more details).

People who *have* to use personal cards either work in organizations that do not offer corporate cards to employees (35% of respondents), or were not personally issued corporate cards (14% of respondents). Combined, that accounts for 49% of respondents. (See page 8 for information on who doesn't have a corporate card.)

26%
Strongly agreed

6%
Strongly disagreed

Employees want to use personal cards instead of corporate cards because they can earn rewards, points, or cash back.

26% Strongly Agree

**53%** Somewhat Agree

15% Somewhat Disagree

6% Strongly Disagree

The Longer Answer: Earning Points Comes at a Cost

While earning rewards, points, or cash back seems like a benefit, it's not free. **People who use personal cards experience stress and worry about negative financial effects,** including interest charges, late fees, having less money for living expenses, and exceeding credit limits.

And it's not always obvious who feels the stress most often. We speculated that younger employees, with less credit, might be more stressed, for example, but the answers weren't clear-cut. Employers can't easily guess which employees are taking on more of a burden and which ones aren't.

Let's start by looking at who has access to a corporate card, and who doesn't.
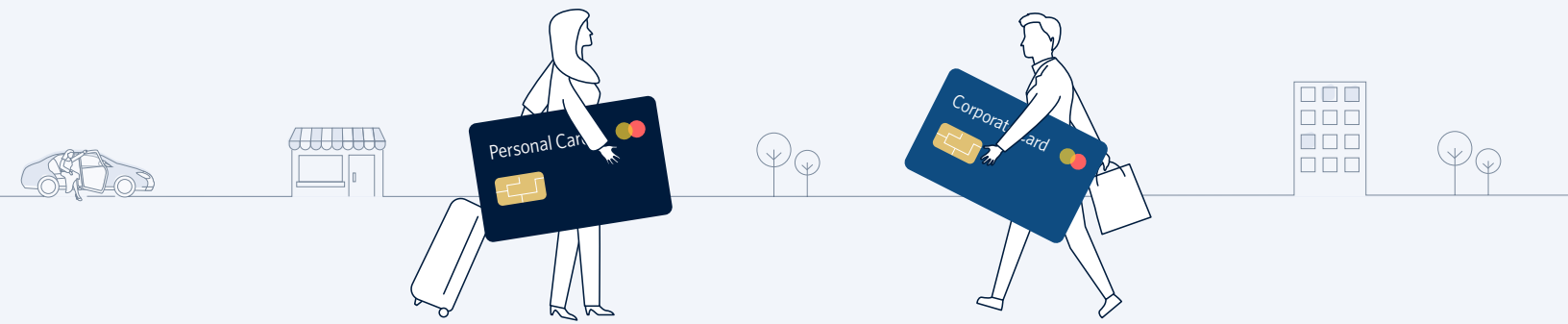
Who Has a Corporate Card?

Fifty-one percent of survey respondents have been issued corporate cards by their employers. **They tend to be in management or sales positions, and they are more likely to work in mid-size or large organizations.**

Two-thirds of respondents work for organizations that issue corporate cards. Of that subset, 78% of respondents were issued a card, and 22% were not.

- 51% issued corporate cards
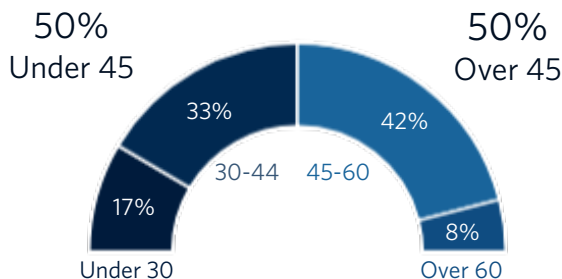- 14% not issued corporate cards
- 35% no corporate card program

Job Level

People issued corporate cards tend to be executives, directors, managers, or salespeople. Most staff-level employees did not have a corporate card.

For organizations with corporate card programs, who gets a card varies by job level:

What best describes your level within your organization?

Executive	Director	Manager	Sales	Staff
17%	11%	32%	14%	25%

Age

50% Under 45 | 50% Over 45

- 33% 30-44
- 17% Under 30
- 42% 45-60
- 8% Over 60

Company Size

- 33% Small
- 25% Mid-Size
- 42% Large

center
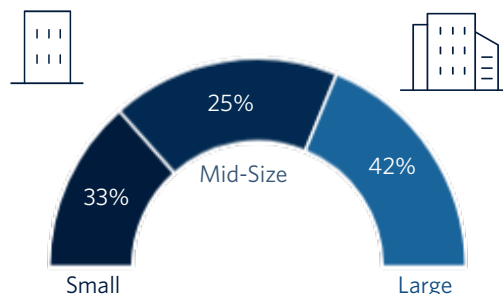
70% of Corporate Cardholders Still Use Personal Cards for Business Expenses

Of the respondents who have been issued a corporate card, we asked, "Do you ever use your personal card instead of your corporate card?" **Seven out of ten said yes, they do.**
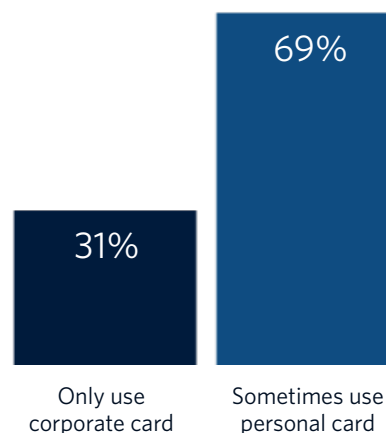
Executives were more likely than others to use their personal card instead of the corporate card they had been issued (82% of executives vs. 66% below the executive level).

Younger employees favor personal cards more than those over 45 (74% under 45 compared to 63% over 45).

69%

31%

Only use
corporate card

Sometimes use
personal card

Spenders Want to Earn Points

When asked why they sometimes use personal cards, **60% reported wanting to earn points, rewards, and cash back.** Other reasons include forgetting to use the corporate card and problems with card acceptance.
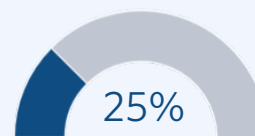
Why do you choose to use your personal card for business purchases?
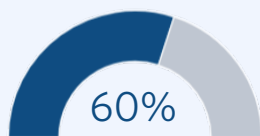
60%
I want to earn points,
rewards, and cash back
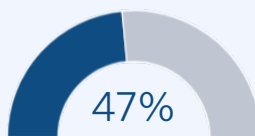
47%
I forget to use
my corporate card

25%
Problems with card
acceptance

To the Point: Even employees with corporate cards often charge expenses to their personal cards. Sixty percent desire the points, rewards, or cash back—**essentially a personal benefit**—and most often include executives or salespeople that travel frequently.

This personal benefit adds an organizational cost. Finance teams have to manage the burden of tracking corporate cards while also accounting for zero-visibility spend on personal cards. That means booking accruals for missing expense reports, issuing reimbursements, reconciling corporate card statements, and accounting for unexpected overages. **For the finance team, it's the worst of both worlds:** administering a corporate card program *and* dealing with employees' reimbursable expense reports.

Who Doesn't Have a Corporate Card?

Our survey revealed two groups of people who don't have corporate cards: those who didn't receive them (14% of respondents) and those whose organizations don't issue them at all (35% of respondents).

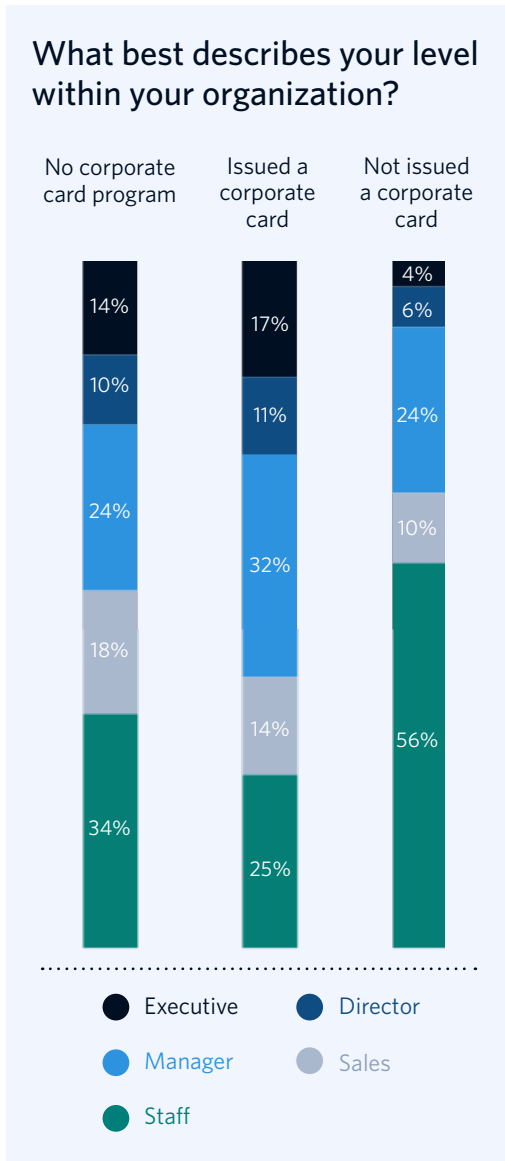**Together, these groups represent 49% of respondents overall.**

- 51% issued corporate cards
- 14% not issued corporate cards
- 35% no corporate card program

Job Level

Overall, 40% of employees lacking a corporate card are at the staff level. But there are differences between those whose organizations have corporate card programs and those whose companies do not.

For those whose companies have corporate card programs in place, respondents without cards were primarily staff-level employees (56%).

For comparison, the chart opposite shows job levels by all three groups (No corporate card program, Issued a corporate card, Not issued a corporate card,).

Age

42%
Under 45

58%
Over 45

What best describes your level within your organization?

	No corporate card program	Issued a corporate card	Not issued a corporate card
Executive	14%	17%	4%
Manager	10%	11%	6%
Director	24%	32%	24%
Sales	18%	14%	10%
Staff	34%	25%	56%

- ● Executive
- ● Director
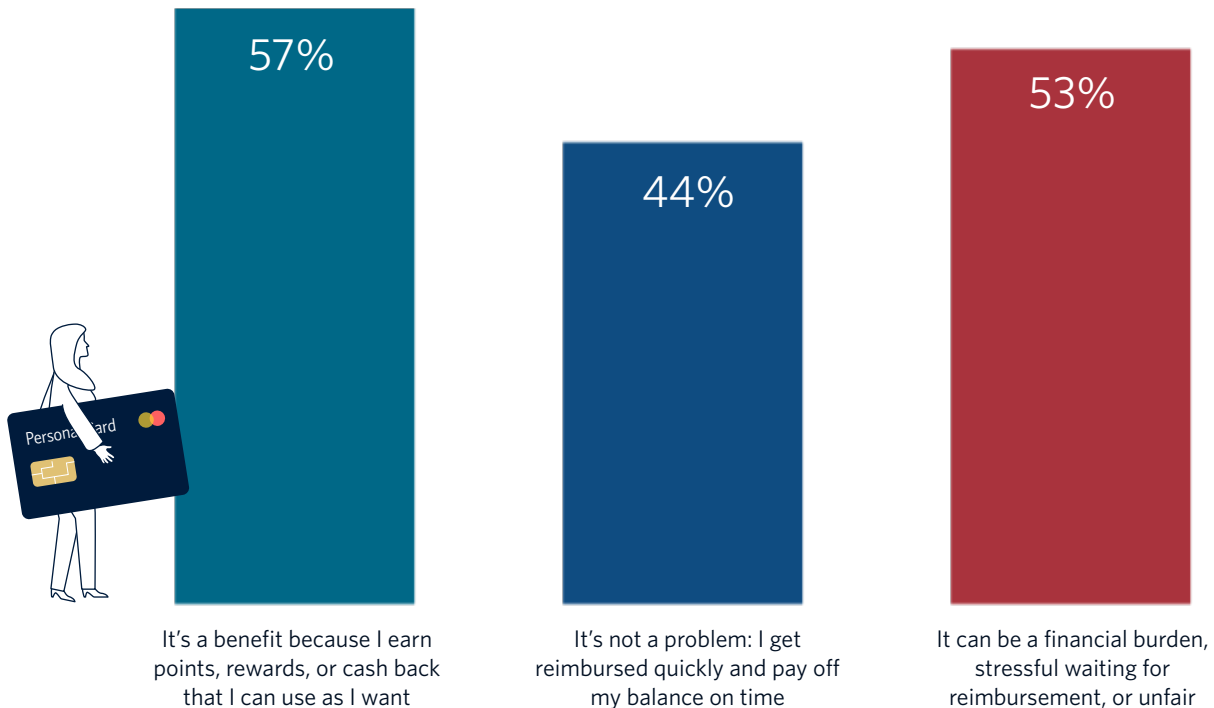- ● Manager
- ● Sales
- ● Staff

How Do People Feel About Having to Use Personal Cards?

Nearly half of the respondents to our survey *have to* use personal cards for work purchases. We asked them how they felt about it. **A slight majority (56%) said using personal cards is a benefit** because they can earn points, rewards, or cash back.

At the same time, **53% said there are burdens that come along with using their personal cards.** These included financial impacts, stress around reimbursement timing, embarrassment when they don't have enough credit available, and a sense of unfairness that they have to use their own money for business expenses.

Some respondents selected both a benefit and a negative when responding.

57%	44%	53%
It's a benefit because I earn points, rewards, or cash back that I can use as I want	It's not a problem: I get reimbursed quickly and pay off my balance on time	It can be a financial burden, stressful waiting for reimbursement, or unfair

To the Point: To minimize employee stress around using personal cards, **employers should prioritize timely, efficient reimbursement processes.** Nearly half of those using personal cards shared that quick reimbursement alleviates any problems. Whether they use personal cards by *choice* or because they *have to*, not carrying a card balance is a key factor, as we'll see in the next section.

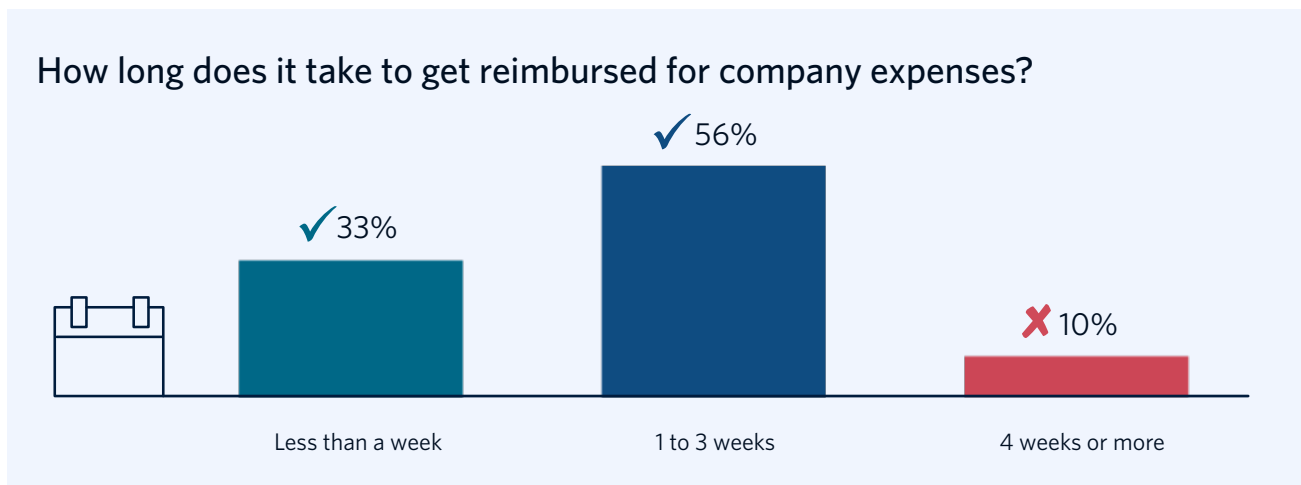# Using Personal Cards—by Choice or Necessity—Has Financial Implications

We asked people who use personal cards, whether by *choice* or because they *have to,* about the financial impacts they experience. This group includes the 49% who have to use personal cards as well as the 35% who choose to use personal cards (84% of respondents overall).

- ○ 16% only use corporate cards
- ● 35% choose to use personal cards
- ● 49% have to use personal cards

Reimbursement Times

People who use personal cards have to submit their expenses to employers for reimbursement, and as we noted on page 9, quick reimbursement cycles are critical for minimizing stress. The good news is that **90% of respondents say their companies reimburse them quickly** (which we defined as under 3 weeks).

How long does it take to get reimbursed for company expenses?

✓ 33% — Less than a week
✓ 56% — 1 to 3 weeks
✗ 10% — 4 weeks or more

Employees understandably care about prompt reimbursement. If they don't have enough money to cover their credit card bill, they carry the balance forward to the next month and face hefty interest charges, and they could also incur late fees.

Carrying a Card Balance

Another concern for employees relates to carrying a balance, meaning the cardholder doesn't pay down the entire amount due each month. **Almost 70% of survey respondents who use personal cards carry or sometimes carry a balance on their credit card.**

Credit card companies charge interest on the amount due, and once a cardholder starts carrying a balance, interest immediately accrues on any new charges—even business expenses that will be reimbursed. **These interest fees can add up over time, and the employee will effectively be out of pocket for those fees, which cannot be expensed.**

Do you carry a balance on your personal credit cards?

- 32% No
- 32% Yes
- 36% Sometimes
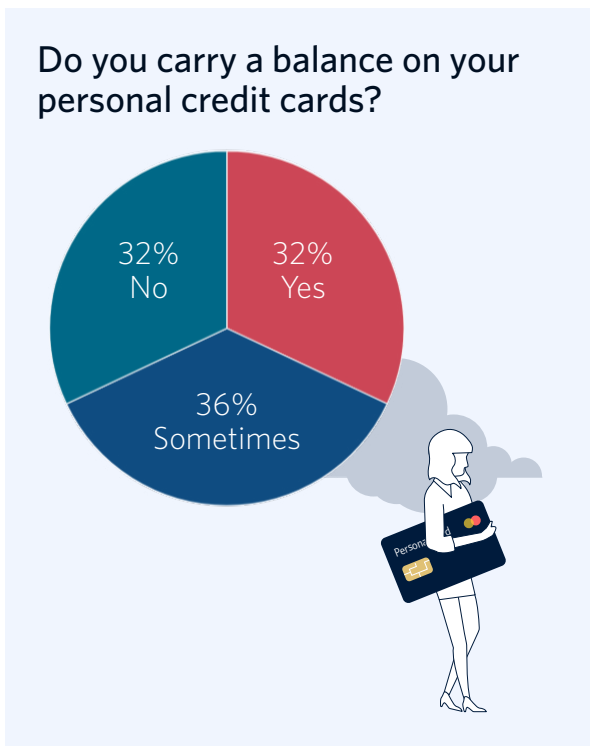
Respondents of all ages and all titles carry balances, which means that as a card administrator, finance manager, or HR manager, you won't know who may be experiencing an added financial burden from using their personal card for work.

While employees over 60 are least likely to carry a balance, 47% still do. The age group most likely to carry a balance was 30 to 44, followed closely by under 30 and 45 to 60.
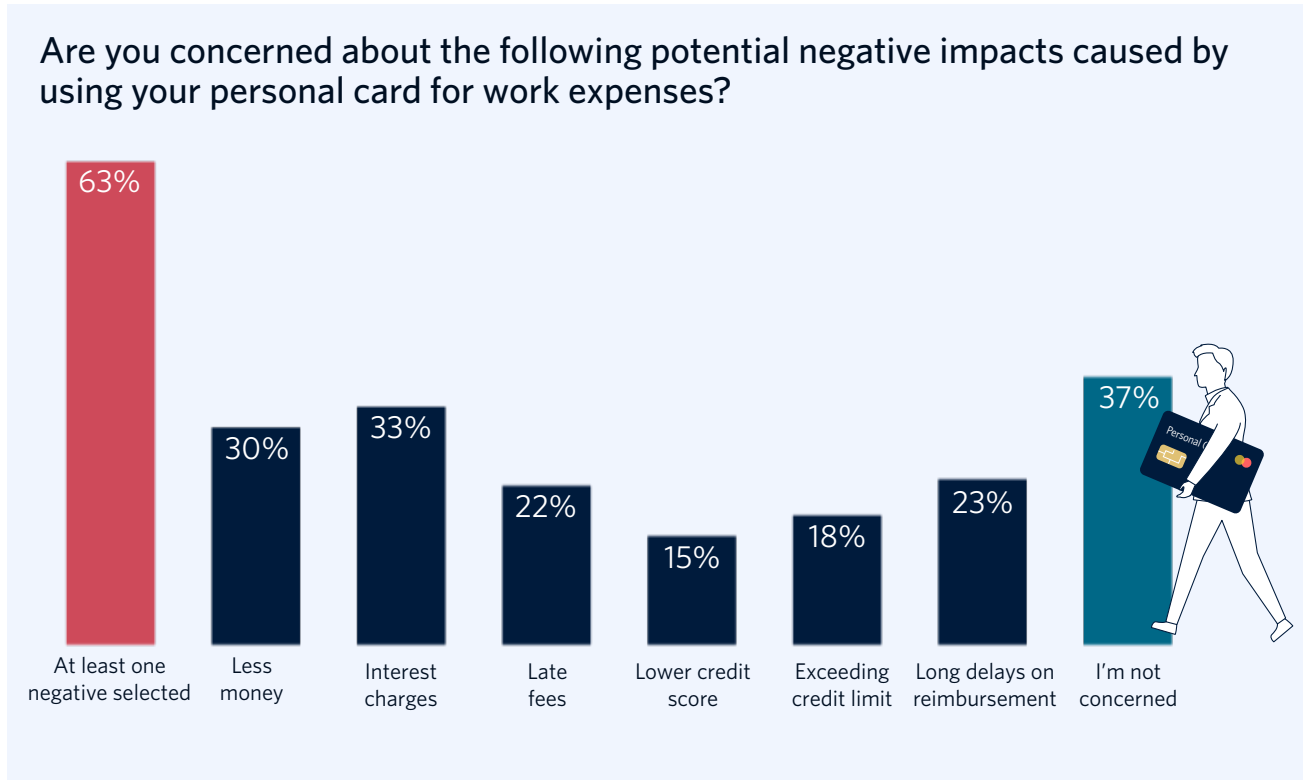
Interestingly, those who *choose* to use their personal card are slightly more likely to carry a balance than our overall survey group (76% vs. 68%). **The lure of points is powerful, even when not in your best interest.**

The lure of points is powerful, even when not in your best interest.

Financial Impacts

Most of the people who use their personal cards worry about potential negative impacts.
Sixty-three percent said they worry about interest charges, less money available for living expenses, delayed reimbursement, late fees, exceeding their credit limit, and lower credit scores.
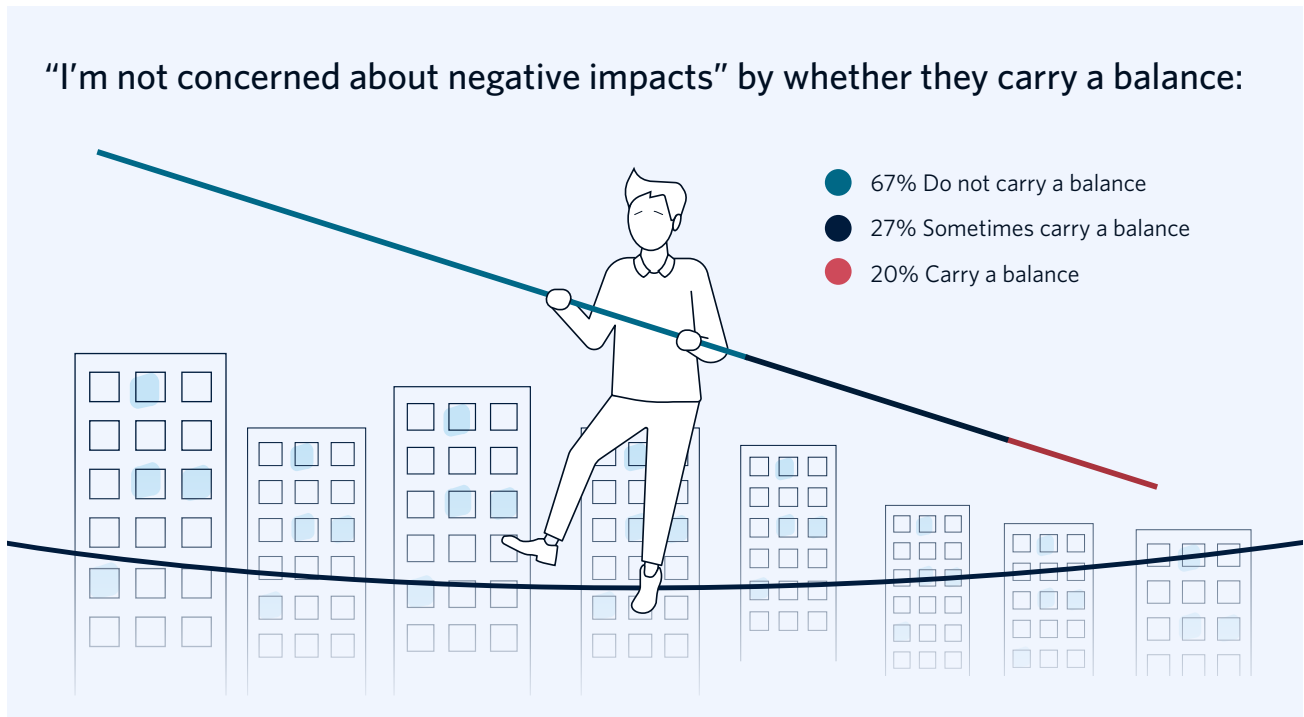
Are you concerned about the following potential negative impacts caused by using your personal card for work expenses?

Category	Value
At least one negative selected	63%
Less money	30%
Interest charges	33%
Late fees	22%
Lower credit score	15%
Exceeding credit limit	18%
Long delays on reimbursement	23%
I'm not concerned	37%

Concerns Increase With Carry-Forward Balances

People who carry a balance on their cards are 3.5 times more likely to worry than those who don't (68% vs. 19%). They are more worried across all categories, with interest charges being highest.

People who *choose* to use personal cards were most worried about interest charges, while **people who have to use their personal cards were more worried about less available money for living expenses.**

3.5x
more likely
to worry

Conversely, people who don't carry a balance were three times more likely to select "I'm not concerned" than those who do (67% vs. 20%).

"I'm not concerned about negative impacts" by whether they carry a balance:

- 67% Do not carry a balance
- 27% Sometimes carry a balance
- 20% Carry a balance

Executives were least concerned about negative impacts (47% were not concerned, compared to 35% of all others). **People in sales roles were most concerned** (only 27% said not concerned). Notably, sales was also the job role most likely to carry a card balance (79% vs. 68% overall).

To the Point: Finance leaders, HR, and executives should keep in mind that **using personal cards for business expenses can be stressful to employees, and you can't assume which employees will feel that burden most.** As you might expect, executives tend to feel less concerned than others in the organization, while those who carry a balance on their cards worry most.
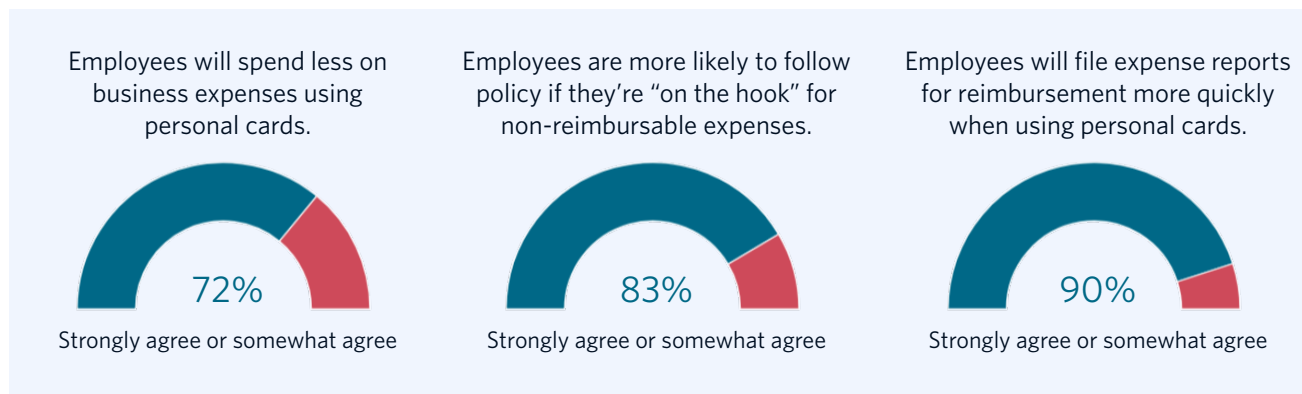
Employers can alleviate stress. Ideally, business spend shouldn't cause stress for employees. Smooth expense reimbursement is critical for organizations that don't offer a corporate card option. **Those who do offer cards should evaluate what criteria is used to determine who gets a card—and, if needed, broaden the opportunity to more employees.**

Carrot-and-Stick: Where Employees Agree and Disagree

The Logic Makes Sense

"Employees want to use personal cards" is just one of many statements we've heard from finance leaders about why they don't offer a corporate card program. We've heard others, all of which we categorize as part of the carrot-and-stick approach to fiscal culture. In other words, finance teams try to reward the behavior they want—quick reimbursement for filing expenses—and discourage out-of-policy spend with the threat of non-reimbursement.

We ran a few other statements relating to carrot-and-stick expense management by respondents as well. They include:

Employees will spend less on business expenses using personal cards.	Employees are more likely to follow policy if they're "on the hook" for non-reimbursable expenses.	Employees will file expense reports for reimbursement more quickly when using personal cards.
72%	**83%**	**90%**
Strongly agree or somewhat agree	Strongly agree or somewhat agree	Strongly agree or somewhat agree

To the Point: Carrot-and-stick is just one way to think about managing expenses. It evolved out of the paper-based expense report process, where the only real way to enforce policy was essentially to threaten not to reimburse non-compliant spend. **The problem is that 90% of questionable expenses in most companies are approved** because managers don't typically spend a lot of time reviewing expenses, and few organizations automate the expense audit process.

Today, organizations with real-time expensing solutions are shifting to a new approach, which we call trust-but-verify. Combining a strong fiscal culture with real-time spend and expense management tools is a new way to ensurecompliance and control spend, without requiring expense reports at all.

But Is It Fair?

We also asked for feedback on the following statement: "It's reasonable for companies to ask their employees to use personal cards to pay in advance for business expenses and wait for reimbursement."

There was much less agreement here: overall, **52% strongly or somewhat agree, and 48% somewhat or strongly disagree.**

Ultimately, carrot-and-stick policies come down to trust (or, perhaps, mistrust). Our survey asked whether "Employees should be trusted to make the right decisions on purchasing." A combined 87% agree or strongly agree.

Employees believe they should be trusted, and organizations should consider adopting the trust-but-verify model described above.

It's reasonable for companies to ask their employees to use personal cards to pay in advance for business expenses and wait for reimbursement.

52%
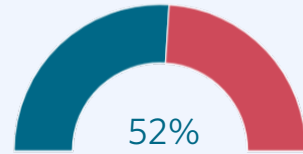
Strongly agree or somewhat agree

Employees should be trusted to make the right decisions on purchasing.

87%
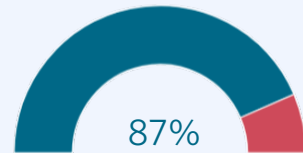
Strongly agree or somewhat agree

To the Point: The carrot-and-stick approach seems to make sense to employees, who tend to agree with the notion that the way to get them to file expense reports faster, limit spending, and follow policy is to put them on the hook for their expenses. **That said, it's an approach rooted in old processes and technology, and it puts a financial burden on employees,** who essentially "loan" the company money until reimbursement.

However, the fact that people are accustomed to this arrangement doesn't mean that it makes sense, even more so during economically challenging times like today. Most employees can be trusted, and with good tools, flexible control options, and automated monitoring, employers can empower them to make good business decisions. They can also quickly identify which employees need coaching on policy and which might be, as one CFO put it, "bad apples," with the ultimate goal of creating a strong financial culture of trust.

Conclusion: Takeaways, Considerations, and Steps to a Smarter Future

While the **Business Spender Sentiment Survey** confirms the notion that employees like using their personal cards to earn points, it also uncovered numerous complexities.

The power of choice plays a key role in perception. When employees lack decision-making power over whether they use their personal cards or when they get reimbursed, they indicate less agreement with traditional carrot-and-stick expense management. Executives and those who *choose to* use personal cards are in stronger support of the personal benefits of earning points on business expenses.

Personal card usage puts the financial burden on employees, and employers can't know which employees are taking on more risk and stress. While some companies may worry about qualifying for credit or about the administrative hassle of managing a card program, there are many program options in the market that can take the financial burden off employees, whether through collateralized or prepaid programs or through options like purchasing cards (p-cards), all of which are easier to manage than old-school card programs.

Earning rewards and points seems like an undeniable benefit, whether you're an executive or salesperson who feels like you deserve points in return for frequent travel that takes you away from home or you're a younger employee who wants to turn those points into an otherwise out-of-budget vacation or experience. The monetary value of points is pennies on the dollar, and **the truth is, for the 70% of employees who carry any balance on their personal cards, their business expenses can actually cost them money in the form of interest and fees.**

Distributed, decentralized purchasing is here to stay. In today's economy, more and more spend is happening on cards, including travel, software, digital advertising, even office supplies and pizza lunches (someday they'll be back!). Finance teams struggle to keep track of card spend because it's not visible until expense reports are submitted and card statements reconciled. It's better to unify that spend on one system with real-time visibility, while empowering employees to make the right decisions on purchasing. To help them, you can provide the right tools with clear policies and guidelines.

Trust-but-verify is a smart approach. Rather than encouraging responsible spend with the threat of non-reimbursement, companies can foster trust with reasonable expectations and a healthy fiscal culture. This is made easier with real-time software that automatically audits 100% of expenses against policy. Employees are empowered to spend, with lightweight, easy capture of receipt and expense details, while finance gets immediate visibility into expenses and sees when expenses are flagged as out of policy for additional review.

What To Know If Your Company Doesn't Have a Corporate Card Program

✓ **Stress is a worthy consideration.** Having a smooth expense reimbursement process is critical to minimize the financial burdens on employees. There is no way to know which employees are concerned about reimbursement timelines, losing flexibility for living expenses, or impacts on their credit scores. People of all ages and all levels in the organization may be carrying a balance on their credit cards, which this survey revealed to be the biggest contributor to stress.

✓ **Compassionate companies offer options.** Even for those who philosophically align with the carrot-and-stick approach, it's wise to offer a corporate card option to employees who want it or provide p-cards to pay for non-travel expenses. Finance teams might partner with HR and managers about how to make the card option available in a way that minimizes stress and embarrassment.

What To Know If Your Company Has a Corporate Card Program

✓ **Transition away from personal cards, even if used infrequently.** Simply put, it's impractical for any company to pay for a corporate card program while also allowing personal card use. The return on your investment decreases, and the inconsistent visibility impacts your finance team. This adds complications and manual work, taking time away from more strategic functions.

✓ **Ease the shift with smart, simple financial decisions.** While it may be difficult to change entrenched behaviors around using personal cards, especially in your executive or sales teams, these simple changes make using the corporate card as easy as possible.

✓ **Adopt a widely accepted payment platform** like Mastercard or Visa. In our survey, 25% of respondents said they use personal cards because their corporate card isn't accepted everywhere. Ensure the corporate card gets more use by selecting a popular provider.
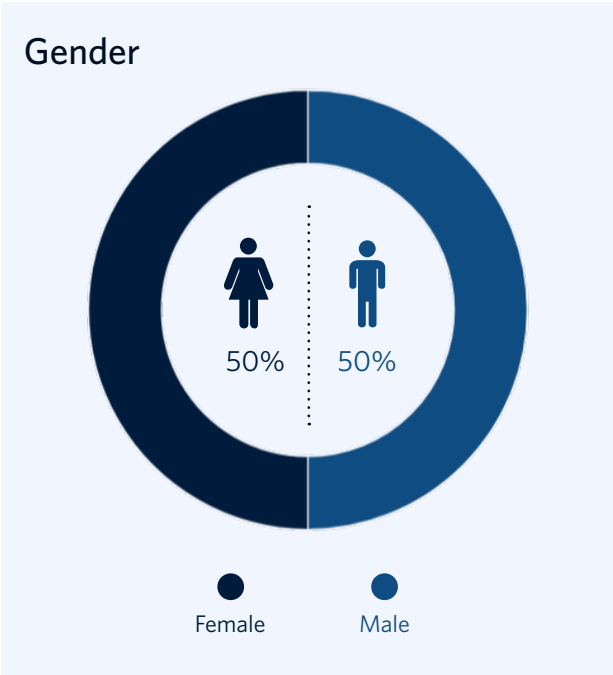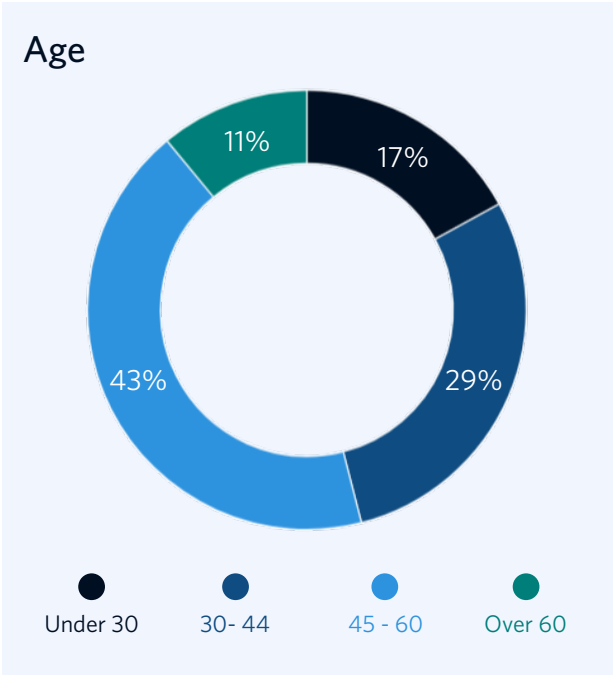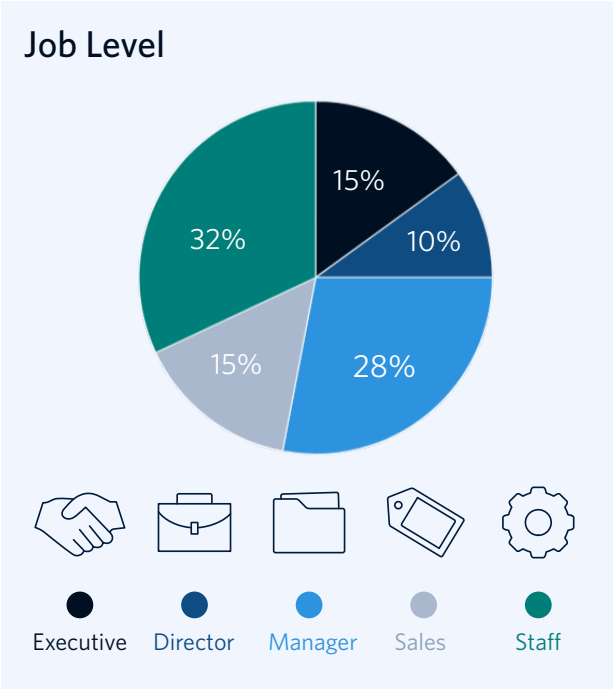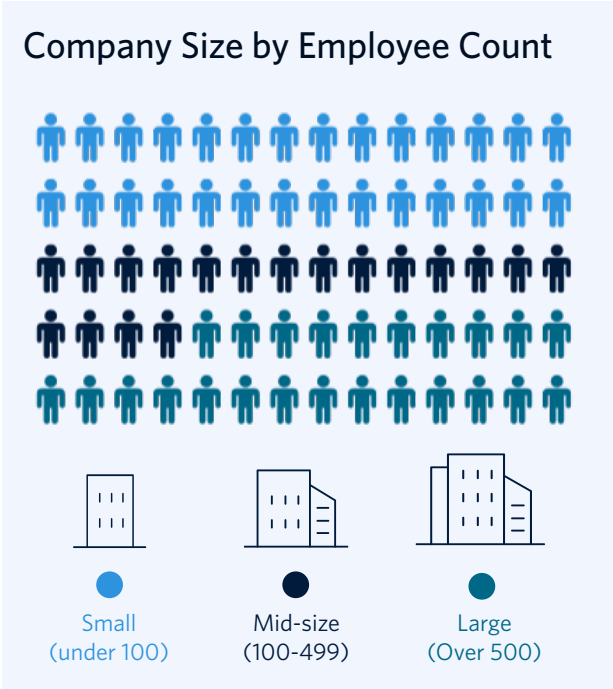
✕ center®

Accelerate expense reporting on corporate card payments. You can capture the information you need in real-time—without cumbersome end-of-month reports—with an integrated card and expense solution. Employees save the time and effort of sorting receipts and entering expense details, and finance is relieved of the burdens of late submissions and manual accruals.

Move non-travel expenses to p-cards. P-cards are an easy way to pay for the growing number of non-travel expenses occurring on cards and ensure, for example, continuity of service so that expenses like software subscriptions aren't accidentally canceled when an employee leaves the company. With an integrated card and software, spenders can easily capture all the expense details (receipts, purpose, cost center) at the time of purchase, rather than relying on accounting to track it all down after the fact.

Consider who gets a card in your company and why. Is the card reserved for executives and management only? Is there an unintentional bias against particular groups or levels of employees? Is there an easy option for any employee who needs a card to request one?

Make use of flexible controls to set appropriate limits for card recipients. Modern card administration software makes it easy to issue cards, change limits, temporarily lock accounts, and more.

Time is money, and finance teams spend too much time on routine, manual operations, including tracking receipts, manually reviewing and auditing expense reports, accruing for late expenses, reconciling statements, and manually updating the general ledger.

Managing multiple expense systems, like corporate cards, personal cards, and procurement cards, creates additional reconciliation and reimbursement work for already overburdened teams. The blind spots created by these fractured systems withhold critical visibility into spend until end-of-month reports come in (which may be too late).

Methodology and Demographics

The Business Spender Sentiment Survey was conducted in October 2020. To qualify for the survey, respondents said they either travel for work or make purchases on behalf of their company. All respondents were US-based.

Company Size by Employee Count

- Small (under 100)
- Mid-size (100-499)
- Large (Over 500)

Job Level

- 15%
- 10%
- 28%
- 15%
- 32%

Executive | Director | Manager | Sales | Staff

Age

- 17%
- 29%
- 43%
- 11%

Under 30 | 30- 44 | 45 - 60 | Over 60

Gender

- 50%
- 50%

Female | Male

The Center Difference

Center® is a complete spend and expense solution that delivers immediate visibility and flexible, streamlined accounting, all in real time. Because Center includes an integrated corporate credit card, all transactions appear immediately in your dashboard or mobile app.

Real-time visibility means there's no need for lengthy corporate card statement reconciliation and accruals. Center even reduces manual coding and recoding of transactions by learning from your behavior to code transactions more accurately.

It's easy to customize Center for your organization. You can add fields like job number or project number, and you can create your ideal expense policy and automatically audit every transaction against it.

Best of all, Center is free. There are no contract minimums, overage fees, or extra charges for features like reporting, audit, and customization. Center also comes with excellent US-based customer support. We'll even train your finance team so you'll be up and running in just a few days or weeks. Ready to learn more? Set up an on-demand or live customized demo.

Center is based in Bellevue, Washington. Email: hello@getcenter.com Phone: (425) 454-8520