What You Need to Know to Take Your Card Program Global

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Agenda

- Introductions
- Are You Ready?
- Global Card Program Models
- Provider Selection
- Contracting Considerations
- Implementation
- Country Nuances
- Reporting, Tools and Data
- Controls and Compliance
- Managing your Program
- Questions?
U.S. Bank Profile and Expertise

2Q13 Dimensions
- Asset Size: $353 billion
- Deposits: $252 billion
- Loans: $228 billion
- Customers: 17.6 million
- NYSE Traded: USB
- Founded: 1863
- Bank Branches: 3,087

USB Capital Position

<table>
<thead>
<tr>
<th>Category</th>
<th>2Q13 USB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 Capital Ratio</td>
<td>11.1%</td>
</tr>
<tr>
<td>Total Risk-based Capital Ratio</td>
<td>13.3%</td>
</tr>
<tr>
<td>Leverage Ratio</td>
<td>9.5%</td>
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<tr>
<td>Tier 1 Common Equity Ratio</td>
<td>9.2%</td>
</tr>
<tr>
<td>Tangible Common Equity Ratio</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

Regional
Consumer & Business Banking & Wealth Management

National
Wholesale Banking & Trust Services

International
Payments

Diversified Revenue Mix
Revenue by business line 2Q13 YTD
- Payment Services: 44%
- Wholesale Banking and Commercial Real Estate: 28%
- Wealth Management and Securities Services: 19%
- Consumer and Small Business Banking: 9%
**Tennant Company Overview**

**Founded:** 1870 by George H. Tennant as wood products company

**Business:** Leader in designing and manufacturing equipment and solutions that help create a cleaner, safer, healthier world

**2012 Revenues:** $739M

**2012 Employees:** 2,816

**Manufacturing Sites:** 7

**NYSE Symbol:** TNC
Tennant Card Program Highlights

- Global Visa program
- 16 countries across the America’s, EMEA, APAC and LATAM
- Global T&E policy
- 1,750 Cards with $16.5 in annual spend
- Liability and Billing varies by country
- Centralized reporting system
- Local service model
- Payment automation
Are You Ready?

- Do you have a successful domestic program?
- Will management endorse a global program?
- What are your program goals?
- Do you have a global travel policy?
- Do you have the data?
  - What is your spend by country?
  - How many cards will you need?
- Are there legacy card programs in place?
  - What are the termination clauses?
- How are other countries paying for expenses today?
- Are there country specific rules you need to be aware of?
- What cultural differences exist?
Global Card Issuing Models

• **Single Issuer**: one issuer directly issuing and managing cards in all markets

• **Franchise**: a network of franchises delivering cards and service under one brand

• **Partner**: central or lead issuer coordinating with other issuers around the world
Selection Process

• RFP or RFI
• What is important to your organization?
• How well will the provider fit your footprint?
Contracting: Process

- Global contracting process(es)
- Issuer support through the process
- Regulatory requirements
- Legal entity considerations
- Consistency of documentation
- Language translation
Contracting: Liability, Billing and Payment

- Liability and Billing are often confused
- Billing type determines:
  - Who receives the statement
  - Where payments are applied
- Liability determines who is ultimately responsible for payment
- There are many combinations of liability, billing and payment options, and these may vary across different markets
## Contracting: Liability, Billing and Payment

<table>
<thead>
<tr>
<th>Purchasing Cards / Virtual Cards / Meeting Cards</th>
<th>Approves Cardholder</th>
<th>Sets Credit Line</th>
<th>Bill Goes To</th>
<th>Payment Made By</th>
<th>Payment Guaranteed By</th>
</tr>
</thead>
<tbody>
<tr>
<td>End-User Organization</td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

### Travel Card

<table>
<thead>
<tr>
<th>Individual Liability</th>
<th>Corporate Liability / Individual Pay</th>
<th>Corporate Liability / Corporate Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Card Issuer</td>
<td>End-User Organization</td>
<td>End-User Organization</td>
</tr>
<tr>
<td>Employee</td>
<td>At 120 days past due</td>
<td>End-User Organization</td>
</tr>
<tr>
<td>When expense report is approved</td>
<td></td>
<td></td>
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</tbody>
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**AFP® Annual Conference**
Contracting: Rebates

• Issuer revenue varies by country / region, which can mean rebates vary as well
• Program performance factors
  – Volume
  – Speed of payment
  – Delinquency / charge-offs
Contracting: Rebates

• What do you want to do with your rebate dollars?
  – Fund program management?
  – Incent local stakeholders to buy into program?

• If you pursue a centralized rebate structure, consider the implications
  – Liability and payment responsibility vs. who gets benefit of rebate
  – Taxation
  – Local buy-in
Implementation Best Practices

• Provider support: who will be at the table?
• Identify resources: both at HQ and at local level
• Assigned Implementation Manager (client / issuer)
• Establish clear understanding with your provider of current program(s)
  – Review “as is” vs. “to be” analysis
• Management support is critical to your success
• Local engagement: take time to understand their environment
  – Consider that your practice may not be the best practice in all markets
• Phasing the project or big bang approach?
  – Technology considerations, e.g., expense management
  – Geographic phases
Country Nuances

- Acceptance
- Regulatory requirements
- Cultural differences
- Currency
  - USD/EUR/???
  - Currency triangulation
- Chip and PIN
- Employee agreements
- Language considerations
- Unintended consequences
  - Credit aggregation
Reporting Tools and Data

• Data consolidation
• Reporting platform options
  – Issuer provided
    • Demographic reporting (# cards, limits, usage, delinquency)
  – Expense management
    • Accounting requirements
    • Spend analysis
• Data delivery
  – File feeds (frequency / number of feeds, other considerations)
  – Timing of transactional reporting
Controls and Compliance

- Policies: global vs. local
- Country considerations
  - Tax requirements
  - Labor laws and employment contracts
  - Language
- Personal use of cards
- Controls: MCC blocking
Managing Your Program

- Leveraging your data
- Travel billings: central vs. individual
- Restricting use of personal cards
- Limiting cash transactions
- Managing rebate program goals
- Managing delinquency and impact of credit reviews
Questions
Thank You!

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