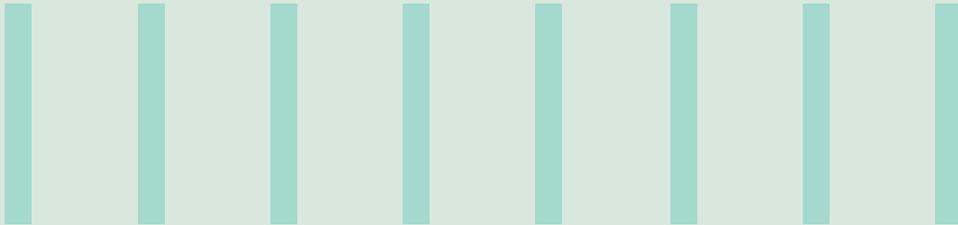




# TRENDS IN THE FUEL CARD INDUSTRY



## Introduction

A fuel card or fleet card is used for the payment of fuel at the fuel station. It is also used for the payment of vehicle maintenance and other expenses. Fuel cards provide many features which include convenient and comprehensive reporting for the fleet of corporates, providing real-time updates to fleet managers / owners and enabling them to track all business-related expenses of their fleet. Fleet cards eliminate the manual task of submission of receipts,

auditing, and the issuance of checks. In some cases, it also benefits the corporates by discounted fuel prices.

The cards and payments industry is fast changing and is driven by technological shifts and changing customer behavior / preferences. These changes are due to the innovative approach of fintech players, mobile phones transforming the customer experience, millennial customers

embracing social media, and regulatory changes impacting the way business is done. Innovation in payment systems and card products has comparatively lagged in fuel card product offerings when compared to other product offerings in the cards industry. However, with the profound shift to payments digitization and the influence of internet of things (IoT), this is set to change.



## Overview of the fuel card industry

Fuel cards provide additional benefits to fleet owners as compared to vanilla purchase cards. One such benefit is the detailed reports to fleet managers by capturing low-level data which provides details like the mileage of vehicles, the gallons or liters of fuel filled, and the need for servicing the vehicle.

There are various forms in which fuel cards are available, such as:

- **Branded fuel cards**  
These are issued by the fuel companies and use a particular brand. Some examples would be: BP, ExxonMobil, Sunoco.
- **Universal fuel cards**  
These do not use any particular brand. For example, Wright Express, U.S. Bank Voyager, Comdata, etc. These provide universal coverage and other benefits like level 3 data capture and online reporting tools.
- **Merchant branded cards**  
Fuel merchants partner with fuel companies to issue universal or branded fuel cards. Some examples are, Quik Trip, Circle K, and Thornton.

## Leading players in the fuel card industry

### FLEETCOR

<b>Introduction</b>	<ul style="list-style-type: none"><li>• A leading global provider of fuel cards and services, its customers include businesses, commercial fleets, oil companies, petroleum marketers, and governments in America and Europe.</li><li>• Headquartered in Georgia, US. Employees: 4,780 (worldwide)</li><li>• The company has brands like The Fuelcard Company, KeyFuels, CCS, and AllStar.</li></ul>
<b>Major Features</b>	<ul style="list-style-type: none"><li>✓ Processed approximately 1.9 billion transactions on its proprietary and third-party networks globally in 2015.</li><li>✓ Provides a customized solution to clients with detailed reporting.</li><li>✓ Provides a suite of fleet-related and workforce payment solution products.</li></ul>

### WEX Inc.

<b>Introduction</b>	<ul style="list-style-type: none"><li>• WEX is a leading provider of fuel card payment solutions.</li><li>• Headquartered in South Portland, Maine. Employees: 2,265</li><li>• The company operates in the US, UK, Australia, Singapore, Brazil, Italy, Netherlands, Belgium, Germany, Norway, Canada, New Zealand, etc.</li></ul>
<b>Major Features</b>	<ul style="list-style-type: none"><li>✓ WEX Telematics GPS Tracking gets a real-time view of fleet vehicles.</li><li>✓ WEX Fleet ClearView is an integrated fleet analytics and benchmarking platform to give fleet managers a dynamic view into their fleet operations.</li><li>✓ Fleet SmartHub mobile app gives businesses access to key fleet account features. Optimizes purchasing processes and improves tracking and reporting.</li></ul>

### U.S. Bancorp Fuel Cards

<b>Introduction</b>	<ul style="list-style-type: none"><li>• U.S. Bancorp is a financial holding company with US\$422 billion in assets and is the parent company of the U.S. Bank National Association.</li><li>• The U.S. Bank Fleet Merchant Program issued 1.8 million Voyager Fleet Cards, which are accepted at more than 230,000 retail locations in all 50 US states.</li></ul>
<b>Major Features</b>	<ul style="list-style-type: none"><li>✓ Provides an option for fleet card partnership program, fleet card merchant solution, carrier solution, and fleet manager solutions.</li><li>✓ Simplifies fuel and maintenance data management.</li><li>✓ Comprehensive fleet management and reporting capabilities.</li></ul>

### British Petroleum

<b>Introduction</b>	<ul style="list-style-type: none"><li>• BP is one of the world's leading integrated oil and gas companies. It is a British multinational company, headquartered in London, England.</li><li>• BP issues its fuel cards under brand names such as BP Business Solutions in the US, and BP Plus in the UK, Australia, and NZ, regions.</li></ul>
<b>Major Features</b>	<ul style="list-style-type: none"><li>✓ <b>United States:</b> BP provides three different programs for companies based on their size, accessibility needed for fueling locations, and level of reporting needed.</li><li>✓ <b>United Kingdom:</b> BP has a card acceptance agreement with Esso with coverage of 3,500 sites. BP has tied up with Nectar (loyalty points aggregator) for reward points management.</li><li>✓ <b>Australia &amp; New Zealand:</b> Provides cash incentives on every liter of fuel filled with detailed reporting, fuel payment app, and BP Plus mobile app.</li></ul>

## Current industry trends in fuel cards

Customers are embracing mobile payments in various forms such as in-app payments and purchase at the physical store. Social media is increasingly used for keeping a tab on customer sentiment. In this background, the customer expects a consistent experience in a seamless fashion across various customer touchpoints. This necessitates an integrated approach covering mobile experience, frictionless payments, and personalized loyalty offers. With increased digitization of payments, the focus on payments security and cyber security has increased significantly.

The cards industry trends have a direct impact on the fuel card industry as well with customers expecting innovative features in fuel cards. Let's have a look at the current industry trends in cards and payments, and how they are impacting the fuel card industry.

- **Omnichannel experience**

The cards industry is moving toward increased personalization based on analytics to make the customer experience more seamless. It leverages online channels to reduce customer acquisition time and cost. Fuel card players have started to leverage mobile apps for customer servicing and to help cardholders locate the nearest service station.
- **Migration to EMV**

With the US cards industry embracing Europay, MasterCard, and Visa (EMV), most major markets globally have moved to EMV. Migration to EMV entailed investments from card issuing players, merchants, and merchant acquirers. In recent years, the fuel card industry has started embracing EMV card issuance. There are two key benefits that chip-based cards provide — improved security and finer control of 'offline' credit card transaction approvals.
- **Loyalty offerings**

Loyalty programs have always remained one of the key drivers of the cards industry as it becomes increasingly difficult to retain customers due to the changing market space, customer demands, and competition. Fuel card issuers like BP have rich loyalty program features for fuel cards through a tie-up with Nectar (loyalty point aggregator).
- **Telematics interface**

Fuel card service providers have started to embed the telematics interface and robust reporting facilities (derived out of telematics data and enhanced data capture) as standard product offerings to improve fleet management efficiency.
- **Emerging cardholder verification methods**

Consumer device cardholder verification method (CDCVM) is an additional security feature that can be used to evaluate whether the person presenting the payment instrument is the legitimate owner of the instrument. This will play an important role in the fuel card industry to prevent fraud by drivers.
- **Host card emulation**

Host card emulation has opened a host of opportunities for issuers to offer innovative in-house payment solutions. Issuers now have an opportunity to integrate contactless payments with their native app using HCE, thereby providing an additional form factor for its consumers. Incorporating fuel cards into NFC-based mobile payment initiatives will increase ease of use for fleet players.
- **Leveraging social**

Card issuers are increasingly leveraging social media for marketing, customer acquisition, customer servicing, and keeping tab on customer sentiments. API-driven interfaces to fuel card platforms will enable leveraging of social media for customer servicing, acquisition, and campaigns.
- **Focus on security**

Tokenization and biometric authentication for enhanced security continue to have a strong influence on the payments industry. With the increased uptake in mobile payments and recent data breaches at leading retailers, tokenization adoption has increased manifold. Tokenization coupled with end-to-end encryption enhances payments data security. Uptake of tokenization is expected to increase in fuel cards considering that mobile-based payments are expected to gather momentum across product categories in the cards industry.



## Fuel-card-platform-specific features linked to the fuel card industry trends

Based on current trends in the fuel card industry, the following fuel-card-specific capabilities need to be available on fuel card management platforms in addition to the foundation capabilities.

### Enhanced data capture

- Enhanced data enables tracking of fleet expenses and efficiency of the fleet. Fleet cards can be used for expenses such as fuel, truck maintenance, truck repairs, truck cleaning, replacement vehicle rental, etc.
- Enhanced data including details such as odometer reading, fuel product, fuel grades, the quantity of fuel, driver ID, vehicle ID, and tax information coupled with transaction details (such as date, time, location, and spend amount) enable rich repowering for fleet managers.
- Enhanced data enables richer reporting which can be used by fleet managers to identify problem areas such as a truck with lower fuel efficiency, fraudulent transactions by a truck driver, etc.
- Level 3 data enables a control on both fuel and maintenance
  - Complete insight into driver behavior and vehicle operating costs
  - Complete oversight of trends and analyses that matter to the agency

### Telematics interface

- Integrate GPS data (vehicle location, idling, speeding, and fueling) with purchase data to track fleet performance / dashboard for driver performance
- Determine if the truck is refueling at a location which is appropriate to its route (location / time)
- Truck driver behavior can be tracked using the telematics interface. Metrics related to the route taken, driving speed, trip schedule, and braking can be used to track truck driver efficiency and identify any anomalies such as unscheduled stoppage of the truck, deviation from planned route, refueling at a non-partner forecourt, etc.

- Integrate transaction level 2 and level 3 data with reports and dashboards in the self-service portal. Details that are not available in the invoice can be made available in various online reports / drill-down reports / dashboards

### Efficient fleet administration — Purchase policy compliance and fleet life cycle data management

- Fuel card platforms need to support API-driven interfaces to clients' purchase systems / accounting system (A/R and A/P systems), ERP systems, and reporting systems. API will enable quicker interfaces to be built with industry players and provide an opportunity for co-creation / joint offerings with partners.
- Fuel card platforms need to support detailed tax reporting and drill-down-transaction reporting. Ease of transaction reconciliation is another key ask from fleet administrators.
- Fuel card enables life cycle data management for the fleet. All expenses involved in running the fleet are captured on the fuel card. This enables expense monitoring at the truck level. Combined with revenue management details, profit & loss reporting can be done at the truck level.
- In-vehicle mobile tablets and apps improve driver productivity and efficiency

### Leveraging social, mobile, analytics, and cloud

- API-driven interfaces to fuel card platforms will enable leveraging of social media for customer servicing, acquisition, and campaigns
- Issuance of NFC digital wallets for fuel cards
- Location-based offers / analytics-driven dynamic offers promote car wash based on the cardholder's earlier transaction history, his / her current need (e.g., service the truck), and tie-up with dealer for promotional offers

- Customer experience across various touchpoints (mobile, call center, physical store) needs to be consistent and seamless
- New technology in the area of fleet analytics shows much promise in helping to evolve fuel management strategies further
- Wireless and transponder technology coupled with cloud-based infrastructure (especially for telematics) will improve vehicle data gathering, reporting, and analysis

### Real-time updates

- Tracking truck location through GPS and fuel refilling location / time stamp enable fleet managers to keep a close eye on any leakages in fuel spending. This enables close monitoring of working capital requirements and directly affects free cash flow of the firm.
- Mobile phone apps help cardholders locate the nearest service station.

### Wide card acceptance

- Increasing number of multinational and local acquirers are accepting the cards, and this increases revenue. This would require the fuel card platform to support interfaces with various fuel-card-specific networks.
- Acceptance at international transit routes requires a fuel card platform with capabilities in handling multiple currencies and fee processing.

### Fraud Management

- Fuel card skimming and misuse at forecourts by fleet drivers are the major reasons for fuel card frauds. This can be prevented by using Chip & PIN cards and effective fuel monitoring reporting.
- Alert the fleet managers when card use occurs in a location that is not consistent with GPS vehicle location.
- Security advancements and fraud management result in improved margin and save millions of dollars.

## Business benefits of rich capabilities in fuel card platforms

Below are the business benefits of having the fuel-card-industry-specific capabilities that we discussed in the earlier section.

Capability	Business Benefit
<ul style="list-style-type: none"> <li>Improved reporting for customers with enhanced data</li> </ul>	<ul style="list-style-type: none"> <li>Improved reporting helps customers to understand fuel efficiency of the vehicle and to determine the problem in case of lower efficiency.</li> <li>This will improve the margins.</li> </ul>
<ul style="list-style-type: none"> <li>EMV-compliant issuing and transaction processing / Tokenization</li> </ul>	<ul style="list-style-type: none"> <li>EMV cards and tokenization will significantly reduce card skimming and fraud cases.</li> <li>Reduction of card skimming and fraud cases will save millions for the issuer and customers.</li> </ul>
<ul style="list-style-type: none"> <li>Mobile payment, cardless transactions, and digital wallet</li> </ul>	<ul style="list-style-type: none"> <li>New payment options are available to customers.</li> <li>The new payment methods will help fuel card issuers to evolve from a card-driven environment to a customer-driven environment and generate greater customer satisfaction.</li> </ul>
<ul style="list-style-type: none"> <li>Seamless experience for the customer across different channels like mobile, proximity, and online</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in consumer perception and satisfaction</li> <li>Improved sales</li> <li>Building brands</li> <li>Collecting customer information for targeted marketing tactics</li> </ul>
<ul style="list-style-type: none"> <li>Location-based offers / analytics-driven dynamic offers</li> </ul>	<ul style="list-style-type: none"> <li>Driver can self-manage loyalty coupons / offers</li> <li>Fleet managers can track their offers and savings</li> </ul>
<ul style="list-style-type: none"> <li>Real-time updates</li> </ul>	<ul style="list-style-type: none"> <li>This ensures a decrease in working capital requirements</li> <li>Provides location of the service station to the customer in need</li> </ul>



## Conclusion

The cards and payments industry is undergoing rapid change due to the innovative approach of fintech players, mobile phones transforming the customer experience, millennial customers embracing social media, and regulatory changes impacting the way business is done. Several of the trending changes in the fuel card industry are in line with trends influencing the other product offerings in the cards industry. With fuel card industry players now recognizing the need to catch up, it may be an exciting time ahead for the fuel card industry.



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