



**CONFERMA**

POWERING BUSINESS  
PAYMENT FORWARD

**AMERICA'S INVISIBLE BANK**  
**THE REAL COST TO EMPLOYEES**

INSIGHT REPORT 2018



## Employees in the US are effectively lending their employers \$1.6 billion a month

through expenses, leading to a feeling they are at times acting as a bank to their own employer.

The problem of reimbursement is a big issue for many, so much so that 45% experience personal cash flow issues because of their company's expense submission deadline.



- 2 in 5 employees say that their company's expense submission deadline has caused them personal cashflow issues and stress
- 2 in 3 employees use their own money to pay for work-related expenses
- 45% of employees state that the time taken to get their expenses repaid has left them with less money to spend on personal items in the short term
- The average amount of money spent on work related expenses equates to \$111 per month
- The majority of employees say that if faced with a situation where they were expected to pay for their own expenses but had no access to their personal funds at the time, they would refrain from paying the expense even if detrimental to the company
- 3 in 5 employees would use a mobile app for expense payments

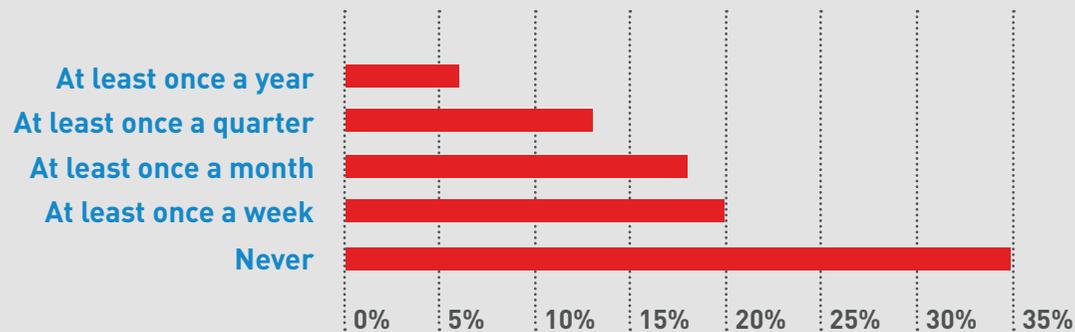
# PERSONAL EXPENSE TO EMPLOYEES



## 2 in 5 employees have used their own money to pay for work related expenses

- 72% of employees aged 18-34 use their own money to pay for work related expenses
- 1 in 5 employees use their own money at least on a weekly basis to pay for work related expenses
- 57% of employees use their own money to pay for work related expenses at least once a year

How often do you use your own money to pay for work — related expenses?



# COST TO EMPLOYEES PER MONTH



## Employees spend **\$111** of their own money per month on average to cover work related expenses

- 63% of employees pay at least \$50 of their own money per month to cover work related expenses
- 38% of employees pay at least \$100 of their own money per month to cover work related expenses
- The largest expense claim submitted by the average employee is \$440

## Two thirds of employees are responsible for personally paying the work related expenses they incur

- 50% of employees use their personal card to pay for work related expenses they incur and then subsequently reclaim the cost from their employer at a later date
- Higher income employees are more likely to cover work related expenses themselves

# EFFECTS OF DELAYED REIMBURSEMENT



## **2 in 3 employees** have suffered **personal cashflow issues** due to their company's expense submission deadline

- 17% of employees say that their company's expense submission deadline regularly causes them personal cashflow issues
- 56% of employees aged 18–34 say that their company's expense submission deadline has caused them personal cashflow issues, compared to just 9% of those aged 55+

## **71% of employees** have to wait to have their expenses repaid

- Only 23% of expense claims are reimbursed immediately
- 1 in 3 employees wait up to a week to have their expenses repaid
- 1 in 10 employees wait over 2 weeks to have their expenses repaid
- Half of all employees state that they would stop spending money on work related costs such as business travel, marketing activities and client hospitality if there was a delay in expense reimbursement
- 61% of younger employees state that they would stop spending money on work related costs if there was a delay in expense reimbursement

# DETRIMENTAL EFFECTS TO BUSINESSES



**Most employees** would refrain from making a business expense payment, **even if detrimental to the company**, if they didn't have access to personal funds

- 58% of employees say that if they were in a situation where they were expected to pay their expenses from their own account but did not have the access to personal funds, they would not incur the expense even if it was bad for the company
- 35% of 18–34 year olds say that if they were in a situation where they were expected to pay their expenses from their own account but did not have the access to personal funds, they would get a loan from a friend/family to cover the shortfall

The issue is as much of a concern for employers as well, with 49 percent of employees admitting they would stop spending money on a business expense if they had to wait a significant amount of time to be repaid. This could have a detrimental business impact through opportunities lost. For example, 1-in-5 said they would stop undertaking business travel and a shocking 51 percent prepared to halt meeting current or prospective customers and undertaking marketing activities altogether.

Commenting, **Simon Barker**, Co-Founder and CEO of Conferma, said:

“The scale of this issue identified in these findings has taken us by surprise. We knew it was a problem, and one we are working hard to address, but the impact of this on both employees but also employers really is cause for concern.”

# EMPLOYEE SACRIFICES



**45% of employees** state they've had **less money** to spend on personal items in the short term due to delays in reclaiming expenses

- 60% of employees aged 18–34 state that the time taken to get their expenses repaid has left them with less funds in the short term to pay for personal items

With over a third (38 percent) of employees stating they had to wait up to or over 2 weeks to be paid back after submitting a claim, it is unsurprising that cashflow issues occur regularly. The majority (60 percent) of 18-34-year said they had less money to spend on personal items in the short-term, correlating with the fact that the average cost of work related expenses was highest among this age group (average monthly spend of \$116.30).

# PERSONAL HEALTH EFFECTS



**2 in 5 employees** have **suffered from stress** due to the time taken to get expenses repaid

- Men are more likely to suffer from stress due to a delay in the repayment of expenses, with 47% stating that it is something they have experienced
- Younger employees are more likely to feel stressed as a result of delayed reimbursement with 58% of those aged 18–34 years old stating it is something they have experienced compared to just 16% of those aged 55+

This is undoubtedly taking effect on employee mental wellbeing. Over half of employees in this age range (58 percent) admitted that the combination of these factors caused them stress and almost half of male of employees also cited regular stress (47 percent) because of the system.

# FINANCING EMPLOYERS

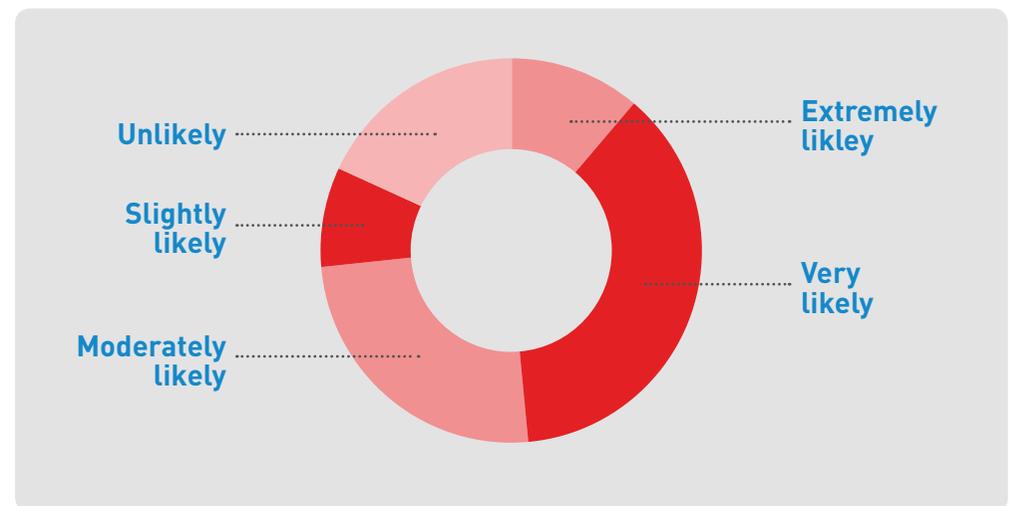
Almost **half of all employees** feel that at times they finance their employer by covering work related expenses

- 56% of 18–34 year olds feel that at times they finance their employer by covering work related expenses themselves

**3 in 5 employees** would be likely to use a **mobile app** for expenses

- 71% of 18–34 year olds would be likely to use an app for expenses
- Only 19% of employees would be unlikely to use an app for expenses
- Likelihood of using an app for expenses increases amongst younger employees

If your company introduced a mobile app for expenses that would mean you never have to cover the cost of a business expense yourself, how likely would you be to use the app instead of a card to cover your expenses?



# ABOUT CONFERMA



Leading UK FinTech company, Conferma, is the world's foremost provider of virtual card technology. Founded by CEO Simon Barker in 2005, Conferma combines innovation and expertise to consistently find success when they push the boundaries of what can be achieved in the world of virtual payments.

Conferma connects issuers to more than 400 travel management companies, all five major global distribution systems and more than 70 corporate booking tools. Conferma is fully integrated with all the major card schemes and serves more than 35 banking partners, who have issued Conferma-generated virtual cards in 96 currencies across 197 countries.

## Want to learn more about America's Invisible Banks?

For more information email [enquiries@conferma.com](mailto:enquiries@conferma.com) or visit [conferma.com](https://conferma.com)

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## APPROACH

- The survey was conducted between 20th–21st June 2018
- This is based on a representative sample of 1,001 US adults (18+) currently in employment
- Sole traders and self-employed individuals have been excluded from this report
- This report is based on the results of an online survey
- The questionnaire was designed to gain analysis of the business expense payment procedure and reimbursement activity

## CALCULATION: AMERICA'S INVISIBLE BANK

In order to put a figure on the amount of money 'lent' by employees to businesses through the time lag of expenses being incurred and reimbursed, we went through the following process.

**US working population employed by enterprises:** 115,938,468 (US Census Bureau, 2015)

% of people who pay for expenses using personal means at least once per month: 38%

**Average expense claim on a monthly basis:** \$110.90

**Expenses repaid in less than a week but not immediate:** 33%

$\$110.90 * ((44,436,618 \times 33\% = 14,664,084) / 4 = 3,666,021)) = \$406,561,729$

**Expenses repaid in 1-2 weeks:** 27%

$\$110.90 * (44,436,618 \times 27\% = 11,997,887) / 2 = 5,998,943)) = \$665,282,826$

**Expenses repaid in more than 2 weeks:** 11%

$\$110.90 * (44,436,618 \times 11\% = 4,888,028) / 1 = 4,888,028)) = \$542,082,303$

**TOTAL:** employee 'lending' to business of \$1,613,927,900

## GUIDANCE ON ANALYSIS

- This research was conducted in order to put a figure on the amount of money 'lent' by employees to businesses through the time lag of expenses being incurred and reimbursed
- The research was collated in June 2018 and this report provides a summary of the findings
- Within the analysis, key findings have been highlighted with additional explanations provided in the appendices
- An overview of the main facts have been highlighted within this document. Not all information gained has been referenced