Business Management

How to Get a Virtual Credit Card for Your Small Business

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Online commerce is a way of life. We typically pay with our credit cards while shopping on the web, but that can be problematic. Between data leaks and website hackings, few business owners are comfortable inputting the details of their high-limit credit cards.

The solution? Having a virtual credit card for your small business. Here's why you should get one, how to land instant online approval for it and how to get a card for free.

Why Get a Virtual Credit Card?

Virtual credit cards, used for online shopping, combines aspects of a typical credit card with digital banking options.

A virtual credit card is a disposable version of your regular debit or credit card. It's actually linked to your main credit-card account, but the numbers generated only are used once and then electronically disposed of. This makes a virtual card safer than using your existing card, which can be used fraudulently if the numbers are recorded anywhere by someone unauthorized.

They're Convenient

A virtual credit card is convenient because you no longer need to be in actual possession of it. You access it from a protected format on your electronic device.

In addition, you can:

- Try out new technology options: Virtual credit cards enable you to try out new buying technology without taking on much risk.
- Safe to share: You no longer need to reimburse your employees for purchases they make on the company's behalf, which saves time, paperwork and accounting issues. This helps you to manage your accounting processes more efficiently.
- Simplified returns: Paying taxes is easier because you can record purchases based on custom rules you set up. That makes tracking tax exemptions simple.
- Safe subscription options: You can use a virtual credit card for recurring payments such as a monthly subscription. While some virtual credit cards are geared for single-use, others can be used repeatedly. You simply set the card to be valid until a specific date.
- Manage spending limits: The account holder can set a spending limit on a virtual credit card. If it gets stolen, it can't be used for more than the set amount. This also prevents accidental overspending by your employees.
- Better security: A virtual credit card is more secure than a physical card, which can be stolen, lost or otherwise accessed by someone else.

Most card providers allow you to lock or delete a virtual account number if it's compromised, which prevents anyone from making fraudulent purchases — without affecting your main credit-card account. If the virtual credit card is somehow compromised, you can create a new card number.

They Protect Financial Data

When you use an online virtual credit card to make purchases, you reduce your risk of being a victim of fraud. You don't have a physical card with a magnetic stripe or a chip. Rather, you have a card number and an expiration date.

Each time you make a purchase, the verification data sent to the seller is different — and that information can never be stored, sold or used by an unauthorized person. The technology is similar to electronic chip on a modern credit card. It creates a new token each time the card is used. Because the token can only be used once, it's useless for anyone to steal it.

They're Simple to Close

With a virtual credit card, you can easily close the account in the event of a data breach. When you're using a regular credit card for purchases, closing an account means having to get your main credit-card account number reissued before you can continue using it. Getting a new number can be inconvenient and time-consuming, especially if you've set it up with several vendors to cover recurring payments that will now be rejected.

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They Can Be Instantly Approved Online

Major credit-card companies offer instant approval for virtual credit-card applications. Companies such as Capital One, Bank of America and Chase enable you to create a virtual credit card for each merchant you do business with using an online tool connected to your main bank account.

Virtual credit-card details take the place of the real account information when you check out, but the purchase still gets applied against your regular account. Essentially, you're not getting approval for credit, because you already have that, so it's simple for them to offer instant virtual credit card approval.

How to Get a Virtual Credit Card for Free

Many big banks offer virtual credit cards as a free benefit. Bank of America's ShopSafe is such an example. Capital One has Eno, an artificial intelligence-driven option that creates virtual numbers every time you use it.

Card issuers offering virtual credit cards allow you to create as many virtual cards as you need. You can have a different one for each merchant you use — and it costs you nothing extra.

Getting a free virtual credit card with no deposit can help small business owners manage their cash flow because they are funded either by transferring money into a prepaid, online account or by applying for a revolving line of business credit. Either way, you know exactly what you're spending and can monitor your company's expenditures digitally.

How to Apply for a Virtual Credit Card

Visa and Mastercard have specific ways you can use a virtual card for online payments: Visa Checkout and MasterPass. Both support cards from any issuer.

Individual credit-card issuers usually offer virtual card programs only for their own customers and the way you apply for a free virtual card depends on the issuer.

Keep in Mind

It's important to remember that applying for a virtual credit card isn't the same as applying for credit. To be clear, you are applying to use your existing credit account in a secure manner for online purchasing.

Log into your online banking or credit-card account to see whether your institution offers virtual cards and what the requirements are for getting one. If you don't have a credit-card account, apply for one online.

Note that you won't earn interest on money deposited into a prepaid virtual credit card account, and use of the card will not impact your credit score in any way.

The Best Virtual Credit Cards

As with individual credit cards, company cards are open to abuse. The risk of abusing a corporate card increases if a company card with a single number is shared by several employees. This is particularly true if you can't determine which employee made a particular purchase. Some virtual credit cards worth considering:

- Netspend, which offers prepaid cards with no activation fee, minimum balance or

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- Netspend, which offers prepaid cards with no activation fee, minimum balance or credit check. You will, however, have to verify your identity to get one.
- American Express Go, which has a mobile app for tracking your spending against

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