



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

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## Purchasing Cards for Payment of Goods and Services by the Welsh Public Sector

The UK Public Sector makes extensive use of Purchasing Cards to pay for a broad range of goods and services. The Government Procurement Card (GPC) is used by over 450 public organisations with spend of over £405m in 2004 and continues to grow rapidly in terms of new organisations and levels of spend. The similar Welsh Purchasing Card (WPC) is a preferred ordering and payment method used by over 25% of Welsh public sector organisations across all sectors; NHS; Local Government; Higher and Further Education and Assembly Sponsored Public Bodies such as The Countryside Commission for Wales and National Library for Wales.

Wider use of Purchasing Cards to streamline purchasing and payment processes is a major tenet of the Assembly Government's efficiency agenda for the public sector. The target is for 50% of Welsh organisations to be using the WPC by the end of 2005 and 90% by the end of 2006. Spend targets are £20m in 2005 and subsequent year-on-year doubling up to 2010.

If you are currently a supplier to the public sector you should seriously consider becoming Purchasing Card (Visa and Mastercard) enabled. There are significant benefits to be had, including reduced transaction costs and fast payment. If you wish to accept WPC payment from the Welsh public sector or require further information please e-mail [wpitswansa@wales.gsi.gov.uk](mailto:wpitswansa@wales.gsi.gov.uk).

We hope you will recognise there are considerable benefits to you in trading with your customers, both public and private sector, via Purchasing Cards.



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## **What are the benefits of using Purchasing Cards?**

### ***For you the Supplier***

<b>Simplified account set-up</b>	<b>No credit checking required for new accounts</b>
<b>Guaranteed payment within 4 working days</b>	<b>You no longer have to wait for payment, for 30, 60 or 90 days after issue of invoice.</b>
<b>Reduced administration costs</b>	<b>No more waiting for a purchase order, issuing paper invoices (in many cases), producing statements or chasing for payment.</b>
<b>Preferred supplier status</b>	<b>As more organisations seek to rationalise the number of suppliers used, accepting Welsh Purchasing Card will often feature within their selection criteria.</b>
<b>Increased business opportunities</b>	<b>If at Level II/III you will be listed as a UK VAT Accredited supplier as well as a National database of Card capable Suppliers to the Welsh public sector.  As they often prefer to use suppliers already accepting MasterCard, this list is used by most Welsh organisations implementing MasterCard programmes.</b>
<b>One-to-one communication</b>	<b>You benefit from a direct channel (eg, phone or face-to-face) for communicating needs and availability, leading to quicker and more accurate supply. The number of inaccurate deliveries is reduced hence the number of "returns".</b>

### ***For your Customers***

<b>Reduced ordering processes and costs</b>	<b>In many cases requisitions and purchase orders are eliminated and purchasing procedures vastly simplified.</b>
<b>Reduced payment costs</b>	<b>No invoice processing or payments for all orders placed via Purchasing Card.</b>
<b>Simplified VAT handling</b>	<b>Electronic data from Level II/III Suppliers meets Customs &amp; Excise VAT evidence requirements.</b>
<b>Better Management Information and Control</b>	<b>Purchasing Card data (especially from Level II/III Suppliers) can be used for purchase analysis and control of spend.</b>
<b>Internet ordering and e-commerce</b>	<b>Purchase Cards are an easy payment mechanism for orders placed through the internet and e-purchasing systems.</b>
<b>One-to-one communication</b>	<b>In many cases you can discuss the purchase directly with the customer and offer alternatives, etc.</b>
<b>Faster procurement</b>	<b>Reduced processes mean quicker ordering, especially if the Cardholder is purchasing on their own behalf.</b>

## Purchasing Cards - Frequently Asked Questions

- **I can already accept credit cards. Will this satisfy the Welsh Public Sector requirements?**
- Unless you can specifically accept both Visa and MasterCard with the capability to also process the VAT element of the transaction (Level 2 – Summary VAT or Level 3 - Line Item Detail), you will not be able to accept card payments from the Welsh Public Sector at the level of functionality that they require
- **I can already accept Visa Purchasing Card transactions at Level 2 or Level 3 (Summary Vat /Line Item Detail). Does this automatically mean that I can also accept all Welsh Public Sector cards at the same level of functionality?**
- No. Some Welsh Public Sector cards are MasterCard Purchasing Cards. Not all card processing systems or 'acquiring banks' can process MasterCard Purchasing Cards at Levels 2 or 3.
- **Is the technology expensive to enable my company to accept payment by Purchasing Cards at the level that the Welsh Public Sector require?**
- The lowest cost solution is to process your Purchasing Card payments through a web site. The set up fee is £100 with an ongoing processing fee of £250 per annum . This solution can also process any MasterCard/Visa/ Maestro/Visa Debit card. However there are charges made by your chosen card 'acquiring bank'. These charges usually consist of a 'set-up' fee e.g. £250 and an ongoing charge per transaction. For Purchasing Card and credit card transactions this is a percentage of the total transaction value e.g. 2.5% and for debit cards it is a fixed charge per transaction e.g. 60 pence.
- **Can I financially justify paying these additional costs?**
- NatWest Streamline Merchant Services will discuss at the Supplier Presentations how the benefits of accepting Purchasing Cards outweigh the costs.
- **I would like to consider implementing a card processing system that automatically generates a Purchasing Card payment from my existing systems. Is this possible?**
- Yes, NatWest Streamline Merchant Services can introduce you to 'integrated system' providers.
- **If I don't accept payments from my customers by Purchasing Cards, will I lose business?**
- You will need to discuss this with your individual customers. In both the Private and the Public sectors, some organisations are dictating to their cardholders that they should use purchasing Cards for payment wherever possible.
- **If I do accept payment by Purchasing Cards, will I increase my business?**
- If you become capable of accepting Purchasing Card payments, your business trading name will be included on the lists of Purchasing Capable suppliers. These lists are made available to every organisation using Purchasing Cards, and as described above, many organisations will identify suppliers they wish to trade with from these lists.