The CFO's Guide to Smarter Working Capital Management

How virtual cards can help CEOs and CFOs improve their working capital efficiency, payment cycles, and liquidity for greater operating flexibility, investing agility, and sustainable profitability.

Amid tightening credit conditions and persistent economic uncertainties, strong cash flow is a strategic priority. Inflation, market fluctuations, and tariff-driven pricing volatility are forcing enterprises to manage liquidity with greater precision while preserving flexibility to invest in growth and maintain operational stability.

The *Growth Corporates Working Capital Index 2024–2025*, commissioned by Visa and conducted by PYMNTS Intelligence, underscores this point.[1] They surveyed nearly 1,300 global CFOs and treasurers representing mid-market companies with between $50 million and $1 billion in annual revenue.

Of these respondents, 80 percent of top-performers—those in the top quartile for working capital efficiency—reported improved business metrics tied directly to more effective working capital management and adoption of working capital solutions such as virtual cards, supply chain financing, and automated AR/AP platforms.

These companies reported faster payment cycles, shorter cash conversion times, improved margins, and millions in annual bottom-line benefits. *(See sidebar for specifics.)*

For financial leaders, the takeaway is clear: market forces may be uncontrollable, but working capital discipline is not. The organizations that are investing in advanced financial tools are achieving stronger cash conversion efficiency and greater resilience.

Among these tools, virtual cards are emerging as a proven, flexible solution to optimize working capital while also improving operational efficiency and supplier relationships.

Specific Gains Smarter Working Capital Management Has Shown to Deliver

In Visa's Growth Corporates Working Capital Index 2024–2025, top working capital performers using working capital solutions, such as virtual cards, reported gains such as:

Faster payment cycles ...

- Collected payments faster, resulting in lower Days Sales Outstanding (DSO).
- Paid suppliers faster, reducing Days Payables Outstanding (DPO), making it easier to negotiate favorable supplier terms.
- Cycled through inventory quicker, lowering Days Inventory Outstanding (DIO).

Greater cash conversion efficiency ...

- Achieved 51% shorter cash conversion cycles (CCC) and 28% shorter DPO metrics compared to bottom-quartile performers.

Improved profitability ...

- Averaged $11 million in bottom-line benefits from reduced interest, inventory carrying costs, and supplier discounts — a 300% increase from 2023.
- Increased net profit margins by 21% year over year.

Stronger liquidity ...

- Improved their working capital ratio 32% more than bottom performers, enhancing their credit profile and flexibility to meet surprises and to make strategic investments.

Working Capital Challenges: Constraints on Liquidity Optimization

While working capital has become a top priority for finance leaders, structural inefficiencies and external constraints can continue to limit progress. As companies seek to manage liquidity more

[1] *2024–2025 Growth Corporates Working Capital Index: North America Edition*. Visa. October 2024.

precisely, many face outdated processes that can restrict visibility, delay payments, and undermine forecasting.

Inefficient AP processes. Despite automation advances, many finance teams still rely on legacy AP systems and workflows that slow execution and create blind spots. Manual approvals, disjointed platforms, and limited integration between receivables and payables hinder timely decision-making.

According to the Visa study, less than half of businesses report an improvement in payment efficiencies. Traditional payment methods, often still paper-based, can slow down these processes and increase the AP function's operational costs. Such inefficiencies can also make it harder to confidently manage both inbound and outbound cash flows.

Trapped liquidity. Many organizations may carry significant amounts of working capital tied up in receivables, payables, and inventory. Traditional tactics such as extending payment terms have reached their practical limits, leaving companies with fewer options to generate additional liquidity this way alone.

That's why more and more firms are looking at how they can accelerate collections, improve inventory turnover, and reduce manual bottlenecks. Digital payment tools such as virtual cards can play a central role in this evolution. They not only help manage disbursements more efficiently but also create faster, more transparent cash flows that strengthen overall working capital discipline.

Forecasting inaccuracies. According to the Visa report, cash flow forecasting also remains a top concern of those surveyed. Forty-nine percent of respondents reported that they struggle to forecast accurately, largely due to limited access to up-to-date payment data.

Without timely insight into what's coming in—or going out—finance teams are forced to rely on assumptions or, worse, best guesses. To close this gap, companies need modern payment solutions that streamline execution and improve data quality.

Supplier disconnects. Misalignment between buyers and suppliers often creates friction in payment cycles. Large enterprises may extend payment terms to preserve their own cash flow, leaving smaller suppliers with little choice but to absorb the strain. At the same time, operational issues on the buyer side—inaccurate invoices, approval bottlenecks, fixed payment runs, or system limitations—can introduce further delays.

These disconnects not only weaken supplier trust but also obscure cash flow visibility and complicate planning. Until payables and receivables are more closely aligned, finance leaders will continue to face unnecessary pressures on working capital efficiency.

Virtual Cards: A Flexible Tool for Managing Cash Flow More Effectively

Virtual cards are digitally generated card account numbers—typically single-use or limited-use—that enable businesses to pay vendors quickly and securely. Issued electronically, they can be configured for a specific vendor, amount, or time period.

While companies have long used them for business-to-business (B2B) transactions as a way to capture rebates, their value today can go much further to help optimize liquidity and strengthen working capital. The following are key capabilities that enable these outcomes:

- **Liquidity extension.** Virtual cards allow organizations to extend Days Payables Outstanding (DPO) without straining supplier relationships. This effectively creates an interest-free source of working capital that can be redeployed to fund growth, buffer against unexpected costs, or build cash reserves to weather downturns, all without adding leverage to the balance sheet.
- **Automated payables.** Virtual cards can also simplify accounts payable. Payments that once required checks, ACH, or wires across multiple systems can now be initiated and reconciled directly within ERP or accounting platforms. This automation reduces manual efforts and associated risks of errors, helping to accelerate reconciliations. In turn, these advantages let finance staff focus more on forecasting and analysis than transaction processing.
- **Improved forecasting and control.** Virtual card transactions flow seamlessly into ERP and accounting systems, providing real-time visibility into outgoing payments. This strengthens cash flow forecasting and allows finance leaders to adjust funding strategies with precision. Virtual cards also offer robust control: cards can be issued with single-use numbers, preset limits, or category restrictions, giving treasury teams tools to align spend with policy and compliance requirements.
- **Fraud mitigation.** With virtual cards, each transaction is protected by unique, single-use numbers and tokenization, supported by granular spend controls. Compared with other methods, virtual cards can dramatically reduce fraud exposure. In fact, according to the 2025 AFP® Payments Fraud and Control Survey, checks remain the most-targeted payment method, with 63% of organizations experiencing attempted or actual check fraud in 2024. Fraudulent ACH debits followed at 38%, showing a five-percentage-point increase from 2023.[2]
- **Supplier enablement.** Suppliers benefit from faster, more predictable payments and detailed remittance data that simplifies reconciliation. Improved Days Sales Outstanding (DSO) and lower administrative costs create goodwill and strengthen relationships. With dedicated supplier enablement services, TD helps organizations maximize adoption, so benefits are realized on both sides of the transaction.

Today, virtual cards are a proven working capital solution that can improve liquidity, reduce fraud risk, and modernize AP—providing finance teams with a secure, scalable way to manage cash with confidence.

The TD Virtual Card: Make AP a Profit Center

As the potential of virtual cards expands from tactical purposes to more strategic ones, companies need a trusted partner like TD Bank that can deliver not just the needed technology but also the scale, expertise, and integration support to ensure rapid deployment and adoption—and transform AP operations. With the TD Virtual Card platform, companies can move much more of their spend from costly checks and ACH

[2] 2025 AFP® Payments Fraud and Control Survey, Key Highlights. Association for Financial Professionals. April 2025.

payments to cost-saving, rebate-earning virtual cards. At the same time, their use of virtual cards can help them unlock more working capital, strengthen supplier relationships, and future-proof treasury operations.

Enterprise-grade capabilities. The TD Virtual Card platform is built for commercial and enterprise customers, powered. It can handle high-volume supplier payments as well as specialized use cases. The platform's flexibility allows companies to tailor their payment programs to their organization's size, sector, and payment workflows.

Seamless integration. In addition, TD Virtual Card solutions can connect directly with leading ERP and accounting platforms, reducing the need for IT assistance and accelerating adoption. Automated reconciliation and detailed reporting give finance teams real-time visibility and control, strengthening both forecasting accuracy and audit readiness.

Built-in security and compliance. With the TD Virtual Card, each transaction is protected by multi-layered security controls, including tokenization, dynamic card numbers, and customizable spend limits. These safeguards mitigate fraud risk while ensuring compliance with internal policies and regulatory standards.

Partnership and expertise. Beyond the TD Virtual Card platform's technology, TD Bank delivers hands-on support. TD treasury and commercial banking specialists work alongside client finance teams to design, implement, and optimize card programs for maximum working capital benefit. This consultative approach ensures that virtual cards deliver measurable liquidity advantages rather than simply adding another payment option.

Conclusion: Smarter Working Capital Management Is Imperative

Given today's volatile business conditions, companies cannot afford to let working capital sit idle. Structural inefficiencies—from outdated payables processes to supplier disconnects and forecasting gaps—continue to strain liquidity.

The TD Virtual Card provides financial leaders with a strategic treasury tool to help them unleash trapped liquidity, strengthen supplier relationships, and reduce fraud exposure — while also turning accounts payable into a source of financial benefit.

By adopting these capabilities now and putting them to work for more intelligent management of their working capital, companies can increase financial flexibility, protect their margins, and position their organizations for a more confident future, even in unpredictable conditions. ■

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***Next steps:** Engage TD Bank's treasury and commercial card specialists to assess your current payables processes, identify high-impact opportunities for virtual card adoption, and design a roadmap that aligns with your working capital and technology strategy.*