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Executive summary

Fuel is a significant expense item for any organization managing vehicles. Around the world, employers look for opportunities to give their drivers a simple way to pay for fuel, while simultaneously managing the associated costs and risks of these transactions. There are several approaches to management, each with its own advantages and drawbacks.

Fillip Fleet, a Canadian fintech company, has developed a new solution leveraging Visa digital fleet cards that allows users to make contactless payments through their smart phones. By using digital tokens (as opposed to plastic cards), Fillip has innovated a digital-first solution to fleet payments in Canada that speaks directly to the needs of SMB fleets that can be overlooked by legacy solution providers.

This white paper summarizes the limitations of current fleet payment solutions as well as the particular needs of small and medium-sized business fleets. Taking Fillip as an example, this paper outlines the innovations and impacts of digital payment solutions in fleet and considers the ways in which digital fleet cards could play a central role in the future development of vehicle fleets.

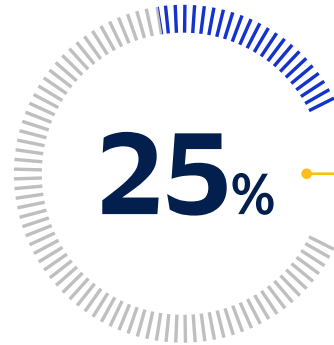


Fleet payment solutions can address the needs of smaller fleets

Small businesses operating vehicle fleets desire a simple and painless payment method for fueling. However, there is not currently one convenient, widely utilized payment method: some businesses provide drivers with cash, others reimburse drivers for transactions on personal cards, and some maintain an open account at local gas stations. Each of these approaches has drawbacks, both in terms of security and administrative effort.

Large fleets tend to use fuel cards provided directly by fuel companies

These cards enable drivers to pay for fuel at select locations (usually those belonging to the card's brand) and provide discounts from these companies to heavy spenders. This simplifies the management of large fleets through utilization of spend management tools and dashboards.



25% of the fleet market are SMBs, spending between **USD 300 and 400 billion** on fuel and other on-the-road services in 2022.¹

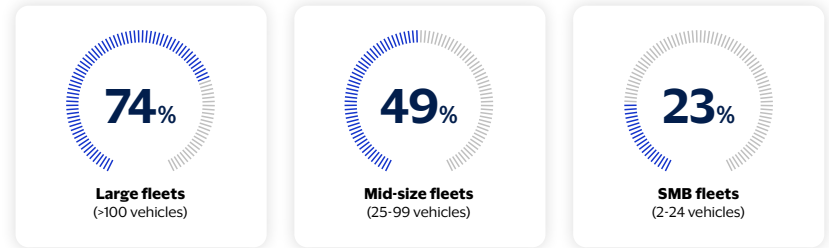
▶ And only **23%** of SMB fleets use a fuel card.¹

On the other hand, small and medium-sized businesses (SMBs) typically don't have the same access to all of the payment options used by their larger counterparts. Although SMBs make up 25% of the fleet market, spending between USD 300 and 400 billion on fuel and other on-the-road services in 2022¹, the card programs often used by large fleets can involve complicated card application, setup and management processes that are time-consuming and complex, making them less accessible to smaller businesses. Furthermore, lower volume can lead to SMBs incurring higher card fees that make these solutions less practical. We found only 23% of SMB fleets use a fuel card, far less than for other segments.¹

1. "Global Fleet and Mobility Payments Volumes Study", KNI Research, 2023.



Payment method for purchasing fuel
 Percentage of business fleets who use fleet cards



Closed loop cards for fleet

The limitations of the closed loop fleet cards currently offered by many fuel brands can be grouped into three categories: flexibility, security, and acceptance.

- Fleet card
- Other methods (e.g. driver pays then reclaims through expenses; account at local gas station etc.)

Flexibility

Traditional physical fleet cards are produced at a central location based on instructions from the fleet and are subsequently distributed securely to drivers in various locations.

This process typically takes several days to weeks, but businesses often need the cards delivered more quickly. Because plastic cards need to be physically delivered, they are not as adaptable to certain business challenges facing fleets today, including driver turnover and vehicle attrition.

Security

Additionally, security risks continue to impact fleet operators. For example, fleet operators often keep an extra supply of spare plastic fleet cards in their central offices, "just in case," but it is easy to lose track of these.

A large proportion of plastic fleet cards currently in circulation do not include the more secure EMV chips and are especially prone to fraud-related activities including card cloning and skimming. To address this, some fleet card providers are in the process of secure chip migration, but many providers have yet to act decisively.

Acceptance

Many fleet cards are designed for limited acceptance; they tend to be accepted only at a restricted network of merchant locations, such as the gas stations from a particular brand. This dynamic makes it difficult to upgrade the cards' acceptance networks to include new types of merchants, such as public charge points or controlled parking locations.

As new types of merchants become increasingly important to fleets, this type of flexibility will become more important. Current closed loop, physical fleet cards will only continue to struggle accommodating new merchants and adapting for the fleets of tomorrow.



Fuel payment apps have faced challenges

In recent years there has been an emergence of fuel payment apps. These can be downloaded to the driver's smart phone to pay for fuel. They are generally offered by fuel brands and other providers as an alternative to a pre-existing physical card.

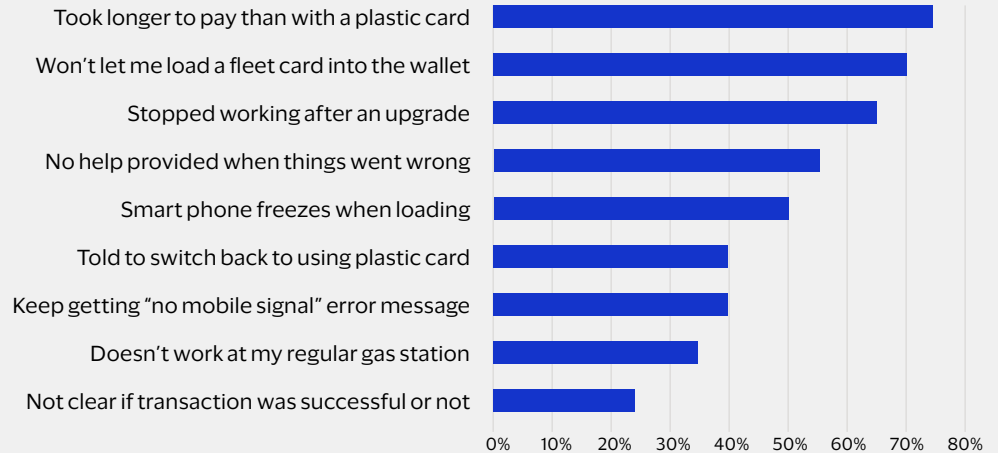
KNI Research surveyed users of 20 of these fuel payment apps and found that feedback was mixed.² User satisfaction ratings for most apps were generally found to be low. Common complaints included limited acceptance, patchy reliability, poor customer experience, and lack of support.

Users get no support when things go wrong

Significantly, when things went wrong, survey respondents reported that no help was available from either the station staff or the app provider. Some respondents stated that transactions took so long that it was hard to know whether the transaction had been successful, leaving them uncertain of whether they could legally drive off.

2. "Smart phone payment apps for gas stations", KNI Research, 2023. Survey of 1,014 users in five countries (USA, Canada, Germany, UK, Australia). User feedback relates to 20 different apps. Feedback provided between September and November 2022.

User issues with fuel payment apps
Percentage of apps reporting these issues



All of the apps KNI Research studied were launched as an extra channel or product extension of an existing plastic fleet card. If the app failed to meet drivers' needs, they could simply stop using it and switch back to their physical card.



Fillip Fleet – A digital fleet card

Fillip Fleet, a Calgary-based fintech company, offers a digital payment platform for business fleets in Canada to solve the challenges facing the SMB fleet segment.

A digital-first approach

Fillip employs a digital-first approach: by default, drivers are issued digital fleet cards, not plastic cards. All experiences and processes have been re-designed to support this digital approach. The company recently won a \$250K Fintech Award from Digital Commerce (DC) Bank.

Additionally, Fillip is part of Visa's Global Fintech Fast Track Program where both Visa and Fillip can tap into synergies in the fleet payments ecosystem.

Parker Patton, Visa's Global Head of Fleet and Mobility Product, has taken notice of the innovation Fillip brings to payments – "What Fillip has done to not only serve an overlooked part of the market but begin the next wave of innovation in fuel payments is incredibly impressive. We're excited to deepen our

synergies and continue to establish forward-thinking trends in Fleet and Mobility."

Contactless payments are now widely accepted in Canada

Fillip's digital cards use contactless payments technology to initiate fuel purchase transactions. Contactless payment penetration has been growing in many countries with Canada positioned as one of the leading adopters, and merchants have been working to upgrade their payments infrastructure to leverage this technology.

Most retail gas stations in Canada accept contactless payment in-store and many feature outdoor payment terminals that are also contactless-enabled. The limit for contactless transactions in Canada is more than sufficient to purchase a full tank of fuel for a light commercial vehicle.



What Fillip has done to not only serve an overlooked part of the market but begin the next wave of innovation in fuel payments is incredibly impressive. We're excited to deepen our synergies and continue to establish forward-thinking trends in Fleet and Mobility.

Parker Patton

Global Head of Fleet & Mobility Product, Visa



Digital fuel payment experience

Fillip's digital-first approach means that physical cards are not provided unless specifically requested by a fleet. Based on Fillip's customer records, around 20% of fleets have requested plastic cards to complement their digital cards, and half of these plastic cards have never been used.

The user journey for Fillip digital cardholders is low friction

A driver using an outdoor payment terminal simply taps the smart phone with loaded digital card to be authenticated, then uses their phone to enter vehicle information. Once the pump is authorized, the vehicle can be refueled.

Several aspects of this process are helpful to the driver

The card itself sits in the smart phone's digital wallet and can be called up just like any other credit card; it does not require a PIN to initiate payment.

The user places the smart phone near the contactless device and a confirmation is received within seconds.

If the transaction is unsuccessful, the app will immediately notify the user.



Regardless of contactless payment location, either point-of-sale at the outdoor payment terminal or inside the service station, the user experience is the same.

After refueling, the driver scans the receipt image on the smart phone and receives marketing promotions on the screen. These promotions, such as coupons for free drinks or products from the station's convenience store, can be redeemed directly by the driver.

Support is provided through the smart phone in the event of a problem

A conversational user interface on the phone sends helpful messages to guide the driver and can send alerts to the fleet operator directly via the Fillip platform if management action is required.



Fuel acceptance saves time

As in many countries, Canadian fleet cards tend to be issued by fuel station brands and are designed to be used exclusively at these companies' gas stations. Larger fleets are often willing to comply with this acceptance restriction because of the significant fuel discounts they receive in exchange.

Smaller fleets, whose spend is not high enough to qualify for these higher discounts, often prefer the flexibility and freedom of using any gas station.

Each time a fleet vehicle refuels, valuable time is wasted locating the right gas station. This costs the company fuel, wages and delays.

Drivers have more choice

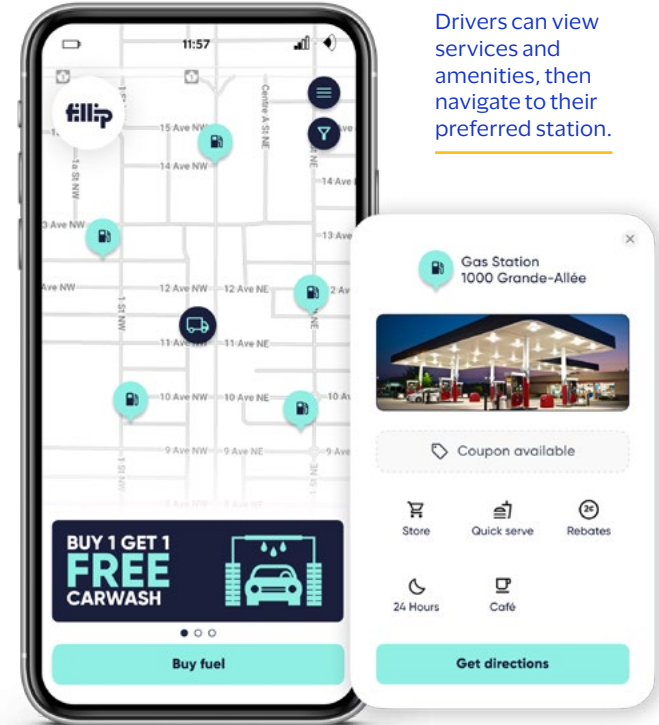
Fillip offers card acceptance through the open-loop network. This means drivers can use their cards at any retail gas station that accepts Visa contactless, which is most retail fuel stations in Canada.

In-app mapping helps drivers easily find the best place to refuel

To help drivers select the best station that meets their needs, Fillip provides a map and search facility that includes its own directory of amenities for the 11,500 service stations across Canada.

This map feature shows drivers their current location and nearby stations and includes useful information on each station including the types of fuel offered, hours of operation, and the backcourt offering.

Drivers can then quickly filter and locate stations that best meet their needs. This map feature offers a comprehensive guide to fuel stations in Canada and will soon expand to include information on EV charging points.



Drivers can view services and amenities, then navigate to their preferred station.



Onboarding in minutes

SMB's operate in a fast-paced and dynamic environment that requires a responsive fleet refueling payment solution. To address this issue, Fillip has developed a digital onboarding process for fleets and their drivers that collapses set-up time to just minutes.

Under Fillip's fully digital user journey, the fleet operator shares basic information about their business, funds their Fillip account, and immediately invites their drivers with the appropriate spend controls. The driver can get access to Fillip immediately to set up their own unique digital card to pay for gas in minutes.

Fillip's digital platform not only enables fleet operators to issue new cards to drivers in minutes, but also allows them to monitor and control activity on these cards. Operators can add, remove or pause drivers' cards with the touch of a screen on the Fillip app, helping them manage dynamic, seasonal or part-time workforces that bring potential fraud and risk challenges. Fillip's platform and issuance model mitigate the need to retain a store of spare physical cards, which can lead to additional risk.



[The fleet operator can get a card into the hand of a driver in minutes.](#)

Add a driver
Tell us a few details

Full Name

Mobile number

Add driver

Set limits
Tell us how often drivers can fuel

Transactions

Time period

Set limits

Your fleet card is ready!
Use your fleet card to pay at the pump or in-store.

Add to Apple Wallet



Convenience marketing to drivers

Fillip provides a pathway for fuel station brands to offer discounts and other incentives to those SMBs who might not use a closed loop fleet card. The app allows fuel companies to customize the design and messaging of marketing delivered through Fillip Fleet to its digital cardholders ad-hoc without the need for new issuance.

Fuel stations can promote high-margin services to drivers through the app

In addition to this customization, fuel stations can use Fillip as a convenient marketing channel to promote their locations' full range of services to drivers, including potentially high margin services such as car wash services, convenience store products and food-to-go items.

Easy, low-cost marketing opportunities

The ability to communicate these offerings to drivers on a digital-first platform is both efficient and actionable. For example, Fillip enables the steering of demand to specific locations through its directory services and fuel marketers can then deliver digital coupons to drivers' smart phones on-site that increase the likelihood of redemption and consumption. For the marketers, Fillip offers an easy and low-cost marketing program implementation, with little technical work required.




Promoting convenience goods to drivers is simple with Fillip.

Fountain Pop

✕

Buy one car wash and get the second one for free! Any size.



Valid Jan 1, 2023 to Apr 2, 2023
Use coupon within 10 minutes
[Read promotion conditions](#)


Use coupon

See all offers

Hot Beverage

✕

Warm up with a hot beverage!
Any size, any variety for just \$1.50



Locations in Western Canada
Valid Nov 15, 2022 to Jan 2, 2023
Use coupon within 10 minutes


Use coupon

See all offers

Car Wash

✕

Buy one car wash and get the second one for free!



Valid Jan 1, 2023 to Apr 2, 2023
Use coupon within 10 minutes
[Read promotion conditions](#)

Use coupon

See all offers



Higher levels of security and control for SMB fleets

SMB fleets face significant barriers to implementing a fleet card solution, including concerns over security. Phillip has been successful in targeting these fleets and offering them a secure and digital card that can reduce overall fraud and card misuse by targeting card acceptance at gas stations only.

Fleet operators have greater visibility and control of spend

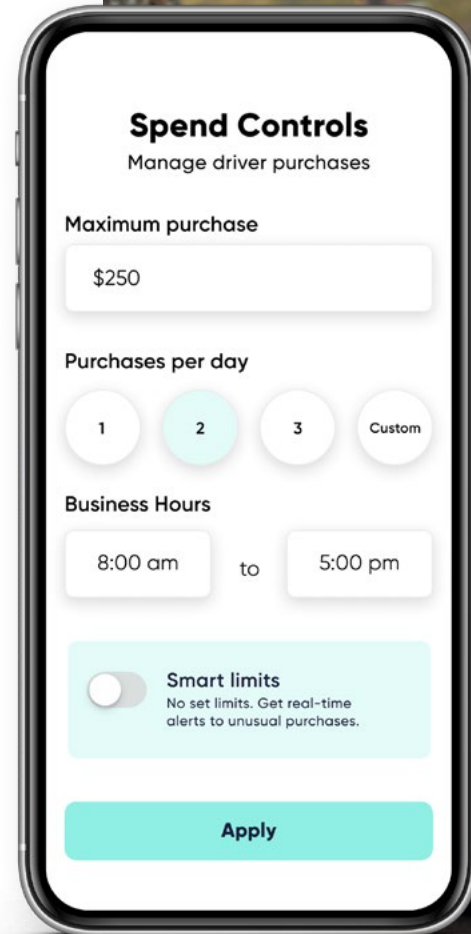
Notably, the company estimates that 75% of transactions take place at outdoor payment terminals where only fuel can be purchased. Phillip enables fleet operators to set limits to control driver spend levels, receive real-time notifications on card activity, and access purchase history for review – Phillip even analyzes scanned receipts to automatically split the fuel and non-fuel items for easy fraud control.

Phillip streamlines both the payment and post-payment administrative processes for SMB fleets

The app's high level of visibility and security mean that it is no longer necessary for a fleet to require their drivers to pay for fuel in advance, a practice sometimes used to control for fraud.

This relieves the cash flow pressure on lower paid drivers and eliminates time-consuming administration processes around fuel expense claims for drivers and operators.

Drivers can also record the number of personal versus business miles travelled in between their fuel stops, simplifying tax reporting.



Case study: Patan Heating and Air Ltd

Founded by Joel Patan in 2022, Patan Heating and Air Ltd specializes in providing high-performance and energy efficient heating/ventilation systems to commercial and residential properties in Okanagan Valley in Western Canada. The company has grown rapidly in the past year and now has 10 employees. They operate a fleet of eight vehicles, consisting of a diesel one-ton truck, and seven gasoline vehicles.

When Joel started the company, he had just three staff and when they needed fuel, they often paid out-of-pocket then requested reimbursement. As the business grew, Joel realized that a better solution for fleet payments was becoming essential to the company's operations.

Previously, Joel worked in companies that used fuel station-branded, closed loop fleet cards. He recalled having to make 20-minute detours just to find a gas station that would accept the fleet card, and he wanted to make sure his employees could

avoid this experience. After searching online for widely-accepted fleet cards, he found Phillip Fleet and within a day he and his team were using the digitally-issued cards to pay for fuel.

Overall, Joel's employees have commented how they prefer the experience of using their digital fuel cards rather than traditional plastic cards. They also appreciate Phillip's digital- and smart phone-first integrations that streamline odometer readings and technical support. More importantly, they appreciate the ease of paying for fuel as it is now handled directly by their company.

Joel's fleet currently use around 4,000 liters (1,057 US gallons) of fuel each month, and the average fuel transaction is CA\$140 for 80 liters. Each time an employee fills up a vehicle, Joel receives a notification from Phillip that outline the transaction's details, including driver and location. While he only receives about two of these notifications a day, they provide him with useful



The day I hired my Ops Manager, I just typed in the information, and we had the digital fleet card within minutes. They could get on the road immediately and use the first gas stations along the route. It saved so much time.

Joel Patan

Founder, Patan Heating and Air Ltd



confirmation that his drivers are on schedule and business is operating as normal.

As the company continues to scale, Patan Heating and Air is taking on new hires and Phillip's issuance platform allows for almost instantaneous digital card delivery. Joel notes, "The day I hired my Ops Manager, I just typed in the information, and we had the digital fleet card within minutes. They could get on the road immediately and use the first gas stations along the route. It saved so much time."

Joel appreciates the Phillip Fleet ethos. "They are a young company, like us, with a focus on speed and customer service. They understand that time is money. Phillip goes with me wherever I go," he concluded.

Preparing for the future of fleets

Drivers' smartphones have become essential tools for many fleets around the world, and Phillip recognizes this through its digital-first approach. Mobile workers use their smart phones for numerous daily tasks, from receiving work schedules, capturing proof of delivery, and executing 'walk around' vehicle checks; now, they can use them to make fleet payments.

The role of the smart phone may expand further, due to two major trends:

Energy transition

As fleet operators plan to transition their vehicles to non-internal combustion engine technologies (such as electric), drivers will increasingly depend on smart phones to find suitable charge points and determine availability, reserve and unreserve time slots, initiate and stop charging, and realizing payment for the transaction.

Vehicle connectivity

An increasing number of new vehicles come equipped with embedded telematics,

enabling long-distance transmission of data about the operation and current status of the vehicle. Phillip has developed a contactless payment experience, initiated by the driver, to link and synchronize digital fleet card and vehicle data to build a holistic vehicle payment view.

Benefits for the fleet operator and driver include the following:

Improved payment security

The contactless transaction automatically validates that the correct vehicle is present before authorizing the fuel transaction.

Saved drive time and improved data accuracy

The need for drivers to manually enter promoted fleet data, such as odometer readings and/or vehicle ID is eliminated.

Improved fuel management

Using vehicle data insights, such as low tire pressure, helps improve fuel management.



This frictionless transaction can also trigger further sales opportunities for the fuel marketers, who can leverage the Phillip app to notify drivers when certain vehicle consumables, including wiper fluid and oil, require replacement and are eligible for discounts/promotions.



Conclusion

Fillip provides a useful lesson on how a nimble technology player can create a successful product by directly addressing a market's distinct features.

Product gap

Fillip's digital card addresses the absence of widely-accepted fleet cards across retail fuel stations in Canada.

Underserved segment

SMBs were finding existing closed loop fleet cards a poor fit for their businesses, and were driven to use other, less secure payment methods including cash and local accounts.

Technology adoption

High adoption of contactless payments in Canada, driven by consumers and retailers, provided fertile ground for a new service: a digital fleet card.

Customer service

Existing apps left users unsatisfied, inspiring the development of a digital-first solution with simple in-app support UX and UI.



Furthermore, Fillip's product design is a living example of how fleet card user experiences can be improved:

- Contactless payment experience that feels familiar, reliable, secure, and supported
- Rewards to drivers for using the card via targeted convenience offers and promotions from fuel marketers
- Quick and simple sign-up for the fleet operator that allows for digital card delivery to drivers in a matter of minutes
- Reduction in waste, with no more spare plastic cards in desks, cloned unchipped plastic cards, replacements, reissues, or renewals of plastic cards.

Overall, Fillip's digital-first approach recognizes the importance of the smart phone as a key enabler of the future of fleet and embeds several in-app tools and experiences for both drivers and fleet operators that modernize security, control, and visibility. Fillip's success in Canada shows that in the right market conditions, a digital-first fleet solution can improve how the payment ecosystem serves the full range of fleet card users. Providers around the world can develop their own digital-first solutions to address the needs of specific fleet segments and grow the market.





About Visa

Visa Inc. (NYSE: V) is a world leader in digital payments. The company's relentless focus on innovation is a catalyst for the rapid growth of digital commerce on any device for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce.

For more information, visit [About Visa](#), [visa.com/blog](#) and [@VisaNews](#).

Visa's Global Fleet Product group commissioned this study.

About Phillip Fleet

Phillip is a Calgary-based fintech company specializing in vehicle payment solutions – currently focused on small business fleets comprising 5 to 25 vehicles. Phillip empowers its customers' peace of mind and wins hours of time back in their days by simplifying the tracking and management of employee fuel and vehicle expenses with much greater visibility and control over their spending. Phillip's product goes beyond the conventional physical card and digital wallet experience, forging a much deeper connection between the fleet's drivers, their distributed payment method, and the vehicles they operate.

Recognizing their accomplishments in the fintech sector, Phillip was recently awarded a \$250,000 Fintech Award by Digital Commerce (DC) Bank. Additionally, Phillip takes pride in being a Visa Fintech Fast Track member, a program designed to help fintech and crypto companies bring new payments solutions to market.

Learn more about Phillip at [www.fillipfleet.com](#)

About KNI Research

Knowledge Network International is a multi-disciplinary professional services organization and is a global provider of research into fleet and mobility payments.

[www.kn-intl.com](#)