

FUNCTIONALITY OF FLEET CARDS FOR CASHLESS TRANSACTIONS IN POLISH TRANSPORT COMPANIES¹

Maria Cieśla¹, Aleksander Śladkowski

Department of Logistics and Mechanical Handling
Faculty of Transport, Silesian University of Technology
Katowice, Poland

maria.ciesla@polsl.pl

aleksander.sladkowski@polsl.pl

Abstract

The purpose of the article was to analyze the impact of fleet cards to optimize transport companies by identifying a wide range of card functions. All the functions mentioned support decisions in all functional areas related to planning, organizing and controlling the vehicle fleet of a transport company. The paper contains basic information about fuel cards, and their development into fleet cards. It also presents attractiveness of usability, different protection possibilities and cashless payment procedures. A comparative analysis of selected Polish fleet cards was made to show a comprehensive access and universality of cards in the Polish market. Benefits of fleet cards introduction for employees of transport companies, such as shippers, accountants and drivers, were also presented.

Keywords-fuel card; fleet card; transport company

INTRODUCTION

Currently, optimization of transport costs are regarded as one of the toughest and most complex problems in transport, forwarding and logistics sector. Transport companies agree that half of the expenditure incurred related to the current activities of the company is precisely fuel costs. The situation on the fuel market is intensifying as a result to constant fluctuations in fuel prices in the global market.

Fuel cards meet their expectations. Fuel card used for non-cash settlement of goods and services at petrol stations. Initially, they were

¹ Professional paper

actually used only for non-cash purchase of fuel, but with time they became a tool for fleet management and for this reason more and more often they are called fleet cards. These cards are issued by an issuer which is usually a fuel company. It is a kind of "electronic money", to which is inscribed as the limit specified in the gross value of the Polish zloty. Fixed amount allows you to purchase products or services after the completion of the transaction using the card in the range of specified limit. Only a small percentage of the transport industry decided not to use the cards. By using the fuel card company does not have to provide each employee money to buy fuel and expect systematic settlement because the company usually makes a collective consideration transferred to the account of fuel concern every one of two weeks.

The current fuel cards offer the possibility of paying for most of the services offered by oil companies, starting with the payment for fuel ending with the clock roadside assistance and a car wash. Today, fuel cards are one of the most popular elements of payment occurring on Polish and international market.

Fuel cards can be particularly beneficial for countries in which there is an unstable exchange rate of local currencies. In this case, it is possible to buy fuel according to a predetermined prices [7, 8].

DIFFERENT TYPES OF FLEET CARDS

Competition in the market of fleet cards is large, which is why companies are trying to make additional services. Some companies mutually accept their cards. An example would be a network of affiliated stations in Routex agreement, which was concluded by the BP, Statoil, Aral, IMV and Agip companies [5]. Today it involves 560 fuel stations in Poland and 20,000 European stations. Fuel cards can be divided into general and those which are issued by a specific network of fuel depots, such as the European Shell or national Orlen. General fuel cards, which are offered by external suppliers are usually powerful tools when a company uses a variety of stations and it is not possible to select only one or two brands. This type of card issuers typically charge an extra fee, which makes the use of the card less profitable. However, the big advantage of the card is that issuers themselves provide a refund of VAT for the fuel tank of gas abroad. This is called VAT REFUND. In contrast, fuel cards issued by a specific network allow to refuel at all stations in Europe. Some of the cards of this type have the ability to pay for services also on partner stations. However, in contrast to the general card issuers do not charge commissions, but also do not offer the procedure of VAT REFUND. Table 1 presents a comparison of two types of fuel cards described.

Of course, entrepreneurs can enter into an agreement with two or three service providers to ensure their company more coverage stations operated by the company transport routes. Finally, the number of invoices will still be lower than a traditional purchase. Both of the above mentioned variants of cards provide optimization of enterprises, especially in the field of accounting. The company does not have to collect and store receipts for purchases and services and get a clear and detailed invoice. As a result, instead of dozens of accounting transactions, one invoice settlement is being performed.

Table 1. Comparison of one station and general fleet cards

Advantages and disadvantages	One station fleet card	General fleet card
Minimizing operations in the accounting department	YES	YES
No commissions	YES	NO
Reimbursement for the purchase of fuel abroad	NO	YES
A clear picture of transactions	YES	YES
The possibility of issuing a duplicate invoice	YES	YES
Electronic invoice	YES	YES

However, when choosing fuel card entrepreneurs must first of all pay particular attention to the security system that protects the card, and hence the financial resources of the company. If the card is stolen and attempt to be used by unauthorized person, three kinds of preventive security measures should work. The first one is to check the PIN code, other is to check the registration number refueled the car and the third is the driver card number.

ANALYSIS OF FLEET CARDS AVAILABLE IN POLAND

Currently, fuel cards using not only the large companies from the transport-forwarding-logistics sector, but also a growing number of companies from the SME sector. This is still a developing market, but the number issued executioner of fuel continues to rise. On the Polish market we are offered fuel cards issued by both the oil companies, but also by independent companies that have contracts with the selected petrol station networks. Most cards as much as 80% is issued on the basis of the registration number of the vehicle. The remaining 20% of the cards are issued to a specific person or bearer [1]. Issued cards may have a range of both national and international. However, with a range of international cards

they are more usability, because they can pay for highways, bridges or tunnels rides, service, car or use a car wash.

Table 2 presents an analysis of the most popular fleet cards available in Poland showing also most important advantages and conditions of usage for the company. The prevalence of cards in the Polish market was concurrent with the introduction of a system of automatic toll collection via TOLL in 2011.

FLEET CARDS FUNCTIONS

Fleet cards are considered to be a very useful tool in the optimization of the rolling stock and drivers also through the use of modern online tools. This is possible because they have many functions, which are shown schematically in Figure 1. Analysed the functions relate to an area of strategic, operational and tactical management of a transport company.

One of the basic functions of fleet cards is **information management**, enabling to reduce the costs associated with **accountancy** up to 80% [2]. The company has an insight into the history of operations performed on the card, analyse invoiced and current transactions and get detailed information about each transaction (number, type, amount, station name, etc.). It is even possible to monitor the VAT paid abroad, reclaim of VAT and excise duties. The main role of fleet cards is a **cashless refuelling** and ensuring **rebates** thus obtained. Usually this is done in two ways: either through the bulk purchase of fuel at one or more stations or discounts for fleets using the selected stations located along major transportation routes. **Cashless payments** are also possible for repair service, towing, roadside assistance, full range of washing and cleaning of vehicles. It is possible to restrict assortment list of goods and services assigned to the fleet card or set a limit of a single purchase or periodical limits, as well as emergency cash withdrawal at the station by the driver.

A novelty in the market of fleet cards is the DKV Novum holding a free website with current prices of more than 14 thousand stations in Germany. This is a valuable tip for optimal **route planning** [3]. It is possible to get help in **finding stations or repair shops** offering additional services (car wash, shower, parking, service, tire changes).

A very important function of the fuel card is the possibility of **toll billing** also in Polish via TOLL in prepaid mode and in the form of deferred payment. The benefits of this are not only financially measurable but also relate to a lack of vehicles' downtime on routes. For this reason, there was also developed another function of **ferries booking**.

All these features of fleet cards allow transport operators to fully control expenses related to the vehicles and on an ongoing basis to make decisions that optimize the maintenance costs. Many benefits for shippers, accountants

and drivers [4] of the fleet cards usage can be easily deduced at different managing levels of the company, as shown in Table 3.

Table 2.A comparative analysis of selected Polish fleet cards

Petrol station	Advantages	Conditions
Orlen	<ul style="list-style-type: none"> • biggest number (over 1700) of petrol stations in Poland • wide package of services and products • cooperating with DKV thus allowing customers to use fuel cards for 20000 of DKV stations across Europe • facilitated settlement for viaTOLL charges • offer for small and large enterprises 	<ul style="list-style-type: none"> • Flota: minimum amount of fuel - 1000 l/month • Biznestank: minimum amount of fuel - 500 l/month • Tankbank: prepaid card without limits
BP	<ul style="list-style-type: none"> • 540 stations in Poland, 20 000 in 36 countries in Europe • BP Fleet Export - fleet management program • Routex card consultation - possibility of refueling stations on BP, ARAL, Statoil, OMV and Agip 	<ul style="list-style-type: none"> • BP PLUS: minimum amount of fuel - 1000 l/month
Statoil	<ul style="list-style-type: none"> • Two card types: national and european • Routex card consultation - possibility of refueling stations on BP, ARAL, Statoil, OMV and Agip. 	<ul style="list-style-type: none"> • Statoil FIRMA and EUROFIRMA: minimum amount of fuel 400 l/month.
Shell	<ul style="list-style-type: none"> • 400 stations in Poland, 20 000 in Europe • Small configurable services on the card 	<ul style="list-style-type: none"> • no minimum monthly fuel consumption
Lukoil	<ul style="list-style-type: none"> • attractive offer price. • no stations across Europe, small number of stations in Poland • prepaid card offer 	<ul style="list-style-type: none"> • Lukoil Fleet Card: declared minimum fuel consumption 300l of any fuel per month
Lotos	<ul style="list-style-type: none"> • attractive offer price • possibility of refueling at Esso stations 	<ul style="list-style-type: none"> • minimum monthly fuel consumption is 1500 l
Neste	<ul style="list-style-type: none"> • prepaid cards contain discount on every liter of fuel • no discount on fuel with credit cards • card is limited to the purchase of ON and Pb95/98 	<ul style="list-style-type: none"> • prepaid cards for private and institutional clients. • credit cards only for companies with no minimum fuel consumption
Moya	<ul style="list-style-type: none"> • attractive offer price for prepaid cards • not large network of petrol stations. 	<ul style="list-style-type: none"> • all terms are negotiated individually
UTA	<ul style="list-style-type: none"> • complex fleet solution, • one of the largest stations network 	<ul style="list-style-type: none"> • no minimum monthly fuel consumption

	<ul style="list-style-type: none"> • 30-day terms for invoice payment 	
DKV	<ul style="list-style-type: none"> • complex fleet solution. • the largest number of stations in Poland and Europe 	<ul style="list-style-type: none"> • no minimum monthly fuel consumption

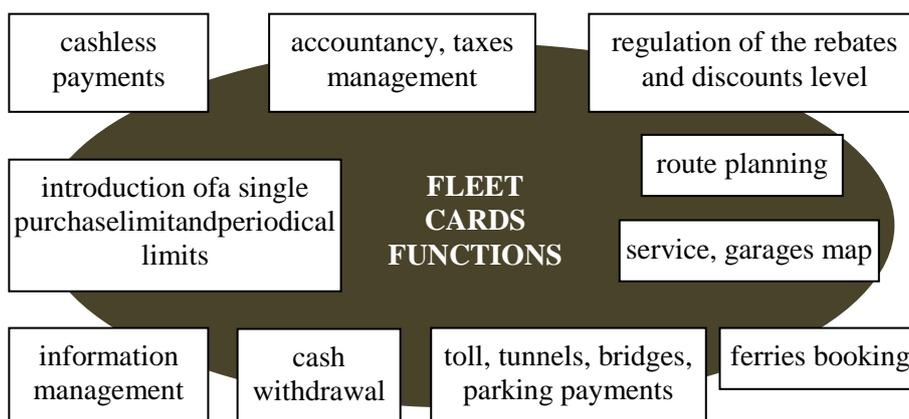


Fig.1.Selected functions of fleet cards

Table 3. Benefits of using fleet cards for company employees

Shipper	Accountant	Driver
<ul style="list-style-type: none"> • navigation and monitoring drivers • the ability to track a vehicle • control of drivers' hours • assessment of driving style 	<ul style="list-style-type: none"> • saving time • collective invoice instead of a stack of fuel bills • simplified VAT accounting • deferred payment terms 	<ul style="list-style-type: none"> • safe travel without cash • the possibility of collecting points loyalty program • fast service at the station - without waiting for the issuance of invoices for fuel • driver adviser to adjustments for eco-driving

CONCLUSIONS

Fuel cards allow to support decisions in all functional areas related to planning, organizing and controlling the vehicle fleet of a transport company [6].

Using fuel cards in the enterprise is one of the most effective methods to manage and control the fleet. By monitoring the cards over the Internet entrepreneur always knows where, when and at what amount the driver had used the card. All these features combine to make better use of working time and minimizing the costs of the enterprise.

On the Polish market there are a number of fleet cards and their choice should be dictated by the number of vehicles, and thus: the monthly amount

of fuel consumed, but also other decisions, such as the service area of transport companies.

What is most important is the fact that all fuel cards are able to minimize the cost of the purchase of fuel by up to 30%. But the cards optimized not only the costs associated with the purchase of fuel, but also to streamline the work of accounting. The company does not have to keep receipts for purchases, while getting one collective, transparent invoice which eliminates the need for dozens of accounting transactions. This solution eliminates the possibility of errors by employees and significantly reduces operating time. Uniform invoice also facilitates the recovery of VAT for the purchase of fuel for the country, because it speeds up the inspection of foreign tax authorities.

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