

New Card Innovation That Takes Your Program From Adequate to Awesome

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What We'll Cover Today

- The New Payments Industry Landscape
- 5 Card Trends Affecting Change
- Card Program *Must-Haves* for Today's Consumer
- 5 Key Takeaways
- Discussion







Trend 1: The Decline of the Cash Consumer

- Merchants are declining cash, not cards
- Consumers are now reaching for their cards, not cash





Trend 2: Contactless Payments Are Surging

- **40%** growth in contactless payments globally during the first quarter of 2020
- About **80%** of contactless transactions are under \$25
- 77% of consumers say contactless payments are *cleaner*
- Nine of the 10 largest global supermarket chains and one of the 10 largest issuers have adopted contactless payments





Trend 3: Consumer Awareness of Contactless Is High and Positive

- About **38%** of consumers see contactless as a basic need or feature of payments, up from **30%** in 2019
- About **33%** of consumers use their contactless card more than other cards in their wallet





Trend 4: Merchant Demand and Enablement Has Soared

- Merchants recognize the benefits of contactless payments from both cards and mobile devices
- An estimated 65% of U.S. merchant locations have contactless acceptance¹
- 71% of face-to-face transactions occur at contactless-enabled locations, a 9% increase over a year ago²





1 Fitzgerald, Kate, "<u>Coronavirus brings lessons to retailers, issuers about contactless payments</u>," PaymentsSource, April 15, 2020 2 https://usa.visa.com/run-your-business/small-business-tools/payment-technology/contactless-payments.html)

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Trend 5: Digital Payments Continue to Increase

- Total transactions through digital payments will reach almost \$5 million this year — 15% YoY increase¹
- Instacart[®], Walmart[®] Grocery and Shipt[®] have seen their daily downloads surge by 218%, 160% and 124%²
- In May 2020, Target[®] app's average monthly downloads more than doubled³





1 https://www.business2community.com/tech-gadgets/how-covid-19-increases-digital-payment-adoption-globally-02303758

2 https://techcrunch.com/2020/03/16/grocery-delivery-apps-see-record-downloads-amid-coronavirus-outbreak/

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Despite new digital payment technology, cards are here to stay ...



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Cards Are Here to Stay

Cards Have Progressed Greatly

Improvements resulting from better technology, manufacturing and customization

Consumers Love Their Cards

Mobile payment methods simply can't deliver top-of-wallet status for members looking to project an image of status and luxury

Familiarity and Tradition Die Hard

Institutions and merchants must facilitate the preferred payment method of all consumers — *regardless of generation*.



3 Must-Haves for Card Programs to Compete for Today's Consumer





A VERICAST BUSINESS

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Dual-Interface Cards: The Next Step In Card Technology

- Dual-interface cards offer consumers the choice of payment technologies — contact (EMV[®] chip) and contactless (tap-and-go antenna)
- Experts estimate about **65%** of U.S. merchant locations have contactless acceptance
- **72%** of consumers found tapping a debit or credit card at the grocery store or gas pump appealing

Contact Pad			
	Smart Car		ard Layer
CARDHOLD	LAND CL	busines	יו)) s debit
	Contact	less Inlay with Ar	ntenna
	Plastic Ca	ard Layer	

Source: <u>https://www.cpicardgroup.com/wp-content/uploads/2018/04/DI</u> Whitepaper 041218 Layout V5.pdf Source: Fitzgerald, Kate, "<u>Coronavirus brings lessons to retailers, issuers about contactless payments</u>," PaymentsSource, April 15, 2020 Source: Research, Juniper. "Contactless Retail Payments to Exceed \$1 Trillion in Transaction Value by 2019"



Dual-Interface Cards: Benefits for Cardholders

- Replaces the need for small-item cash purchases
- Offers the convenience of global payment acceptance
- Provides flexibility and choice for payment transactions
- Eliminates physical contact with payment devices



Dual-Interface Cards: Benefits for Merchants

- Reduces cash handling
- Improves transaction speeds
- Provides a safe, consistent member experience
- Eliminates physical contact between consumer and payment device



Dual-Interface Cards: Benefits for Financial Institutions

- Gain/maintain top-of-wallet status
- Compete and differentiate in your market
- Convert traditional, low-dollar, cash-based payments
- Up to **30%** increase card transactions
- Tap into increased interchange revenue







Instant Issuance: Supports a Better Banking Experience

Instant Issuance projections for 2021 in the U.S.¹

- 5,483 financial institutions
- 67,075 branches

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• **55%** market adoption across the U.S.

Reduce card issuance from two weeks to **two minutes**

Average usage 93 minutes after activation³

Empower members through instant gratification

Increase activation rates by 93%²

Safer and less expensive than mailing a card



Must-Have #3 Manufacturing That Supports Your Brand



Manufacturing: Is Reshaping the Card Market

Cards are continuously improving through better technology, manufacturing and customization

- Card customization benefits include increased usage, top-of-wallet status, and greater brand awareness
- New card innovations that stand out: metal cards, recyclable plastics, color core cards and more
- Enable your cardholders to customize cards with their own images or one unique to your financial institution

The estimated target audience for metal cards is nearly 40 million-strong in the U.S. *Source:* CPI Card Group

Additionally, beyond the prospect of adding new, high-end cardholders, metal cards bring the promise of stronger member retention. Source: CPI Card Group

21% Average increase in transactions of custom cards over generic cards^{*}



Reinforce Your Brand

- Promote your brand while engaging with cardholders
- Retain members with a distinctive card offering
- Offer the latest card trends and innovation that drive card usage



Deepen relationships and meet cardholders needs







Think *Holistically* About Your Card Program

- Is your card program designed to address the key challenges facing today's payment environment?
- Does your card program offer the services that address the needs of today's consumer?
- Is your card program perceived by members as stagnant or *progressive*?
- Does your card program support top-of-wallet status and retaining cardholders?



Five Key Takeaways

- 1) The payments landscape changed overnight
- 2) Cards remain a popular, secure, long-term payment solution
- 3) Contactless card technology is in high demand
- 4) Top-of-wallet status is critical to retaining cardholders
- 5) Cardholders activate/use their cards faster with instant issuance





