



Presenters



Mike SchultzSolution Advisor, Card Service



Paulette CourtneySolution Advisor, Card Service



What We'll Cover Today

- COVID-19's Impact on Payments Landscape
- 5 Card Trends Driving Change
- Card Program Must-Haves for Today's Consumer
- 5 Key *Takeaways*
- Discussion







Trend 1: Cash Payments Are Declining

- More merchants are accepting card-only transactions
- Fear of infection is causing cash payments to drop drastically





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 Increasing

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





Trend 4: Merchant Demand and Enablement Is Rising

- Merchants are weighing the benefits of accepting 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





Trend 5: Digital Payments Are Increasing

- Total transactions through digital payments will reach almost \$5 million in the year 2020 — 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 doubled**³

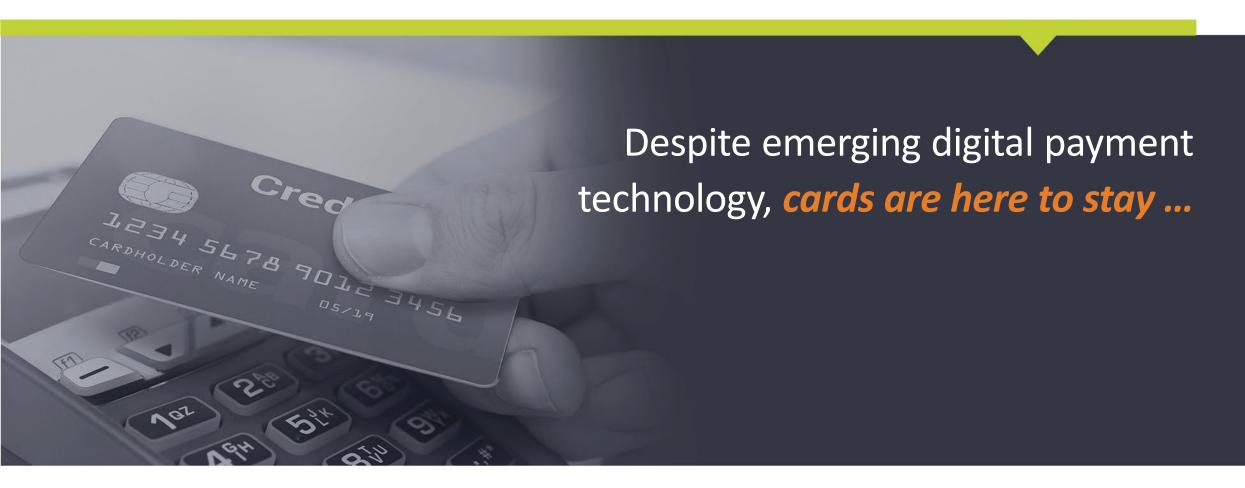




 $^{1\ \}underline{\text{https://www.business2community.com/tech-gadgets/how-covid-19-increases-digital-payment-adoption-globally-02303758}$

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

³ https://techcrunch.com/2020/03/16/grocery-delivery-apps-see-record-downloads-amid-coronavirus-outbreak/





Cards Are Here to Stay

Cards Are Progressing

Continuously improving through better technology, manufacturing and customization

Consumers Love Their Cards

Mobile payment methods just can't deliver top-of-wallet status for customers 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*.











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

Source: https://www.cpicardgroup.com/wp-content/uploads/2018/04/DI Whitepaper 041218 Layout V5.pdf

Source: Fitzgerald, Kate, "Coronavirus brings lessons to retailers, issuers about contactless payments,"

PaymentsSource, April 15, 2020

Source: Research, Juniper. "Contactless Retail Payments to Exceed \$1 Trillion in Transaction Value by 2019"



Dual-Interface Cards: A Look Inside

Provides flexibility for EMV-enabled customers

- 60+ EMV products available
- Multiple suppliers Java®, MULTOS®, and Native operating systems available

Capabilities

- Contact and contactless
- Dual-interface cards
- Variety of chips and antennas available





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 customer 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
- 55% market adoption across the U.S.



Reduce card issuance from two weeks to two minutes

Empower customers through instant gratification

Increase activation rates by 93%²

Decrease average usage time from 10 days to 93 minutes³

Safer and less expensive than mailing a card



Instant Issuance: Benefits by the Numbers



53% of cardholders receive replacement cards provided via instant issuance, which reduces the risk of fraud



Incremental usage — up to 10 transactions per card/month



Average of \$1 operational cost savings per card



Interchange increase



10 weeks vs. 6 months for Software for Purchase (SFP) Ease of implementation



Increase in cardholder transactional volume







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 customer retention.

Source: CPI Card Group

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



Card Manufacturing Printing Capabilities

Color Core



Foil Embellishments



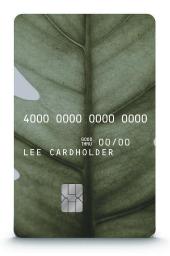
Colored Back



Clear



Vertical Personalization



Encased Tungsten





Reinforce Your Brand

- Promote your brand while engaging with cardholders
- Retain customers 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

- Changing how we think and plan affects future profitability
- 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 customers as stagnant or progressive?
- Does your card program support top-of-wallet status and retaining cardholders?



SEVEN Five Key Takeaways

- 1. The payments landscape is changing quickly
- 2. Cards remain a popular, secure, long-term payment solution
- 3. There's a growing awareness and demand for contactless card technology
- 4. Consumer awareness increases a likelihood for adoption
- 5. Top-of-wallet status is critical to retaining cardholders
- 6. Cardholders activate/use their cards faster with instant issuance
- 7. Card customization builds loyalty and boosts ROI



Q&A

Type your question in the questions panel



www.harlandclarke.com/webcasts



harlandclarke.com/LinkedIn



harlandclarke.com/Twitter

Presentation materials and video replay will be provided within one week.

Visit harlandclarke.com/webcasts for this and previous events.



