Launching a Card Program

How to navigate the journey

Overview

Today's payment card environment pulses with possibility. But with that potential comes a host of complexities. Credit and debit cards create unique challenges for the cardholder experience and compliance and security, so offering the right mix of solutions is vital. The goal for issuers is to create a card program that contains the ideal combination of all these elements. At the end of the day, issuers should position themselves as the payment option of choice to keep their cards top-of-wallet for cardholders.

Having a one-stop shop across production and personalization can alleviate some of the burden of navigating today's card considerations for the issuing organization. Much like a general contractor serves as the project manager for home building and remodeling, a multifaceted solutions provider oversees the management of the unique details needed to build a debit and credit card portfolio.

From payment card industry (PCI) compliance requirements to EMV® certification and digital provisioning, a single-source provider helps manage it all. This ensures the program is built from a solid foundation, leveling up to meet the financial institution's needs—and those of its cardholders.

70% of banks surveyed report creating a more efficient operation is a top objective driving technology strategy.[1]

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Develop a Firm Foundation
Establishing or augmenting a card portfolio

Any issuer that has offered a card product knows that all of the required steps—from production through cryptographic key loading, EMV certification and bank identification number (BIN) confirmations—create a complicated process. This effort needs its own project management plan, incorporating certification, details around EMV application keys and secure key management, encoding and track layout, payment brand approvals (such as Visa or Mastercard®) and beyond.

In addition, financial institutions need to consider how existing back-office systems, including core providers, will interact with their selected issuance approach (for example, instant issuance or central issuance) to avoid duplication and disconnected workflows.

With an established program, expanding on an existing foundation requires careful consideration.

Launching a new card program or offering new solutions can introduce variables with potentially serious impacts. Issuers will want to explore how their existing and target bases will respond to these new offerings, and they'll likely want to be aware of the latest market trends, as well as the new products or approaches they should be evaluating. An experienced single-source provider will have the resources to help navigate these developments in line with the issuer's unique business goals.

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Build Up

Supporting issuance approaches, personalization and fulfillment options

As part of planning for a debit and/or credit card program, issuers must make decisions about what their current and expected customer base needs. For starters, it's important to ask: "What do my customers want?" Whether they're in-store, in-branch or online, they need solutions that give them choices.

What's more, demand for immediacy continues to drive consumer behaviors. In an environment where same-day product delivery exists, consumers expect quick service.

83% of customers now expect to engage with someone immediately when contacting a company.[2]

Security has also become a central feature of consumer requirements. For example, Deloitte's credit card payments survey of U.S. consumers found that 77% say security is one of the most important things they look for when deciding how to pay.[3]

Issuance options

One of the most significant tasks facing an issuer is selecting the right issuance approach. There are benefits to both instant issuance and central issuance. And as a new consideration, complementary digital offerings must weigh into either approach when evaluating the right strategy.

1. Instant issuance:

With instant issuance, cardholders can have a card in hand and on their phone before leaving the branch. Instant issuance creates higher activation rates and provides a channel for cardholders' same- or next-day spending.

Additional efficiencies result from combining instant issuance with SaaS (Software as a Service) solutions. For example, cloud-based SaaS instant issuance creates a less laborious and more issuer-friendly option that reduces equipment costs, and maintenance requirements while reducing time to market. And the SaaS model offers institutions simplicity and scale, making it a reliable option for those with limited internal IT and other resources.

Plus, reports show a growing acceptance of cloud-based solutions by the financial services industry. In 2021, financial services' expected cloud spending averaged $36 million with 38% of their business applications running through the cloud and it's anticipated that percentage will increase to 55% in two years.[4] That growing acceptance breeds comfort and familiarity, meaning issuers are increasingly more open to cloud-based solutions as an alternative to hosting an on-site server.
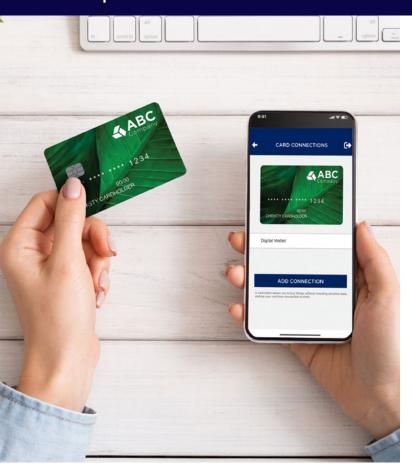
2. Central issuance:

Issuers can also rely on a central issuance model, which results in a debit or credit card being mailed to the accountholder's mailing address. The best use-case for central issuance has traditionally been the disbursement for batches of personalization data and is ideally suited for new account openings, rebranding, technology updates or natural reissuance.

There are two variations on central issuance. In one, an issuer bulk prints branded cards that are stored in a vault for ongoing personalization orders. In the other, print-on-demand typically uses blank cardstock with full-color, edge-to-edge imagery and personalization printed simultaneously.

Print-on-demand has come a long way, and card options can be as customized as the issuer requires. Coupled with a zero-inventory model, this opens the door for a more strategic targeting of cardholder audiences.

In 2021, financial services' expected cloud spending averaged $36 million, and more than two-thirds (70%) of banking leaders indicate they plan to increase that spend in 2022.[4]

3. Complementary digital strategy:

While physical cards remain the most accepted and preferred payment method for purchases, having a card issuance strategy that incorporates a digital component supports cardholder choice and control. So how can financial institutions support their accountholders in adding their physical debit and credit card information to their digital wallets? Digital payment options through push provisioning have allowed card program managers to address the issue more proactively so that users don't need to figure this out themselves.

Push provisioning tokenizes the cardholder's payment card credentials to a mobile wallet at any point for new or existing accounts. Push provisioning allows cardholders to make payments via their mobile wallets creating a complementary digital option that supports both immediate and ongoing cardholder needs for convenience and choice.

Extending the brand

Physical cards can be a differentiating factor, and in the case of an online-only FI or fintech, the card may become the singular point of offline physical engagement with the cardholder. Unique card designs like those with colored cores or vertical orientations can help an issuer differentiate its brand in the marketplace.

What's more, nontraditional card materials like **embedded metal, recovered ocean-bound plastic** or other upcycled plastics have risen in popularity.

The physical card may also represent an extension of the issuer's values. Consumer research conducted in 2020 found that 59% of consumers trust a company to act with society's best interest in mind, and 90% expect companies to clearly state their values, but only half feel this is common practice.[5]

These findings reiterate the importance of addressing the needs and interests of an issuer's target audience. Raising these branding and values considerations at the project's inception can help account for today's market and tomorrow's trends.

The appeal of sustainability initiatives[6]

According to a 2021 CPI Consumer Insights study of 2,215 consumers with credit and debit cards:

- 76% of respondents indicated that it was important that their financial institution be environmentally conscious.

- Of those, 38% said that it was "very important" to them

- To relate that more concretely with the types of cards offered, 60% agreed with the statement that an issuer offering a card with recovered/recycled plastic would mean they "care about the environment."

- Another 40% agreed with the sentiment that issuers offering cards with recovered/recycled plastic "share my values when it comes to protecting the environment."

- 47% of respondents indicate that they would switch to a different issuer if they were to offer a card made with landfill-bound plastic.

51% of respondents would switch issuers to get a recovered ocean-plastic payment card with the same features and benefits of their current card.

Fulfilling customer expectations

Card "unboxing" experiences have grown in popularity, with millions of hits on social platforms. This widespread enthusiasm has resulted in an increased focus on card packaging, shipping and delivery. According to Keypoint Intelligence, 77% of companies that ship products directly to consumers report that they are striving to enhance the "unboxing experience."[7] Another Keypoint Intelligence study also shows that gift-like packaging improves the customer experience.[8] Packaging options might include sustainable materials, custom boxes, pull-opens and pop-ups, high-end papers or non-standard envelope sizes.

There are other ways FIs can use a personalized experience to show their customers that they see them as unique. Print-on-demand (POD) technologies now allow for the customization of card carriers, activation stickers and inserts that send targeted, direct messaging to recipients.

Specialized "match and attach" processes allow for a variety of inserts such as state-specific terms and conditions (T&Cs) or specific marketing messages.

From the Ground Up

Collaborating for an end-to-end experience

Certainly, card issuance is not a siloed endeavor. Each component builds upon the previous one to create a tailored experience that meets the cardholder's needs. Looking more holistically at a card program helps issuers meet their goals of a more enhanced end-user experience and efficient, cost-effective implementation.

Finding the right solution team is key to a streamlined experience, and card issuers should seek providers that can deliver specific benefits.

Five benefits card program managers should look for:

1

The ability to reduce operational burdens:

EMV® and dual-interface card production requires cryptographic key loading and programming for transport between facilities. Working with one vendor across operations supports a simplified issuer experience that aligns with industry requirements. Look for a supplier that can manage those changes for you.

2

Options that align with internal strategies:

No two card issuers are the same, and neither should their issuance programs be. Regardless of issuer size, options like instant issuance and print-on-demand offer great alternatives to consider for targeted or medium- to small-scale projects. A full-service personalization bureau can support a larger vision and ensure a custom experience for issuers to meet cardholders where they are.

3

Awareness of the latest industry developments - and the ability to offer relevant solutions:

Issuers can and should adjust portfolios to meet emerging considerations, and vendors should have the technology teams in place to support expansion. Securing a collaborative team that offers technical IT resources to help identify the best ways to evolve will enable a stronger long-term experience.

4

The right positioning for your programs:

Developing a holistic strategy that includes components to help drive your card to top-of-wallet status with customers is crucial. From differentiated design to more eco-focused materials and payment choices, you can help motivate customers to pull your card out first. This approach will help drive smart economics and lifetime customer value to your institution.

5

The capacity to implement a program from production through fulfillment:

As card managers look to implement their products more efficiently, having a single resource for production to fulfillment helps to both offer a consistent experience and simplify operations.

This last point may be the most important, as it encompasses all the different stages of production. In today's fast-paced, lean environment, having a single source to oversee each and every detail of your portfolio just makes business sense. In selecting that relationship, card issuers should identify a supplier whose culture and values align with their own and who has the expertise to guide the program on its journey from launch to ongoing execution. Making the right choice up front will go a long way toward streamlining operations, enhancing efficiency and strengthening interchange revenue opportunities.

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Evaluating a card solutions provider: Questions to consider

1. Does this provider have deep expertise and knowledge in the card space?

2. What kind of customer service does the provider offer? Will my team have access to full-service support if they need it?

3. Does the provider offer solutions from production through fulfillment? If not, what is my plan for each stage of issuance?

4. Does the provider offer a range of solutions to allow my program to grow and evolve as needed?

5. How will the provider meet unique requests in support of my brand?
   (List any needs specific to your company.)

- _____
- _____
- _____
- _____
- _____

6. How does the provider align with my organization's culture?
   (List any cultural traits that you want reflected in your desired card provider.)

- _____
- _____
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About CPI Card Group

CPI Card Group® is a payment technology company and leading provider of credit, debit and prepaid solutions delivered physically, digitally and on-demand. CPI helps our customers foster connections and build their brands through innovative and reliable solutions, including financial payment cards, personalization, and Software-as-a-Service (SaaS) instant issuance. CPI has more than 20 years of experience in the payments market and is a trusted partner to financial institutions and payments services providers. Serving customers from locations throughout the United States, CPI has a large network of high security facilities, each of which is registered as PCI compliant by one or more of the payment brands: Visa, Mastercard®, American Express® and Discover®. Learn more at www.cpicardgroup.com.

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