



## Lovin' those Loyalty Cards

In the world of credit cards, loyalty programs have become a powerful tool and one of the fastest-growing areas of the payment card space. From airline miles, DVD players, and iPods to movie passes and free coffee at Starbucks--credit card companies are establishing reward programs specifically designed to foster customer relationships and most importantly, build customer loyalty.

Credit card loyalty programs focus around four main objectives: attracting new cardholders, retaining existing cardholders, encouraging greater card use, and obtaining customer spending data.

For credit card issuers, the overriding goal is making their card the payment card of choice for the consumer. Many consumers today have more than one credit card. What motivates them to take one card out of their wallet instead of another? In many cases, it's the reward they receive for using the card.

Successful loyalty cards offer a range of ways to collect rewards--and spend them. They have many partners, making the card more attractive to a wider range of consumers. They do not cost the issuer a great deal to run because they are financed primarily by merchant partners who join the program to gain access to cardholders' spending habits.

In this complex and competitive environment, loyalty programs must be innovative, and they must offer significant value and incentives to the customer.

### Industry Resource

The Datamonitor report, "Innovations in Payment Card Loyalty," identifies key loyalty innovations occurring in the payment card market and provides compelling examples of how financial institutions are incorporating these into their loyalty programs. The report also outlines factors that are crucial to a successful loyalty program in creating significant value for the customer.

### Fiserv Resource

Fiserv Credit Processing Services is a leading provider of credit management systems. The Fiserv *PLUS* System is a robust, flexible

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### Strong Financial Segment Performance Leads Quarterly Results

Total revenues for the quarter increased 11% to \$1.22 billion compared with \$1.10 billion in 2006. First-quarter earnings per share were \$0.66 compared with \$0.64 in 2006.

The Financial Institution Services segment produced very strong internal revenue growth and operating margin performance in the first quarter. Internal revenue growth was 7% for the quarter, and segment adjusted operating margin was up more than 300 basis points to 24.8%. Almost all of the first quarter increase in operating income in this segment was generated through a combination of growth in higher-margin internal revenues and operating efficiencies.

[Read complete news release](#)

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### Fiserv Achieves Milestones in Image-Based Clearing

Fiserv has surpassed 600 clients for its Fiserv Clearing Network (FCN) and more than 30 million monthly electronic transactions for its Virtual Item Exchange solution.

In addition, Virtual Item Exchange from Fiserv ITI, connects more than 350 additional financial institutions using both in-

system that supports innovative marketing programs and rewards and allows financial institutions to deliver highly sophisticated loyalty programs to consumers.

The ability to support sophisticated marketing programs that encompass multitier rewards, combined with effective risk management tools, is one of the reasons leading lenders have selected Fiserv Credit Processing Services as a trusted technology partner. In today's intensely competitive credit market, the capability to offer one-to-one products is a key success factor.

The *PLUS* System provides the flexible features necessary to create these programs such as:

- Account level and transaction level pricing
- Cashback programs
- Flexible statement options
- Online promotions tracking
- Multiple promotions capabilities

In addition to our credit processing services, Fiserv brings a total card-based product set to financial institutions. This is important because consumers expect to see support for a credit card, debit card, and a stored value product from their financial institution. These products have to be able to work in concert, have the same brand identity, and make the same statement to resonate with today's highly sophisticated consumer.

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house and outsourced processing, to the FCN or other clearing organizations.

In many cases, financial institutions are reducing their clearing bills by as much as 15% or 20% by switching to the Fiserv Clearing Network.

Fiserv projects further significant growth for both the Fiserv Clearing Network and the Virtual Item Exchange. The latter is growing at a rate of 2.5 million transactions a month, meaning it should exceed 50 million monthly transactions by December.

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#### **Fiserv and Bank of America Exchanging Electronic Check Images Through Viewpointe**

Fiserv is now exchanging checks with Bank of America through Viewpointe, the leading provider of check image exchange and archive services in the U.S. The agreement enables Bank of America to connect to thousands of endpoints on the Fiserv Clearing Network (FCN), while allowing other Fiserv customers to exchange images directly with Bank of America.

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#### **Upcoming Events**

Fiserv is attending these upcoming trade shows

**CUNA America's Credit Union Conference & Expo**  
Las Vegas, NV  
June 3-6

**FMS Finance & Accounting Forum**  
Grapevine, TX  
June 24-26

**NAFCU**  
Honolulu, HI  
July 18-21

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