

Instant Issue Advantage™: Temporary Debit Cards

The Role of Instant Card Issuance in Accountholder Satisfaction and Use

The card marketplace is changing, and Instant Issuance Advantage continues to gain popularity. Several factors are fueling this trend: the desire for an enhanced accountholder experience, migration to EMV, the opportunity for incremental revenue, and a seamless card program management strategy featuring a mix of central and instant issuance. As a result, it's important for financial institutions to consider the market drivers and thoroughly compare the available solutions.

Enhanced Accountholder Experience

Being able to instantly issue debit cards in your branch creates a positive experience for accountholders, saving time and the wait for cards to be delivered in the mail.

Mercator Advisory Group, in its 2014 report "Instant Issuance of Debit Cards: The Newest Best Practice," described customer satisfaction as the primary benefit of instant debit card issuance, calling attention to the "customer service and relationship aspect of being able to help customers when they are in need of immediate support. Not only is instant issuance convenient for new customers, but it enables existing customers to obtain emergency replacements for cards that are lost or stolen simply by stopping by a branch and asking for a replacement."

Instant issuance can also become the capstone of the onboarding process, giving staff the opportunity to more effectively explain card features and benefits by encouraging immediate, frequent usage and cross-selling other products and services, such as online banking. The opportunity for staff to explain card features is especially helpful when issuing EMV chip cards as some consumers are not yet familiar with the benefits of EMV.

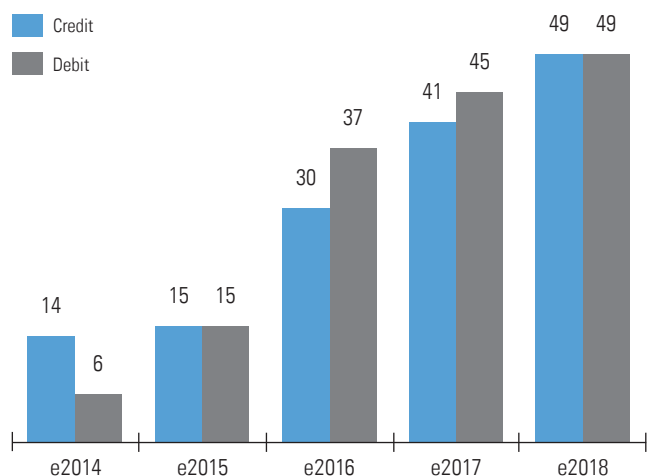
A Competitive Advantage

Financial institutions are working harder than ever to differentiate themselves in the marketplace—and looking for new products and services to distinguish themselves from competitors, while offering a superior accountholder experience.

Due to recent launches of instant issuance programs by large issuers, interest across the banking community is intensifying, and financial institutions opting to implement programs are often using an aggressive marketing strategy. According to Aite Group's December 2014 report entitled "Instant Card Issuance: U.S Market Sizing and Deployment Guide," "Market projections signal rapid growth in 2015 for instant card-issuance solution deployments, prompted by FI competition to delight accountholders and improve cardholder satisfaction."

Instant-Issued Cards

U.S. Instant Card Production, e2014 to e2018 (Millions)



Source: Aite Group

In the short term, instant issuance may help attract accountholders and ultimately be a competitive advantage. However, in the longer term, it may prove to become an expected business practice.

Effectiveness of Instant Issuance

When evaluating the effectiveness of instant issuance, financial institutions are typically focusing on increased revenue opportunities and creating a positive accountholder experience, such as:

- Attracting new accountholders and retaining existing accountholders
- Educating consumers about EMV chip cards and how to use them
- Increasing activation rates
- Increasing card usage
- Gaining loyalty and top of wallet
- Cross-selling other products and services
- Reissuing cards after data breach

While there is little empirical data on activation rates and usage lift from in-branch debit card issuance, providers and issuers have released case studies, such as Aite Group's October 2014 report entitled "Instant Gratification: The Case for Instant Card Issuance in the United States," showing that instant card issuance increases the number of purchase transactions by five transactions per month. Providers and issuers noticed improved purchase behaviors continue over the life of the card.

However, given the expansion of instant issuance across financial institutions, the primary motivations appear to extend beyond financial and point to intangible benefits, such as increasing customer service, meeting accountholder expectations and competitive differentiation.

Mail Delivery of Cards

Financial institutions rely on the United States Postal Service (USPS) to deliver debit and credit cards to their accountholders quickly and accurately. With potential changes to USPS delivery schedules, destinations and rates, financial institutions are looking at ways to minimize the potential risk of mail disruption. Including the option of in-branch issuance of temporary or permanent cards enables accountholders to begin making purchases immediately.

Temporary Instant Debit Cards

While non-personalized, non-secure cards have been offered as ATM vault cards for years, the option to issue non-personalized, secure debit cards is relatively recent in the marketplace and provides a new alternative to manage costs and the purchase of instant issue hardware and software.

Temporary instant debit cards are stored in a secure vault. Branch personnel pull a card from the vault, enter the information into the processing system and hand the card to the accountholder. The card can be used immediately to make purchases until a fully personalized, permanent debit card arrives in the mail. With this solution, there's no investment in hardware and software, making it a low-cost, low-risk alternative.

Connect With Us

For more information about Instant Issue Advantage™: Temporary Debit Cards, call 866-963-4877 or email getsolutions@fiserv.com.

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