

As the Branch Transforms, Immediate Card Delivery Offers Instant Satisfaction

Instant, convenient and on consumers' terms aren't just the driving forces for digital channels; they're also changing people's expectations for the physical branch. As the branch continues to evolve from transactional to high-touch service, instant card issuance is one of those services consumers will appreciate – and increasingly expect. Even better, instant issue puts activated cards in people's hands, encouraging immediate use while building satisfaction and revenue for the institution.

Financial institutions know they have to keep pace with consumer expectations for an evolving branch. And the reality is it's not just one channel raising the bar for the others. Consumers expect the same convenience and speed in a physical branch that they get buying a product online or sending a digital payment to a friend.

It's a matter of translating "click and go" into a branch experience.

It's already happening: Self-service technology has untethered staff members from their stations and desks, creating a personalized experience for consumers and reimagining the teller lines. Tablet stations tied to in-branch wireless networks have replaced pens bolted and chained to lobby tables. Biometric authentication, such as palm vein readers, are speeding up branch visits. Video tellers and card-free ATM access are melding self-service, digital and branch experiences.

It's all directed toward aligning with the way people live, work and bank today. The role of the branch is changing as people engage with technology in an "I want it now" world.

In fact, we're seeing mounting evidence that instant card issuance will be a mainstay as branches evolve.

Aite Group, in its 2017 Instant Issuance: U.S. Current State Assessment, estimated that at the end of 2016, 39 percent of U.S. banks with more than \$10 billion in assets had adopted instant issuance, compared to 29 percent of credit unions and 24 percent of banks with less than \$1 billion in assets. With more than a third of large banks implementing instant issuance, the pressure is rising for smaller financial institutions to adopt the service and achieve competitive parity.

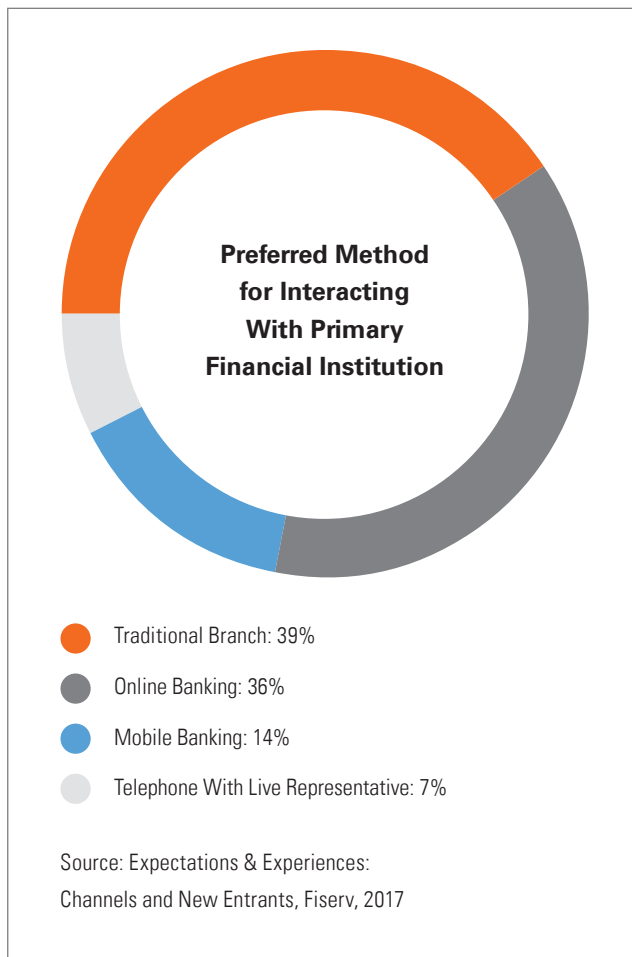
When people lose their debit cards, they can't put their lives on hold for "up to seven business days" while they wait for a new card in the mail. They are at a point of needing immediate access to their money, and they expect their financial institutions to meet them there, embracing the anytime, anywhere mentality of a fast-paced world.

Instant card issuance rises to that challenge, enabling a consumer to walk out of the branch with strengthened loyalty to the institution and an activated debit or credit card. Mix in wireless technology that lets a teller with a tablet meet the cardholder in the lobby to open a new account or replace a card, and the experience of the evolving branch is complete.

Why the Branch Matters

While self-service channels continue to outpace the branch in terms of frequency of use, Fiserv consumer research shows that many people value the branch and prefer in-person interactions. That has important implications for how the branch evolves and why instant issuance technology is a crucial part of that evolution.

Branches still are relevant to all generations, including millennials, according to 2017 quarterly consumer research from Fiserv. The Expectations & Experiences: Channels and New Entrants survey found that 39 percent of consumers prefer interactions with the physical branch.



By generation, that segment was led by seniors at 63 percent and boomers at 45 percent, with early millennials at 25 percent and late millennials at 24 percent.

Millennials value their branches, along with all other channels, perhaps because they're beginning to make big financial decisions – buying that first house or building their families. The Expectations & Experiences research showed that millennials who visited their branch in the preceding month did so an average of 2.8 times, about on pace with the 2.6 average across generations.

Millennials have specific expectations to get what they want when they want it, and that extends to card replacement or initial issuance. But the branch has to be ready for them. When those millennials walk through the door, they expect the same speed and convenience they get through any other channel. And they, along with most other consumers, want the physical branch to be nimble and able to offer security with convenience.

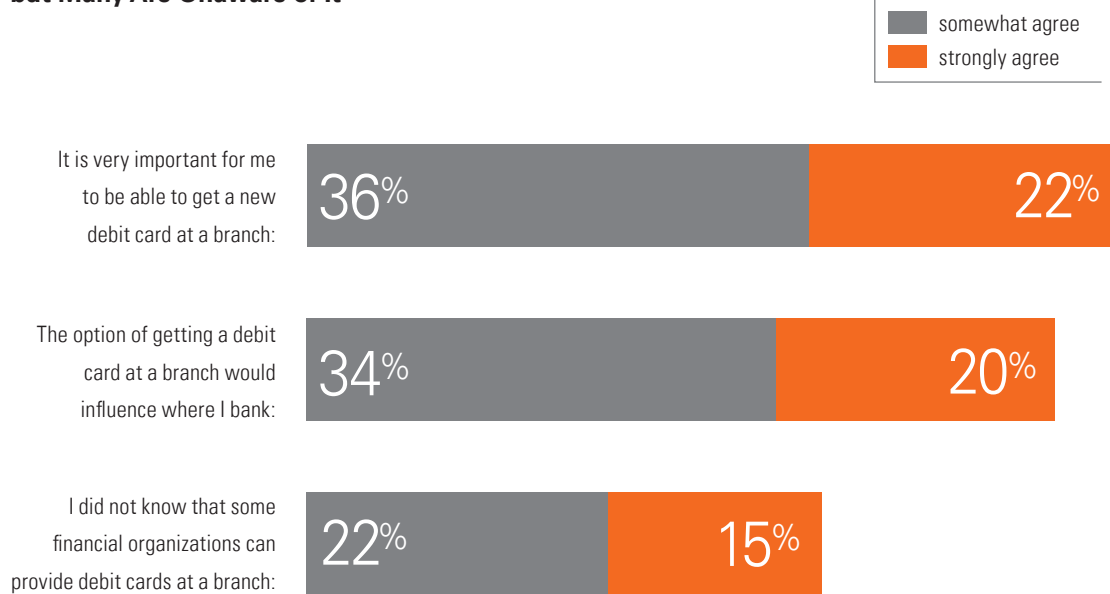
Consumers, in other words, are requesting all the pieces that build the branch of the future: the speed and convenience available through other channels, the promise of security and the technology that matches the speed of their lives. It's up to financial institutions to put those pieces together.

Awareness Is Key

The branch transformation isn't complete, though, if only a small percentage of consumers know about it.

Creating awareness is crucial, but it's easily overlooked, a point confirmed by additional quarterly consumer research from Fiserv in 2017. The Expectations & Experiences: Household Finances survey showed 37 percent of respondents, among those who have a debit card, didn't know that some financial institutions provide debit cards in branches.

Instant Issue Can Influence Where Consumers Bank, but Many Are Unaware of It



Source: Expectations & Experiences: Household Finances, Fiserv, 2017

And services such as that can be game-changers when people know about them. In that same Expectations & Experiences survey, 54 percent of consumers said the availability of instant issuance would influence where they bank. Among millennials, the percentage rose to 65.

Financial institutions will realize the full potential of the branch evolution only after marketing the changes and illustrating the benefits.

And once people embrace the services, the benefits extend to the institution. Putting activated cards in the hands of consumers immediately means people can start using them as soon as they walk out the branch door.

It's a step toward solving what is a surprisingly large difference between the number of cards in circulation and those that have been activated. As of early 2017, the U.S. market's active debit card rate had held steady

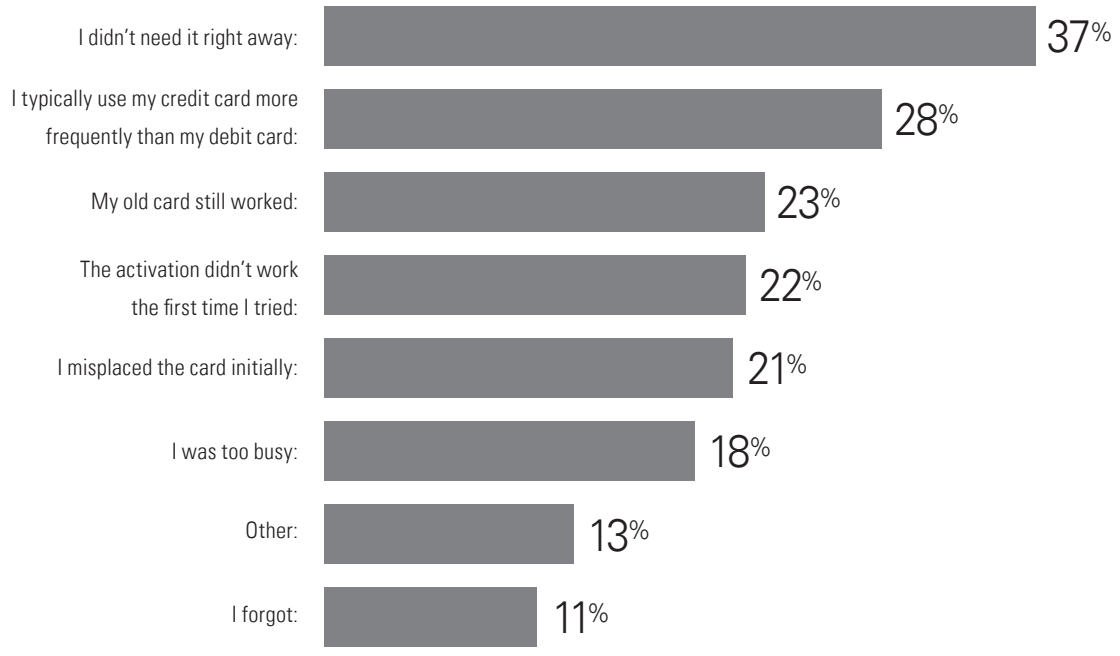
between 65 and 68 percent for several years, according to multiple industry analysts. That is an astonishing number of cards that are failing to affect interchange revenue for financial institutions.

And the Expectations & Experiences: Household Finances research underscores the gap between people receiving their cards and activating them. Only 61 percent of consumers activated their debit card the day it arrived, with 26 percent doing so within a week and 11 percent taking a week or longer.

Of those who took longer than a week, 48 percent said they either waited until they needed the card or forgot to activate it.

The branch of the future, rooted in services such as instant issue, removes those delays from the equation, giving consumers the fast, convenient and cutting-edge experience they've grown to expect.

Reasons for Taking More Than a Week to Activate a Debit Card



Source: Expectations & Experiences: Household Finances, Fiserv, 2017

About the Author

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