

# Mine Your Business: Use Data Analysis to Maximize the Performance of Your Card Portfolio

Your financial institution has a wealth of information about your cardholders just waiting to be accessed and analyzed. The key to mining your business is understanding how to extract the insights from the data you have.

Today's debit and credit card consumers are accustomed to providers who anticipate their needs. A vital step to improving your card program and being attuned to your consumers is properly analyzing and making sense of your cardholder data.

That's where a comprehensive portfolio review is essential. An analytical review of your card program metrics – best performed with an experienced portfolio consultant – can help turn market and cardholder information into key insights that can drive your marketing strategy and enhance the value of your cardholder relationships.

## **Invigorate Your Card Portfolio With a New Product Mix**

Your cardholder data offers insight about what's happening in the payments ecosystem and explains how key regulatory, technological, competitor and economic forces impact your financial institution's card portfolio. An analytic review of your program can help you understand your consumers' spending habits and patterns, enabling you to redefine your card program value proposition.

And by examining your portfolio product adoption and usage trends, and thoroughly reviewing competitor offerings in the market, you may be prompted to develop new offerings or rationalize your existing set of offerings. A marketplace review can help you discover gaps in your portfolio relative to what your competitors are offering or – in some cases – you may discover a redundant product set that makes choosing a card confusing and challenging for your prospective cardholder.

For example, issuers often have unmet cardholder needs within their cardholder base. Based on spending levels, you can identify cardholders within your portfolio who are underserved by the card products in their wallets. Institutions can capitalize on this by offering new program features or special incentives.

## **Engage With Your Cardholders and Make Them Profitable Via Activation Campaigns**

No card is profitable until it's used. Therefore, it's critical to get cards activated – and in use – as soon as possible after your cardholders receive them. Activation is a necessary first step in what can become a fruitful, long-term relationship with your cardholder, and it helps ensure your portfolio is composed of active, highly engaged consumers.

Financial institutions should review their card program data and segment cardholders based on demographics, history with your institution, spending habits and other characteristics. With this information in hand, you can begin to understand their financial behaviors and create marketing campaigns with targeted messaging – from special offers to information about loyalty programs – all to break the inertia and trigger cardholders to take action and activate their card.

Follow these steps to begin:

- **Identify Inactive or Unactivated Cards**

With the help of analytics tools, financial institutions can easily identify the cards that have never been activated or are not in use – and help benchmark activation rates against peers

- **Determine Which Cardholders to Target**

Data analysis can help define a clear and actionable strategy that increases revenue and deepens cardholder engagement. Issuers of all sizes have the ability to analyze their data to get to know their cardholders better. Knowing cardholders better leads to actionable insights that may help grow business and generate profitability. You can also create targeted lists and develop customized messaging that is compelling to each cardholder group, and then target those cardholders with offers to begin and, eventually, extend the customer life cycle

- **Make a Personalized Offer**

Your analysis should clearly lead to identifying cardholders ready to receive personalized offers to incent activation and strengthen engagement. These offers often provide added value to consumers when activating their cards – think loyalty programs and card controls that enhance security and convenience

### **Increase More Than Just Transactions With Usage Campaigns**

To keep your card portfolio strong, it's critical to develop and nurture active cardholder relationships. Develop targeted usage campaigns based on your data, market trends and consumer behaviors, to encourage your cardholders to make your card their card of choice.

### **Know Your Cardholders**

Analytics tools can help you extract useful information from the data you already have. How many of your cardholders use mobile payments? Do you know where they are transacting? A good consultant can also recommend appropriate tools to help you better understand your portfolio, such as total usage per cardholder and which channels they use most.

Once you know who your cardholders are and how they use your card, you can design a strategy to encourage them to reach for your card first. Then, use your knowledge of industry trends to design and implement your strategy, and be sure to benchmark your performance against your peers as well as the industry in general.

### **Push for the Next Level**

Segment your cardholders based on their usage level. This important step will help you understand where each cardholder is in the life cycle of their relationship with you. Your goal is to sustain transaction growth, not just achieve a temporary spike in card usage.

With targeted campaigns, you can entice each segment of cardholders with the offers that are most likely to interest them. By always working to move each cardholder to a higher transaction level, you remain engaged with cardholders, which helps build stronger loyalty and deepened relationships.

### **Look Beyond the Number of Transactions**

A common mistake that many financial institutions make is relying on the metric of only low transactions to determine cardholder engagement. While you obviously want to focus on getting low users to choose your card more often, don't forget about your high-volume users. There's always room for improvement, even among your most loyal cardholders.

Look at how much your cardholders are spending per transaction. Are they using your card only at certain locations or for certain kinds of purchases? When developing campaign strategies for increasing spend – not just usage – you should take a variety of motivations into consideration. Also, some cardholders may respond differently to different tactics, so a customized marketing approach works best.

## Focus on the Long Term

A strong card portfolio is about more than how it's performing today. Properly designed campaigns create meaningful touchpoints with cardholders throughout the life cycle of your relationship – from the newly active user to the super user – to help ensure your portfolio continues to be profitable in the future.

## Bring It All Together

When it comes to maximizing the performance of your card portfolio, understanding the market and your consumers is essential. You maintain and manage a wealth of information that can help you. Interpreting all that information can be intimidating, not to mention time consuming. Working with tools and partners that possess deep expertise in analytics and card program management can help you “mine your business” to achieve your performance goals.

## About the Author

Steven Riddick is Vice President, Product Strategy for Card Services at Fiserv. He and his team of experts use loyalty, analytics and advisory services to drive best-in-class performance for client portfolio growth while strengthening cardholder relationships with financial institutions.

## Connect With Us

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