



# Is your debit card program ripe for innovation?

For more than five decades, debit cards have helped U.S. consumers move money directly from their bank accounts to pay for goods and services. But if you thought this humble payment solution could afford to rest on its laurels, think again. It's time to dust off your debit card program and get it working harder for your financial institution.



## Innovation opportunities for debit

In fast-changing times for payments, no card product can afford to stand still for long. The competition is too intense, and advances in technology provide a constant stream of opportunities to improve the payment experience. If you don't keep ahead of rising digital expectations, you risk losing customers to another card issuer.

However, debit card programs deserve extra attention when it comes to innovation, not least because they're harder to differentiate than credit card programs.

With a debit card, for example, it's not so easy to provide the transaction-based, interchange-funded rewards that can make credit cards stand out for consumers. The fact that debit cards are usually tied to a checking account often limits their potential for differentiation, too.

So, it's in the debit payment experience itself that your institution truly needs to excel. That means eliminating as many likely disruptions of that experience as possible through innovation, to ensure the high levels of speed and convenience we take for granted in debit payments.

Clearly, disrupted experiences resulting from fraud, unauthorized payments, complex checkouts and missing or unclear transaction data can negatively affect credit cardholders, too. But the impact on debit is more pronounced. Having immediate access to funds is one of the main benefits of a debit card, so any obstacles are not just undesirable – they risk undermining the chief value of your product to your customers.

## The Gen Z factor

One customer demographic in particular is making it more critical to deliver on-point debit experiences – Generation Z. With their U.S. spending power projected to reach \$4.2 trillion by 2035,<sup>1</sup> Gen Zers are increasingly enthusiastic users of debit cards, whether for everyday spending, non-essential purchases or financial budgeting. But as digital natives, they're also less patient than older cardholders and expect fast, seamless, frictionless experiences with every transaction.

In short, it pays to nurture Gen Z if you want to grow your debit card program. And the only way to do that is to seize every opportunity for innovation.<sup>2</sup>



<sup>1</sup> Visa, Gen Z Market Landscape, January 2025

<sup>2</sup> FIS, Make Your Card Program a Magnet for the Next Generation, 2025

## How to differentiate your debit program with incremental innovation

The good news is that you don't have to radically transform your debit card program all at once. It's more a question of fine-tuning the product step by step to solve micro pain points for your end users, whether the pain strikes before, during or after debit transactions.

At FIS, we call this approach "incremental innovation." By phasing in the latest technologies, one at a time, you can generate cumulative benefits for your customers that minimize disruption to the payment experience and make your debit card a product to rely on.

From tools that help you stop fraud or false declines to solutions that simplify checkouts or reduce transaction confusion, there are now multiple opportunities to improve your customers' experience and your own competitive advantage. Take a good look at your debit program to identify where incremental innovation could help you move money even more smoothly, for long-term loyalty and growth

## Debit innovation checklist

Do you have the latest array of innovative solutions you need to optimize your debit card program?



### Stop false declines

Legitimate transactions from trusted cardholders often face unnecessarily high decline rates, which sabotages the customer experience and reduces revenue potential. An innovative solution is to bring together merchant and issuer ecosystems to optimize authorization decisions and maximize acceptance.

By resolving recoverable decline reasons (e.g., expired card) in real time, issuers can confidently approve trusted transactions that would otherwise be lost – without taking on chargeback risk. This minimizes churn and keeps your card "top-of-wallet," while improving authorization rates and overall portfolio performance.



## Fight card-not-present fraud

Online fraud is now a dominant threat in card payments and especially card-not-present transactions, as static three-digit CVV2 codes are easily compromised and reused online.

With dynamic CVV security tools, issuers can save millions annually in fraud losses and related costs while improving the cardholder experience. Each online transaction is validated with a fresh, time-bound code, allowing you to more confidently approve legitimate purchases and still halt fraud in its tracks.



## Make informed fraud decisions

Clear, correct and real-time data is at the center of every authorization decision. But for decades, poor or missing merchant data has plagued the payments ecosystem, leading to false declines, higher chargeback rates and cardholder confusion.

Now, issuers can enhance existing fraud decisioning tools with API-enabled additional merchant data. Real-time data sharing closes the information gap between merchants and issuers, enabling more accurate approvals and fewer false declines across e-commerce transactions.



## Simplify checkouts

All too often, shoppers abandon their carts when required to re-enter card information or if the checkout experience feels too long or complex. To simplify the process, issuers should consider digital wallet-based solutions that replace manual PAN entry with a simple card selection, creating a faster, more secure and frictionless purchase experience for both consumers and merchants.

Positioning your financial institution's card as a "ready-to-go" option at checkout increases usage and relevance. And by removing the need to manually enter card details, you can significantly reduce checkout friction, improving completion rates and cardholder satisfaction.



### Reduce disputes

With unrecognized transactions now a major driver of cardholder disputes, providing richer transaction detail could considerably reduce dispute handling costs for issuers. To this end, data cleansing tools can help you surface detailed, normalized merchant information to cardholders on digital or card statements and other channels.

By providing cardholders with precise location data, standardized merchant IDs and clearer transaction descriptors, you reduce the risk of unrecognized charges and can ultimately lower dispute volumes and improve the customer experience.

Unlock incremental innovation and improve your debit card program step by step with FIS® Payments One™ Debit.

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