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Transforming debit card payments for a new generation

From basic banking staple to strategic growth driver

Contents

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Make debit cards add up for your bank

For consumers around the world, debit cards have long been a mainstay of the banking and payments experience. But when they debuted in the 1970s, the concept of paying directly from your bank account was nothing short of revolutionary.

Until the debit card, no payment method – other than cash – could show retailers in real time that customers truly had the funds to cover their transaction.

In the 1990s, debit cards soared in popularity alongside the worldwide adoption of interconnected ATM networks. Then, as contactless payments became the norm, use of debit cards only continued to increase – even since the rise of mobile payment apps.[1]

So, it's easy to take debit cards for granted and see them as just another mandatory banking service. But what if they could help you win over a new generation of customers?

What if debit could help you strategically drive growth?

1 ReThink Quarterly, How debit cards changed our lives, 2022

"The pandemic led to an increase of debit card payments worldwide, as contactless purchases gained appeal. In Germany… girocard payments jumped by nearly €1 billion over the course of 2020, an increase of 21.7% from 2019. In the Netherlands, debit card transactions accounted for 79% of all retail purchases in 2020, overtaking cash payments in all sectors for the first time. Debit card payment volumes jumped by upwards of 20% in the U.S. and the U.K. as well."

Dr. Bernardo Bátiz Lazo, Professor of Fintech History and Global Trade, Northumbria University

88%
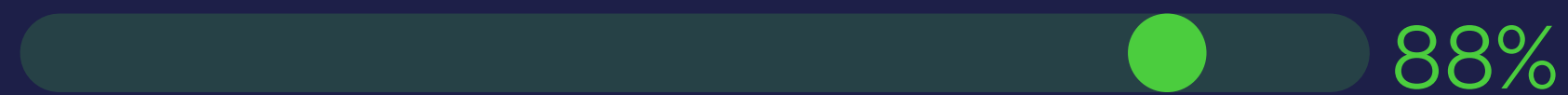
88% of bank managers believe they understand the needs of Gen Z account holders but 34% of Gen Z do not agree that traditional banks understand their needs

Source: IBM, How banks can cater to Gen Z customers, December 2022

46%
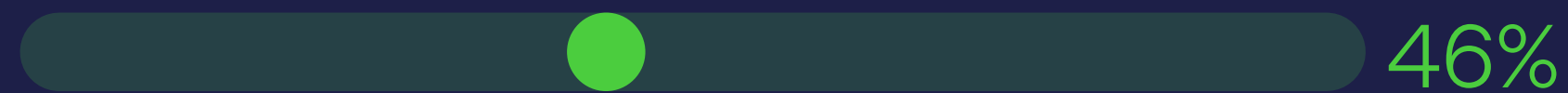
46% of Gen Zers are stressed out all or most of the time, mostly about their long-term financial future and their day-to-day finances

Source: Deloitte, 2023 Gen Z and Millennial Survey, June 2023

Mind the generation gap

As a modern bank, you face a difficult question when it comes to customers. Namely, how do you strike a balance between retaining your loyal older account holders and attracting a new generation?

For continued growth, it's increasingly critical that banks boost their appeal to a younger audience: not only Millennials, but also Generation Z.

By 2030, Gen Z's income is set to grow 400% to $33 trillion and will account for more than a quarter of global earnings.[2]

Behind these big numbers lies a golden opportunity for banks.

As the first digital natives, Gen Z account holders have high expectations of the banking experience. With the right approach to debit, you could exceed these standards, delight the next generation of customers and keep your current customers happy, too.

Critically, Gen Zers are also infrequent users of credit. With many simply not qualifying for credit solutions, their typically low credit score can affect their ability to buy big-ticket purchases like a car. So, it's increasingly important to be able to mine your debit data for insight on Gen Z behavior, preferences and creditworthiness.

But disparate tools, disjointed data and unconnected interfaces can stand in your way – and make you even less relevant to your target market.

2 GfK, A fresh look at Gen Z and Millennials, February 2023

1. Understand what's at stake

You can't do the best for your debit business without a clear, up-to-date view of the risks, rewards and opportunities it presents.
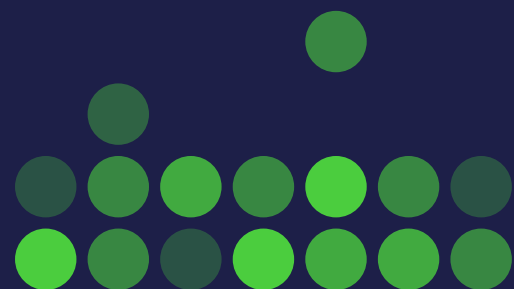
And you can't get that comprehensive visibility from multiple disconnected systems and spreadsheets.

For informed decision making, risk management and compliance, you need ways to turn raw data into real intelligence – fast.
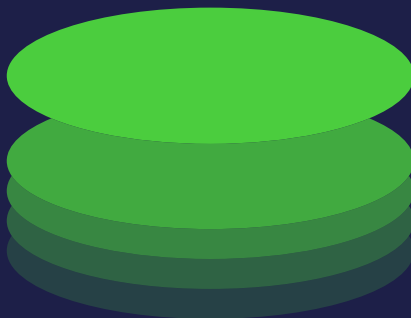
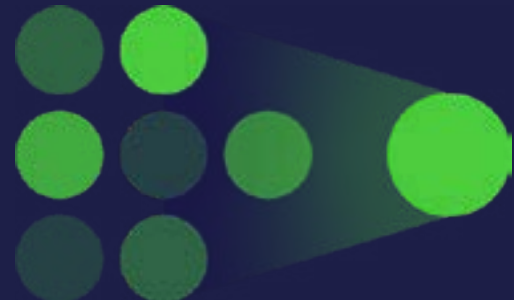# 2. Get actionable insights for debit card management
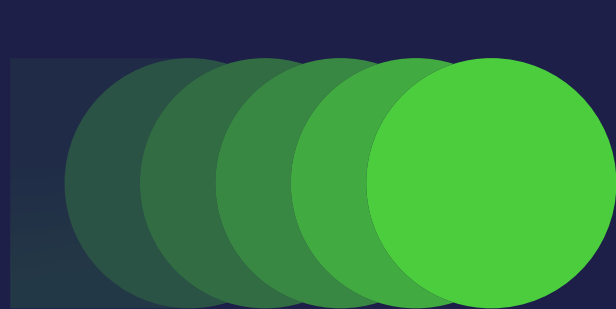
Deliver real-time data on debit activity and portfolio profitability.

Base decisions on facts and real-time intelligence.

Uncover and analyze previously inaccessible data.

Gain a consolidated view of customer and market data.

3. Provide customer self-service tools

Elevate the customer experience with tools for managing individual debit needs.

Allow customers to control where, on what and how much a card is used.

Offer a seamless and fully configurable environment through an intuitive user interface.

Add new features and functions easily and accelerate innovation with the latest capabilities.

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Engage with customers as they want you to

Let's be clear: younger generations want an integrated digital experience.

So, to get all that lifetime value from Millennials and Gen Z, you can't just stitch together disparate tools like chatbots and SMS. These need to work in harmony with other service channels as part of a well-connected whole.

When customers can't complete a process digitally from end to end, having to call a contact center is a major inconvenience.

Who needs the aggravation when there could be seamless integration?
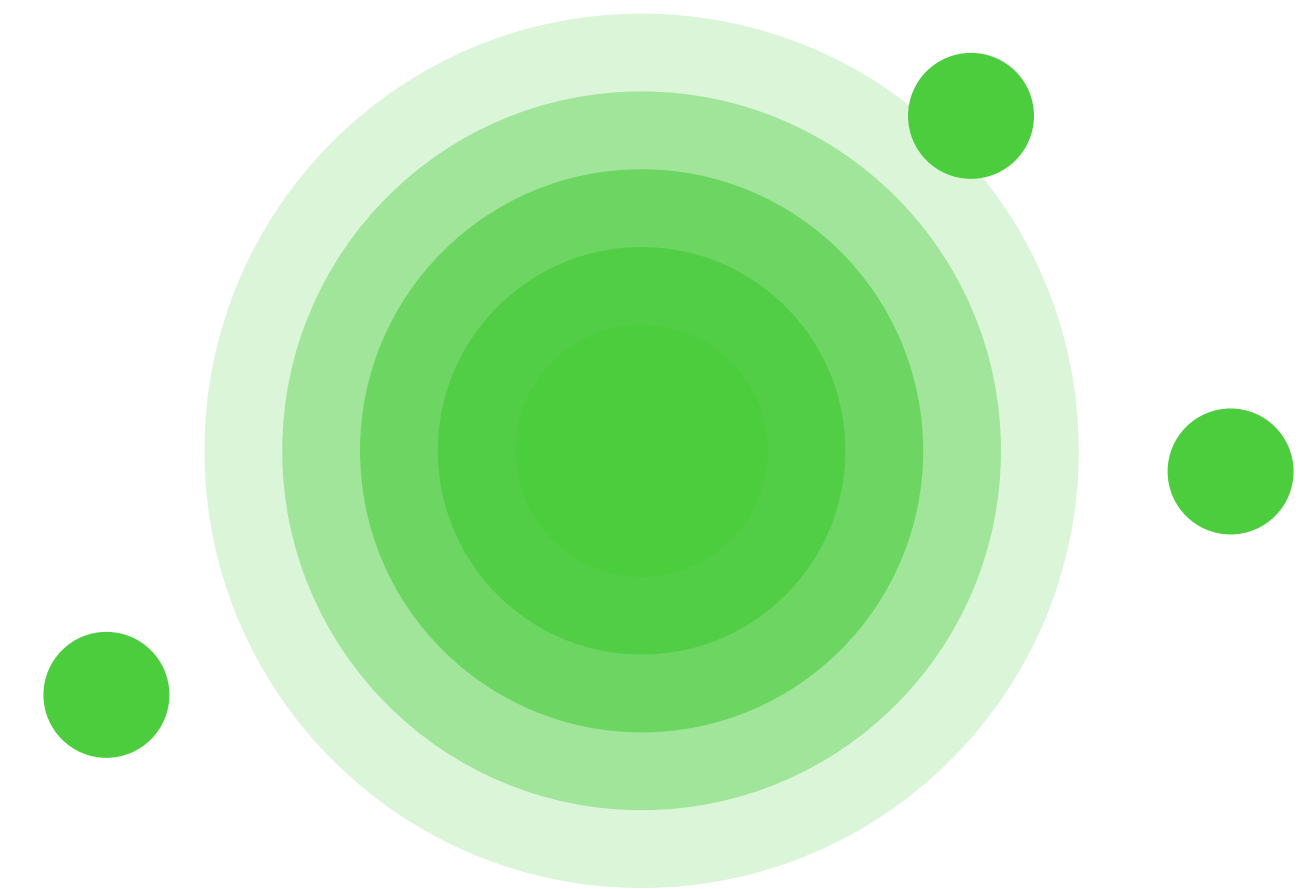
Evolve your working environment

Fragmented systems, spreadsheets and data don't just stop you from getting actionable insights; they hinder your ability to solve customers' problems.

Solutions should be simple to deliver as proactively as possible. But when you run multiple systems, it can take too long to implement and activate new features.

Then you're left with a convoluted environment that frustrates employees and customers alike.
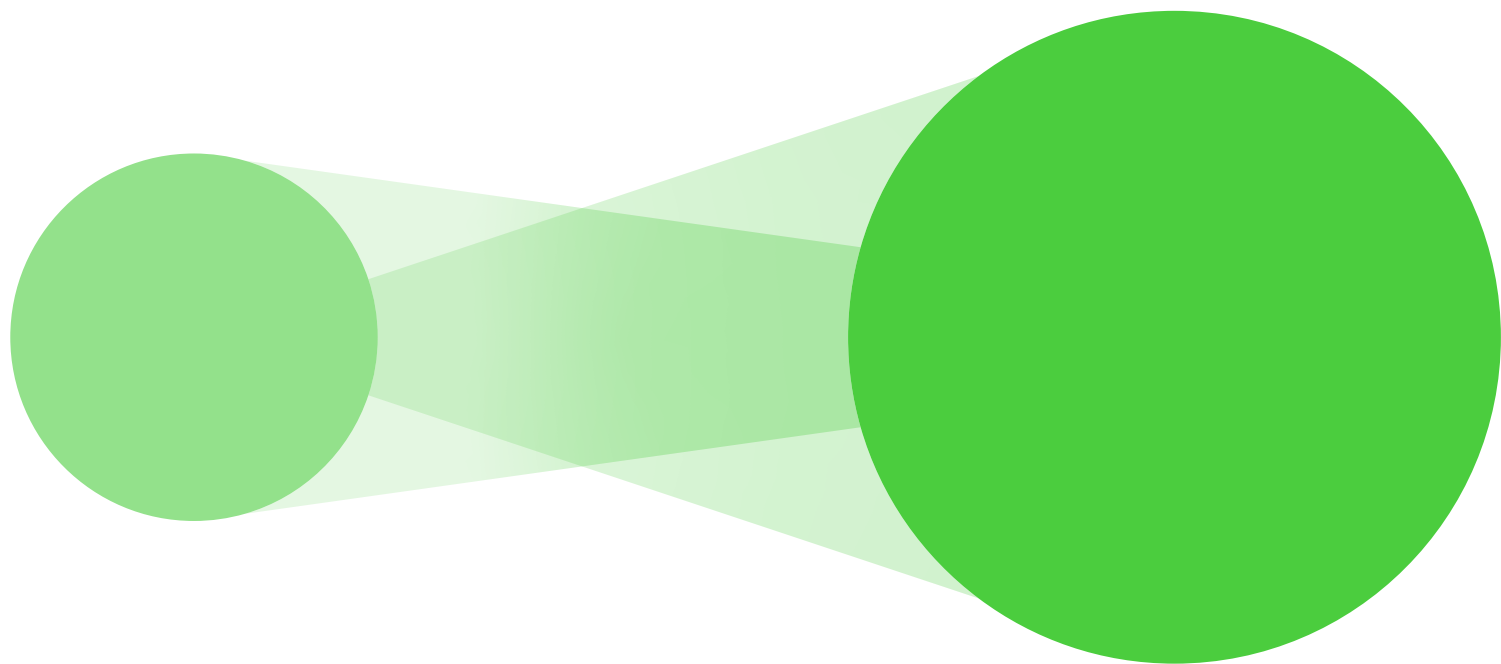
Add value with an open ecosystem

Provide a single, comprehensive user interface for multiple activities: debit, ATM, fraud, reports, card processing and customer self-service.

Get user-friendly tools that are easy and fast to onboard, train up on and master.

Add capabilities, not complexities with solutions for loyalty, rewards, fraud detection and dispute resolution, as well as mobile and digital APIs and data tools.
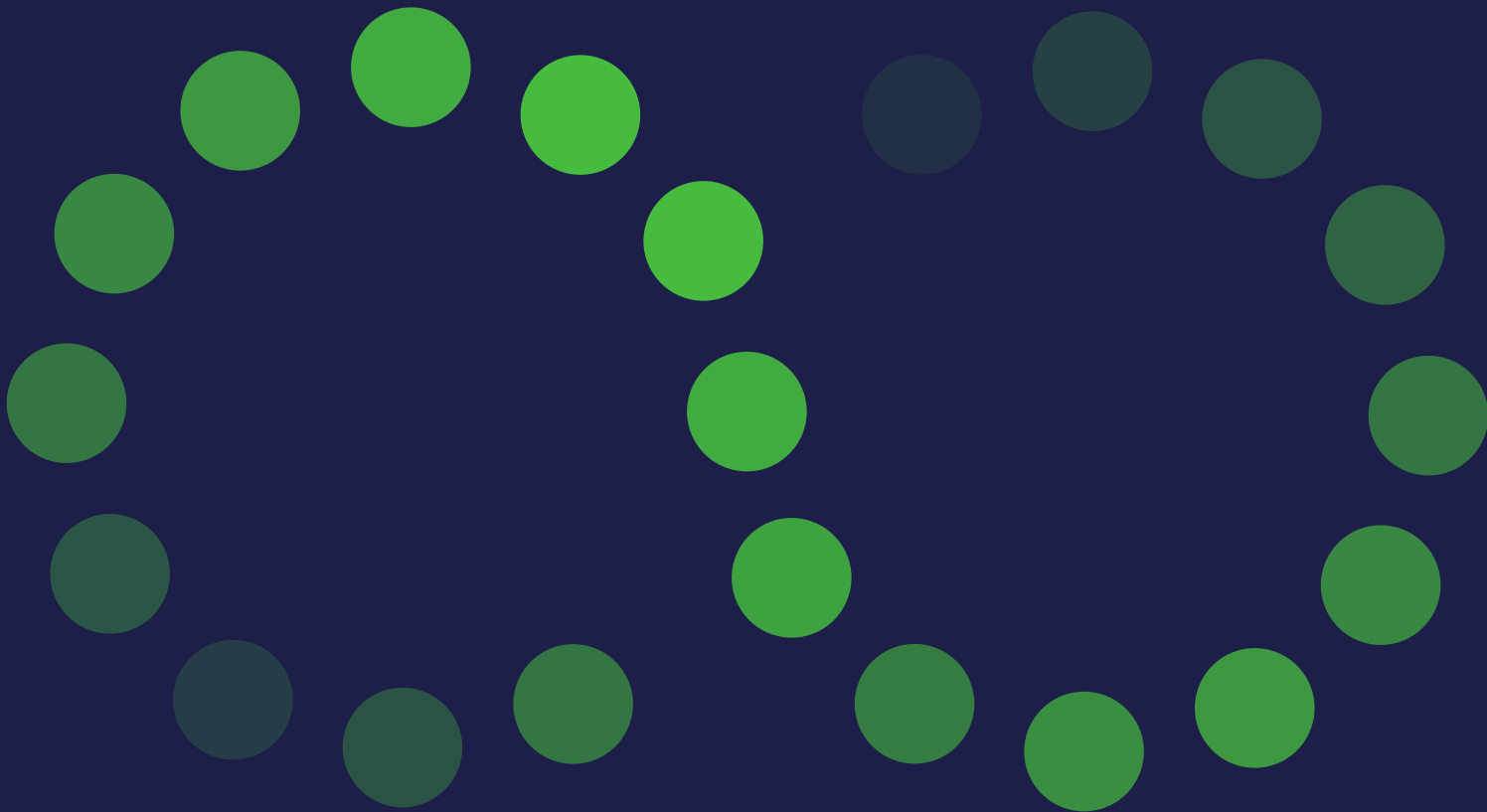
What makes an ideal debit payments partner?

Turn your debit strategy into action with a technology vendor that can help you:

- Eliminate technical complexity and cost uncertainty

- Deliver a single strategic solution

- Reduce costs through automation

- Drive digital transformation in the cloud

- Continually improve functionality

- Achieve the highest level of global compliance

- Integrate best-of-breed third-party solutions

- Meet your needs and keep you ahead of change

A checklist for modern debit payments

Make sure you're ready to understand, evolve and engage with a payments platform that offers:

A hybrid cloud approach
Decide where your core sits most safely and functions best: in the mainframe or a private or public cloud.

Open architecture
Increase agility, the user experience and the transparency of your bank's inner workings.

Componentized technology
Improve your speed to market and easily switch capabilities on and off.

Pricing based on use
Pay only for the functions you need, as and when you need them.

API connectivity
Integrate easily with new technologies and make your platforming a working developer sandbox.

Welcome to a new way to process debit cards

Your modern debit strategy starts here. With FIS® Payments One Debit Suite, debit card management is all set for the next generation of account holders – and your latest wave of growth.

Get all the modern answers with FIS

About FIS

FIS is a leading provider of technology solutions for financial institutions and businesses of all sizes and across any industry globally. We enable the movement of commerce by unlocking the financial technology that powers the world's economy. Our employees are dedicated to advancing the way the world pays, banks and invests through our trusted innovation, absolute performance and flexible architecture. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS ranks #241 on the 2021 Fortune 500 and is a member of Standard & Poor's 500® Index. To learn more, visit FISglobal.com. Follow FIS on Facebook, LinkedIn and Twitter (@FISGlobal).

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