

Balancing growth initiatives with budget constraints in banking

Unlock a new way to fund marketing programs

A Q&A for financial institutions



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For debit and credit card issuers, attracting new cardholders, activating those with lower or no card usage and offering incentives that increase business from active customers is an important means to keep money moving for business growth.

We spoke with **Paul Fischer, Head of Networks at FIS®**, and **Lesley DeCator, VP, Head of Product – PaymentsEdge at FIS**, to learn more about the challenges, opportunities and trends in this space.



Q: What are the primary challenges card issuers face with customer acquisition, retention and growth?

A: There are four main areas that many card issuers struggle with. **The first** is understanding the performance of card portfolios across the customer base. It's so important to be able to understand cardholders' purchasing behavior because these are the insights needed to maximize the potential revenue of each customer.

The second is the ability to access portfolio data to formulate a growth strategy. This is connected to the above but speaks to the need to integrate data gathered across all aspects of the customer relationship. This is difficult, if not impossible, to do with the disparate and siloed banking systems that many institutions are working with.

The next challenge we see is inspiring and deepening cardholder activation, usage and client retention. This is especially tough when fintechs, neobanks and other digital disrupters are eyeing the same customers as traditional financial institutions. With so many options, today's consumers tend to pick and choose from many financial providers rather than being loyal to one.

The last challenge is no surprise as it's true for most any type of business: allotting sufficient resources to marketing activities. Financial institutions are being asked to do more with less, especially when it comes to promotional activities. They face staffing, time and budgetary constraints.

Q: What trends are making it harder for issuers to acquire and retain customers?

A: There are two main trends impacting issuers' ability to effectively reach and cultivate deeper relationships with new and existing customers. The growth in P2P payments is impacting financial institutions' bottom lines. And as mentioned above, alternative financial tools put pressure on interchange and make it difficult to capture and keep consumers' attention.

Q: How is FIS addressing these challenges and trends?

A: We're seeing more clients utilize two of our flagship solutions together – **PaymentsEdge** and the **NYCE** network – enabling them to generate higher interchange income and grow at the same time. Our clients are using the industry-leading interchange revenue from the NYCE network to fund a year-long PaymentsEdge marketing calendar focused on expanding their business.

On the marketing end, we're offering our PaymentsEdge solution to give financial institutions a turnkey, scalable marketing resource for their debit and credit portfolios. We take the work out of marketing, so institutions realize benefits more quickly.

On the payments network side, we're using the NYCE network to address the economic pressures on institutions' foundational checking and debit card offerings. As transactions move to P2P, we're actively managing the interchange position to get clients the best economics.

By merging our card marketing solution with our payment network capabilities into a combined offering, we give issuers the means to apply higher interchange earnings to their marketing efforts. Since the marketing expense is directly funded by the overall FIS relationship, it is a source for funding growth, entirely within the DDA business. This approach provides both FIS and our clients with an incentive to conduct marketing activities that grow debit portfolios.

Q: How does PaymentsEdge work?

A: **PaymentsEdge** provides tailored marketing campaigns based on strong messaging, proven techniques that drive cardholder responsiveness and low costs. There are three main components to PaymentsEdge to help institutions optimize portfolio performance, increase payments industry acumen and fully understand debit and credit program metrics.

The first component is full-service marketing, which encompasses campaign set up, execution, award fulfillment and analysis. The entire program is designed to increase revenue, grow the card base and retain customers. We use customer incentives tailored for the specific product line including gift cards, cash, points, travel and real-time merchant offers with timing, frequency, segmentation and digital engagement.

The second component is advisory services. Our payments experts work directly with clients to help them gain a better understanding of their portfolios and overcome challenges in customer outreach. Our services are designed to provide insights and support for clients to optimize their marketing efforts and optimize interchange.

The third component of PaymentsEdge is portfolio reporting. This capability helps clients track the performance of their marketing campaigns and make data-driven decisions to improve their debit and credit programs.

Q: How do institutions enroll in NYCE?

A: **NYCE** enrollment is straightforward. Migration is a BIN change and some testing on the financial institution's back end. There is no requirement for card reissuance or customer facing changes. For most issuers, it takes 4-6 weeks to take effect and is seamless. For larger banks with more BINs, we implement in waves to ensure seamless execution.



Q: How are issuers responding to this bundled approach?

A: We've seen a lot of demand for the combination of the two solutions, and we execute millions of touchpoints across all the channels in our client marketing campaigns. We're also seeing growing interest in our new mobile engagement product, which uses interactive elements and mobile banking to engage cardholders and drive behavior change.

Q: Can you give an example of how a customer has used PaymentsEdge?

A: One good example is Dickinson Financial. This firm uses PaymentsEdge to deepen client relationships for its Armed Forces Bank and Academy Bank clients, and increase revenue through credit and debit usage. They now have a deeper understanding of their clients' needs and motivations to better meet them, and in turn gain higher returns for their business.

From the Armed Forces Bank alone, the debit line for long-term inactive, new inactive and low usage clients increased by more than 1,000%, with mid-tier usage increasing 520%. Academy Bank has seen similarly impressive increases in usage, with long-term inactive clients increasing usage by 1,016%, low usage 770%, new inactive 918% and mid-tier increases of 672%, generating over \$1 million in new revenue.



"We consider PaymentsEdge Advisory and Marketing a strategic partner in optimizing performance and revenue growth for our credit card portfolio.

Through consulting and analytics, the advisory service allows us to tactically identify opportunities within our portfolio while the marketing service delivers a cost-effective, turnkey customer outreach approach.

Since the inception of PaymentsEdge Advisory and Marketing, we have experienced consistent year-over-year portfolio growth."

— Renee Smith-LaBarge, First VP Credit Card Services Manager

FIS card marketing and network solutions fund customer outreach that keeps money moving.

Our **technology** powers the global economy across the money lifecycle.



Unlock seamless integration and human-centric digital experiences while ensuring efficiency, stability, and compliance as your business grows.

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Unlock liquidity and flow of funds by synchronizing transactions, payment systems, and financial networks without compromising speed or security.

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Unlock a cohesive financial ecosystem and insights for strategic decisions to expand operations while optimizing performance.

UNLOCK MARKETING POSSIBILITIES

About FIS

FIS is a financial technology company providing solutions to financial institutions, businesses and developers. We unlock financial technology that underpins the world's financial system. Our people are dedicated to advancing the way the world pays, banks and invests, by helping our clients confidently run, grow and protect their businesses. Our expertise comes from decades of experience helping financial institutions and businesses adapt to meet the needs of their customers by harnessing the power that comes when reliability meets innovation in financial technology. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index. To learn more, visit FISglobal.com. Follow FIS on LinkedIn, Facebook and X (@FISglobal).

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