

## Financial Instant Issuance - A Growth Strategy for Today's Financial Institutions



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### Abstract

Financial Instant Issuance (Fii) is the instantaneous, in-branch personalization, issuance and activation of an institution's payment cards. With Fii, customers can walk into their preferred bank or credit union branch and instantly receive debit and/or credit cards on site that are already activated for immediate use.

This Executive Brief will explore how and why Fii solutions are rapidly becoming one of today's best strategies for bank and credit union branches to achieve predictable revenue growth now and in the long term.

### Introduction

In an effort to both maintain existing clientele and continuously attract new customers, today's financial institutions are hard-pressed to out-do their competitors in the services they offer. They must also continuously monitor and mitigate security threats, and keep up with new technologies - all while keeping their costs down and margins profitable. With such a tall order simply to maintain the "status quo", it is no surprise that many institutions find themselves struggling to develop meaningful strategies for incremental and measurable, ongoing revenue growth.

Historically, product- and service-focused strategies such as lowering fees, providing perks for bundled services, or offering promotional rates have proven somewhat profitable in the short term but are temporary at best. These approaches may bring in some new customers but for how long? Do they attract the new generation of customers that your institution will need to thrive going forward? Do these programs improve customer loyalty over the long term? Do they put your institution's payment cards "top of wallet"? Do they result in measurable revenue growth that can be projected and relied on over time?

### What if there was a better way?

Enter Financial Instant Issuance. Financial Instant Issuance (Fii) is the instantaneous, in-branch personalization, issuance and activation of an institution's payment cards. With Fii, customers can walk into their preferred bank or credit union branch and instantly receive debit and/or credit cards on site that are already activated for immediate use.

Within this brief, let us now explore how and why Fii solutions are rapidly becoming one of today's best strategies for bank and credit union branches to achieve predictable revenue growth now and in the long term.



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that instant issuance  
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### **Why Financial Instant Issuance?**

Although “tried and true”, central issuance-only models for issuing payment cards are fast becoming less attractive to both institutions and their customers. In a typical central issuance model, a customer can apply for a debit or credit card online, via postal mail or in-branch - but may have to wait up to 7 to 10 business days or more to receive their card - a lackluster customer experience at best. What’s more, even upon receipt of their new card, a customer may wait a week or more before activating and/or using the card - if they activate it all.

Beyond the waiting game for customers, institutions themselves must wait to reap the benefits of an activated card in use. Interchange revenue is delayed - if ever realized - even though an institution has already incurred the costs of producing, issuing and mailing the card. Financial Instant Issuance, on the other hand, personalizes, thus enhances, the customer experience - and provides your institution with instant customer “wallet share” and expedited revenue attainment.

More often than not, when customers apply for a debit or credit card, they are in the frame of mind to use it during that application process. Would it not be ideal to capitalize on that opportunity instantly?

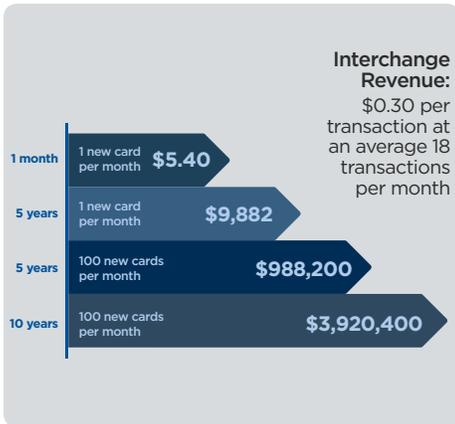
Studies show that on average, instantly issued financial cards are used within two hours or less of activation. The ability to issue and activate a card instantly capitalizes on your customers’ natural desire to use that card and ultimately provides your institution with previously unrealized - and more rapidly attained - interchange revenue. It has also been reported that among all debit card users, 36 percent say instant issuance would influence their choice of financial institution - a percentage that springboards to an impressive 47 percent for 18- to 24-year-olds. With Fii, this highly sought after demographic is now within reach for today’s institutions.

What’s more, because Financial Instant Issuance happens face-to-face right in your branch, previously missed opportunities to provide a competitively advantageous and personalized customer experience as well as those to upsell or cross-sell additional services - are now available to you.

### **The ROI factor - increased revenues and reduced costs pay for Fii**

Let us also explore the ROI (Return on Investment) factor. Community banks and credit unions that seek to implement Financial Instant Issuance must be able to both justify the initial installation cost and realize ongoing, measurable benefits. So, how precisely is this achieved?

Beyond new cards bringing in increased revenues within shorter timeframes and eliminating mailing costs altogether, in-branch instant card issuance dramatically reduces the costs associated with replacing cards in emergency situations. Examples of such costs that surround lost or stolen cards can include production expedite fees, call center inquiries and rush delivery charges. In addition, institutions no longer run the risk of cards being lost or stolen in the mail when shipped from a central issuance service bureau. Depending on the number of cards issued per year, the increased revenue combined with the cost savings of instant issuance presents an attractive value proposition compared to central issuance.



Moreover, instant issuance simultaneously drives ongoing revenue by increasing each card’s average transactions per day, as well as the interchange revenue per transaction - and ultimately per card. As a result, overall ROI is achieved much more rapidly, with reduced risk and at substantially lower costs than with central issuance. In fact, based on new card volumes, interchange and average number of card transactions, many institutions that have implemented Financial Instant Issuance report that the return on that investment is typically realized within a mere 18 to 36 months.

So, what does this really mean for your institution’s bottom line?

**Instant Issuance - a strategy for predictable revenue growth**

In a central issuance-only model, financial executives report that activation rates among centrally issued cards typically top out at a mere 70 percent in a “best case” scenario. Even for that 60-70 percent of cards that are eventually activated, your branch would still be missing out on that first 7-10 days’ worth of transactions and their associated revenue. Thus, potential interchange revenue associated with instant issuance is simply unattainable in a central issuance model scenario given these statistics.

Leveraging an instant-issuance model however, activation, use rate, and interchange revenue climb dramatically. Assume that each new instant issued card brings in \$0.30 per transaction in interchange revenue. Let us also assume that each new card is used for an average of 18 transactions per month. That one card now represents \$5.40 of new revenue within the first month. If Fii produces just one additional new card per month that is activated and used by a cardholder, this results in \$9,882 of new interchange revenue over the next five years for the financial institution. Note that this is achieved by adding just one new instant issued card per month - just one.

Taking larger assumptions into consideration, if your financial institution were to incrementally gain 100 cards in use per month earning the same interchange revenue as described previously, this would equate to \$988,200 over five years or \$3,920,400 over 10 years as long as those cards remained in use. The new revenue stream that Fii delivers can be quite impressive and predictable.

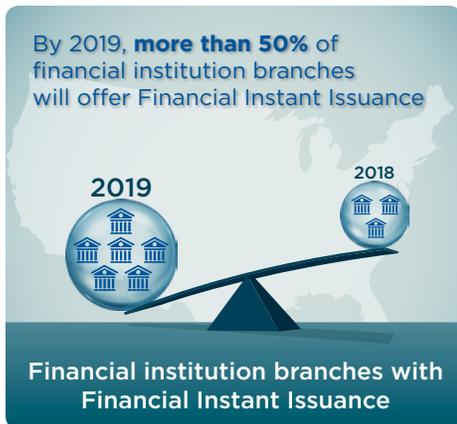
**Financial Instant Issuance - why now?**

Few can argue that instant issuance has many measurable benefits but some institutions may be asking, what’s the rush? “Why now?”

The answer is quite simple. Customer expectations have changed and in order for financial institutions to remain competitive and relevant, they too, must change the way they meet or exceed these expectations.

**Most financial institutions already offer Fii - don’t be left behind**

Propelled by the adoption of EMV payment card standards, as well as numerous breaches at major US retailers over the past few years, the Financial Instant Issuance market is expected to hit critical mass sometime in 2018. It has also been projected that the number of branches in North America offering instant issuance will surpass the number of branches that don’t by the end of 2019. Banks and credit unions that have not yet deployed an instant issuance solution are likely already seeing competitors make serious inroads into their market share —or will be soon.



Projections such as these create an obvious sense of urgency. Those that don't embrace instant issuance now, risk falling far behind their competition in overall "share of wallet" and associated revenue gains, new customer acquisition - and even existing customer retention. The personalized and enhanced customer experience of receiving a ready-to-use payment card in-branch has proven time and again to place instant issuing banks "top of wallet" and subsequently strengthening new and existing customer loyalty. For this reason, instant issuance solutions inherently level the playing field for smaller, local banks and credit unions, extending their ability to offer profitable services on par with their larger commercial bank counterparts.

Those that remain unconvinced of the benefits of Fii could argue that in today's digital world, online banking and mobile services top the list for acquiring and retaining a new generation of customers. However, studies indicate otherwise. Most intriguingly, digital channels have not replaced physical channels. Customers using mobile and online banking more than once a week are over 60 percent more likely to be active retail branch users than those who do not. So while customers have embraced multichannel access, they also expect higher value from face-to-face interactions at their bank branch.

It is precisely this type of "higher value" interaction that Financial Instant Issuance delivers and has become an expected service of every branch. If your institution does not offer instant issuance, you run the risk of being a less desirable financial service option for your customers - and they will go elsewhere.

## Why HID Global?

### Our history

HID Global® was the first Secure Issuance provider to offer EMV (Europay/MasterCard®/Visa®)-compliant instant issuance for banking and financial institutions and we have been perfecting the technology ever since. Our solutions reflect our commitment to customer-inspired innovation and the evolution of instant issuance since its inception in the market more than a decade ago.

One of the many advantages of working with HID Global is our ability to provide fully integrated Financial Instant Issuance. HID Global offers HID® TRISM™ Financial Instant Issuance (Fii) Software - a complete solution that can be customized to meet the unique needs of your financial institution. HID is the only Fii provider to design all of its own critical components of the Fii solution - HID-designed software, HID-designed card printers and consumables, HID-designed HSMs integrated with tablets and PIN pads - all of which are engineered and tested to work together for complete and interoperable, end-to-end Financial Instant Issuance.

Today, 600+ financial institutions and 7000+ branches rely on HID TRISM solutions for their Financial Instant Issuance programs.

### Our solution

HID TRISM software runs on your local branch's network, fully integrating with existing hardware and all on-site processors spanning AP, EFT and credit card - enabling instant issuance and activation of payment cards.



The HID TRISM Duo HSM (Hardware Security Module) prevents identity theft and fraudulent activity by encrypting sensitive financial information—including the card number, the SVV, and the PIN. The protection provided by this compact appliance combined with HID TRISM software provides an essential safeguard for all of your customers' secure data.

Our HID TRISM Tablet and PIN pad enable the secure, convenient and private personalization of cards and PINs taking customer service to a new level.

For the personalization and issuance of your physical cards, world class HID FARGO<sup>®</sup> printers give you the ability to create high quality, visually rich, and durable financial cards on demand. HID FARGO DTCii and HID FARGO HDPii card printers support the secure global Europay MasterCard Visa (EMV) standard, ensuring that cards are interoperable with the global payment infrastructure and provide greater protection from fraud. In addition, special features of HID FARGO card printers make them compliant with the security best practices of financial card associations. From hardware and Kensington<sup>®</sup> locks to AES-256 data encryption, HID FARGO card printers play an integral role in the security of your instant issuance solution. Built on multiple generations of proven direct-to-card and retransfer technologies over the last 20 years, HID FARGO printers provide superior ease-of-use, image quality, reliability and security.

#### **Our support**

As an integral part of your Financial Instant Issuance solution, HID Global offers program management, implementation and training services – so you can quickly deliver a best-in-class customer experience from a trusted partner.

With a history of technology innovation, business integrity and long-standing customer confidence, HID Global is recognized as a highly trusted industry expert in the secure instant issuance of payment cards.

#### **Our flexibility**

In addition to our robust, end-to-end solutions and breadth of experience, HID Global offers flexible buying and licensing options for today's discerning institutions. HID Global understands that dependent on individual cash management needs, budget and investment readiness, some financial institutions prefer to have their Fii program software license fees billed on a “pay as you go” (or Pay-per-Click) basis versus a pricing model that supports annual licensing fees (or ALF). For this reason, HID Global offers both pricing models to best meet the needs of our valued customers. Regardless of how you implement your Financial Instant Issuance program, you have the freedom to choose the licensing model that works best for your institution.

## Conclusion

Financial customers have come to demand instant gratification in today's fast-paced world that only an instant issued card can provide. Implementing a Financial Instant Issuance solution not only allows you to enhance your customer's experience and gain a competitive advantage, it can be the strategic lynchpin you've been seeking for incremental and measurable, ongoing revenue growth.

Find out what HID Global Financial Instant Issuance solutions can do for your institution today by visiting us at: [HID Global Financial Instant Issuance](#)

For an at-a-glance summary debunking the Top 5 Myths About Financial Instant Issuance, check out our [eBook](#).

### *About HID Global*

*For more than 20 years, enterprise corporations, government agencies, healthcare facilities, financial institutions, transit authorities, small-to-medium businesses, K-12 schools, Colleges and Universities have all relied on HID Global to deliver the world's broadest, feature-rich portfolio of card printers/encoders for custom card personalization, creating high-quality color photo IDs, financial cards, and encoding smart cards. With a history of technology innovation, business integrity and long-standing customer confidence, HID Global is recognized as a highly trusted industry expert in the secure instant issuance of payment cards. Today, more than 600 financial institutions and 7000 branches rely on HID Global TRISM solutions for their Financial Instant Issuance programs.*