

# Debunking Debit and Credit Card Misconceptions

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Candace is a banking professional with more than 37 years of experience in debit cards, credit cards, card processing, card networks and ATMs. She has led small and large teams in operations, product management, and relationship management. In these roles, Candace has worked with banks both large and small to maximize their card portfolio revenue and expenses.



**PIN Network Evaluation & Negotiation**



**Visa versus Mastercard Evaluation**



**Card Profitability**



**Vendor Management**

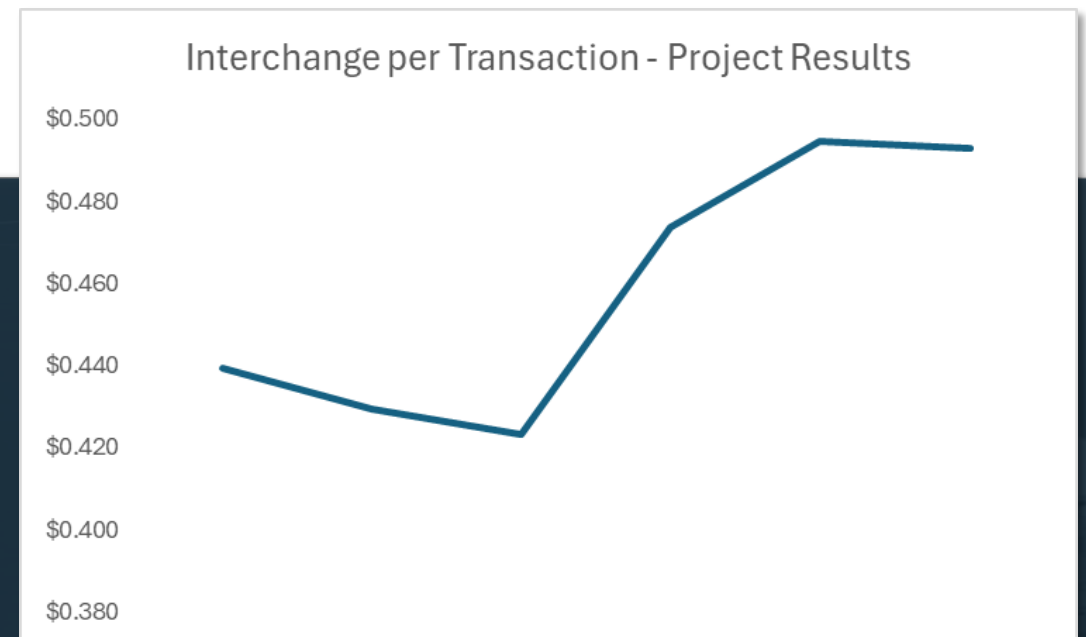
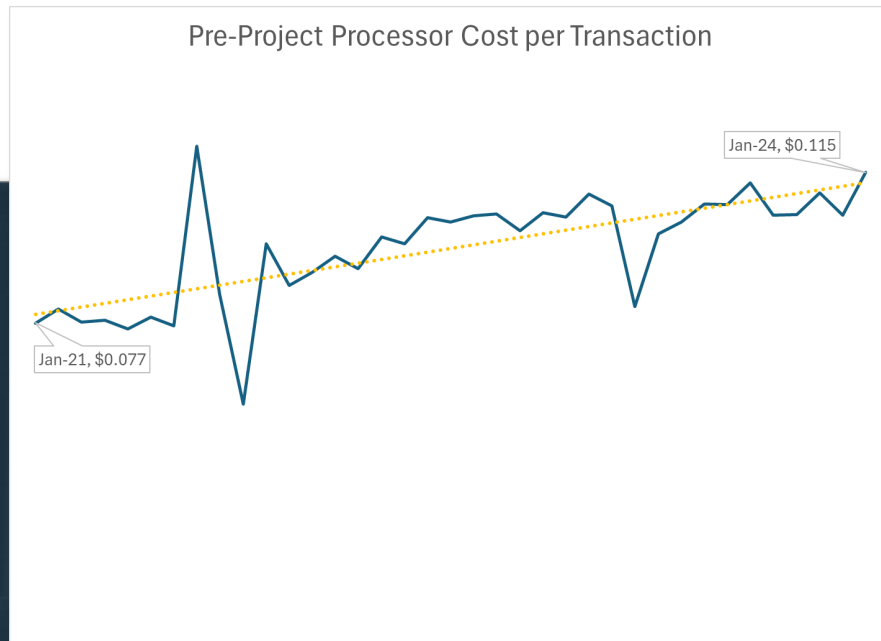


# Common Misconceptions



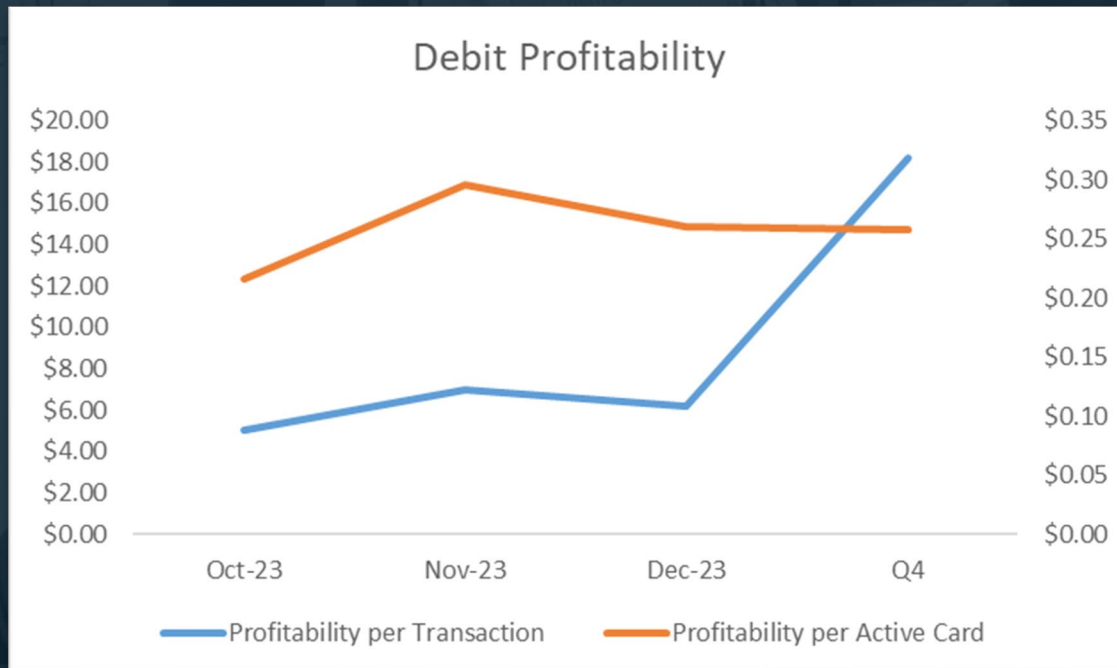
# Debit Cards Take Care of Themselves

- ✓ Debit cards are the primary channel for consumers to access their funds
- ✓ Interchange revenue from your debit card program is the #1 source of NII
- ✓ PIN Network and Processor costs are negotiable, and Visa/Mastercard will give you incentives





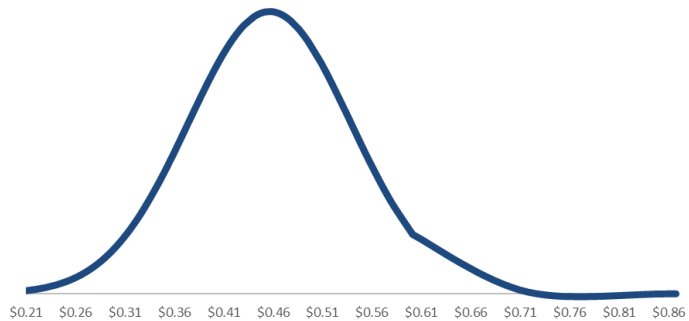
# Debit Cards Take Care of Themselves



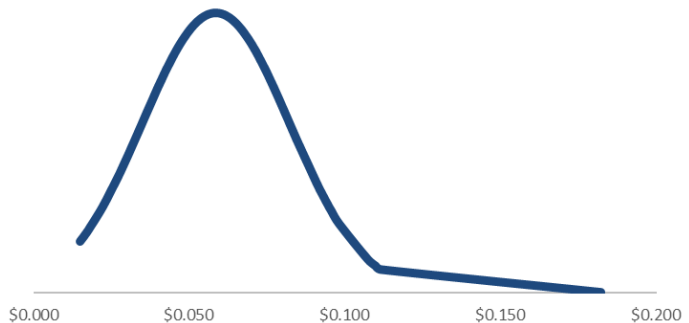
- Create a debit card P&L
- Track profitability by active card and transaction to spot anomalies
- Don't try to eliminate all fraud
- Market your debit card program
- Hold someone accountable for the revenue and the expense

# Your Processor's PIN Network

Gross Revenue per Transaction



PIN Network Fees Per Transaction

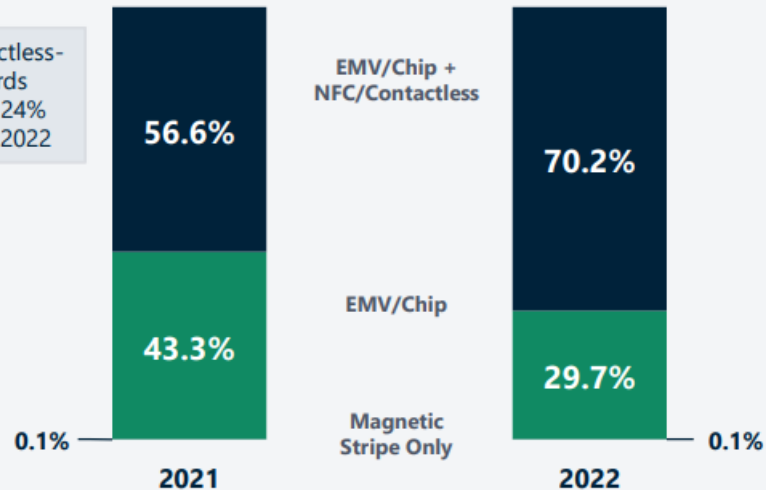


- ✓ Not all PIN Networks are created equal
- ✓ Your processor may not be the only answer
- ✓ There are wide ranges of expense structures and multiple places to hide those expenses
- ✓ Interchange fluctuates regularly – don't commit for too long
- ✓ You can change PIN networks without cardholder impact

# Contactless Cards

**CARD MIX, %**

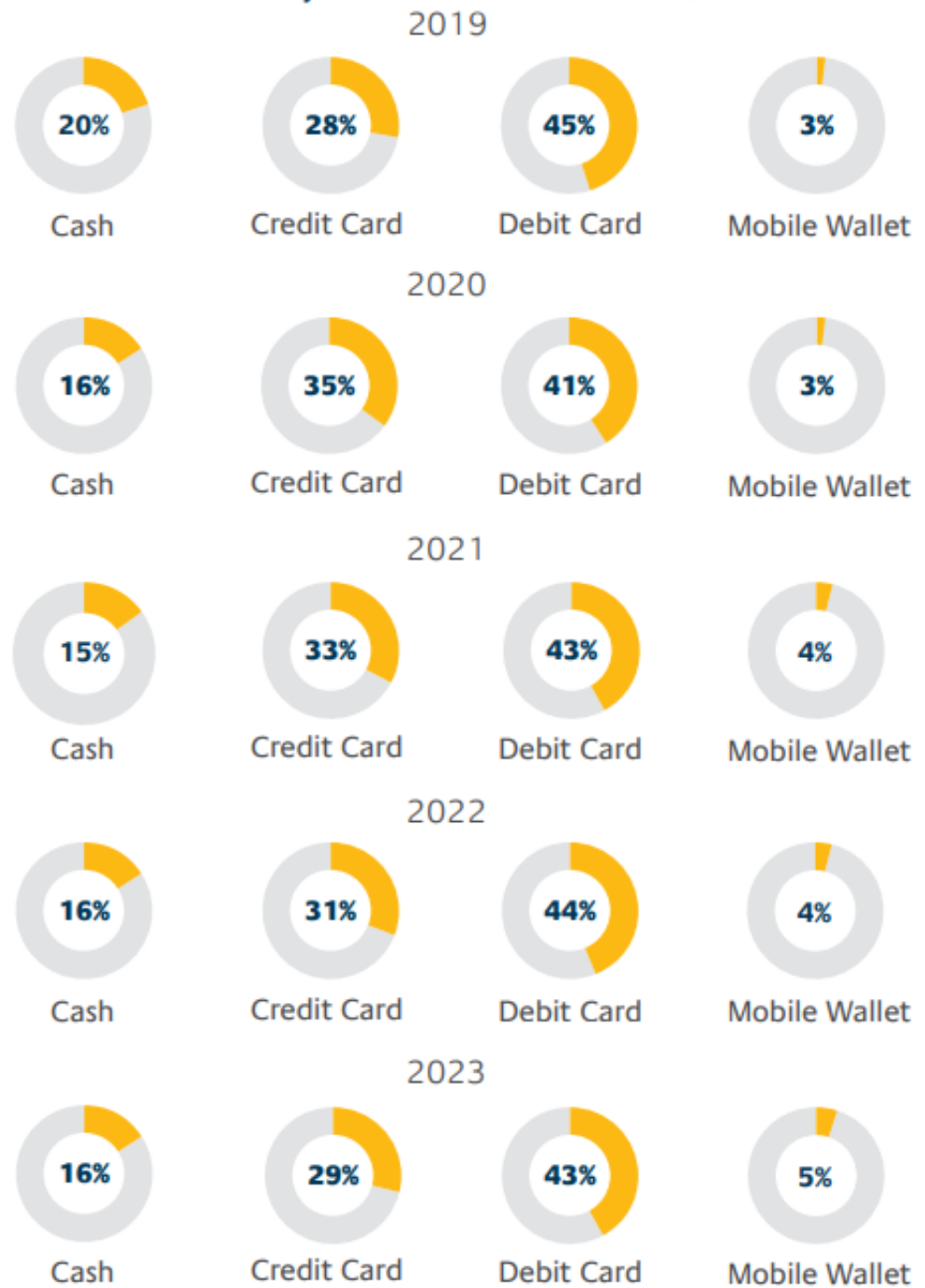
Share of contactless-enabled cards increased by 24% from 2021 to 2022



Contactless cards are more expensive, but...

- The average consumer uses their contactless card for 2 more transactions each month
  - In an average 10,000 card portfolio, that's \$120,000 in incremental revenue
- Contactless cards are faster – less consumer friction

# Cash isn't Winning





# Surcharge-Free ATM Networks



- Do not need back of card logos
- Card preferred over cash
- Consumers will pay ATM fees
- Are you giving away revenue?

# Credit Cards

- Highly competitive space
- But your customers look to you for solutions
- There are more solutions available with creative structures



# Session Key Takeaways



Pay attention to your debit card program

Your processor isn't always right

Understand and track your profitability

Consumers and their habits have changed





# Questions & Discussion

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# PROFIT RESOURCES

## I N C O R P O R A T E D

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# What We Do



## Strengthen Profitability

PRI strengthens financial institutions by improving profitability through **revenue growth and cost control**, with a focus on streamlining processes and effective use of technology.

## The PRI Way

PRI's objective is to help banks better serve their customers and their employees, while increasing shareholder value.

## Beyond Strategic Guidance

We deliver specific recommendations, provide hands-on assistance, and partner with our clients to achieve their goals.





## WHAT OUR CLIENTS SAY...



*Profit Resources' people blended right in with our employees.*



*PRI guaranteed results and delivered practical non-interest income and efficiency ideas far beyond our expectations - and well above their guarantee.*



*We feel like Profit Resources is the community bank of consulting firms; they sincerely care about their customers' success in the same way that we care about our customers.*



*Beyond the financial impact of their recommendations, Profit Resources helped our front line people change their mindset from one of operational repetition – **“We’ve always done things this way,”** to one of **“Why are we doing it this way and is there a better method?”***



*The brand agreement incentives and PIN processing improvements were the easiest income projects we’ve done. PRI did almost all the work, helped us learn so much more about interchange improvement and the project had no impact on our customers.*