

Should You Offer Instant Card Issuance?

Six Questions to Ask

Instant issuance of credit and debit cards — recently considered too costly for most financial institutions — now deserves a second look.

The ability to offer instant card issuance at branches once involved having to print embossed cards on-site, which meant expensive printing processes. But industry rule changes that allow for flat cards, along with declining prices of printers, have made instant issuance a top consideration for financial institutions.

The need to examine instant issuance comes at a time when financial institutions have before them an array of technology that is helping transform the branch, allowing them to focus more resources on the account holder relationship. But getting it right is not a given. Ultimately, the new technology must offer a better payoff.

Realistically, financial institutions don't have much choice when it comes to evaluating new technology at the branch. Given the rapid decline of in-branch transactions, they need to re-evaluate the role of personnel in the branch and look for new ways to engage the account holder. As a result, many financial institutions are giving a closer look at new technologies to change how branches operate.

For example, cash recyclers, though around for years, have had limited penetration in the market due to their cost. But now institutions are finding them hard to resist due to how much time they save personnel.

Cash recyclers automate teller functions such as counting cash and recording of transactions. They also offer security, acting as mini-vaults. This allows personnel that were originally acting as tellers to roam the branch: instead of working behind a teller counter, representatives can

work from a pod station and interact alongside a customer rather than behind a counter during a transaction. Here, the technology is compelling enough because it changes the way a branch does its business.

The check-scanning automated teller machine is also helping revolutionize how branches conduct business. Despite the expense of these ATMs, financial institutions have been rolling out the machines, as budgets allow. Image-scanning ATMs can print receipts that show a copy of the check, which has virtually eliminated resistance by consumers, since they walk away with verification of a deposit. Again, the technology here offers a strong value proposition.

Similarly, improved video screens have now made the drive-through window no longer necessary. With better quality video, financial institutions can reconfigure branch floor plans, eliminating the window itself and moving driving lanes to maximize space on the lot.

With all of these new technologies, financial institution executives at some point had to answer the following six questions in their evaluations:

1. Does the technology lead to a better consumer experience?
2. Does it make internal processes more efficient?
3. Is it affordable?
4. Is easy it to implement the technology?
5. Does it generate or at least maintain profits?
6. Does it offer a competitive advantage?

Only when all six of these questions are answered in the affirmative, a financial institution can move forward to install the new technology.

The Six Questions and Instant Card Issuance

The growing popularity of instant issue credit and debit cards serves as a good example of how technology can improve branch operations all around. A few industry developments helped bring instant issuance into the mainstream. Several years ago, MasterCard® and Visa® dropped their requirements of having to print embossed cards. Before that, printing cards in the branch involved investment in costly, bulky printers capable of embossing. The rule change cleared the way for using laser-based printers, which are much less expensive to operate.

Here is how instant issuance breaks through the threshold put forth by the six questions:

1. A Better Consumer Experience. Instant issuance definitely improves account holder service. Consumers can obtain a card when they open an account, or get a replacement card upon request, quickly and easily. This saves consumers' time, and avoids a waiting period of up to 10 business days for delivery of a card in the mail. Once the card is activated, consumers can access funds immediately.

2. Greater Efficiency. Some of the card issuance equipment now on the market is plug and play. A service representative enters relevant account holder data via a secure website, and the consumer selects a personal PIN. The data is encrypted and then sent to an offsite server, which processes the relevant information to be stored on the magnetic stripe on the card. To finish the order, encrypted data is then sent to a printer back at the branch and the card is programmed and printed in seconds.

3. Affordability. Instant issuance allows financial institutions to break even in a reasonable time frame. If using a vendor, banks and credit unions can pay a flat fee to get started, which should include training and initial support.

4. Ease of Implementation. Financial institutions can purchase hardware and software to do it themselves, but some providers offer systems that will remove the hassle of needing to install secure servers to handle sensitive information that must be calculated for card creation. The right vendor can handle the whole process, from providing all of the equipment to implementing a secure web-based interface.

5. Profit Generation. Instant issuance helps get the debit card top of wallet. Placing a card in the hands of a consumer at an account opening has been shown to increase revenues for the branch, since activation is immediate. The strategy fits nicely with efforts to boost debit card usage.

6. Competitive Advantage. Branches can issue cards right on the spot, offering more convenience than a rival across the street. At a time when consumers demand instant gratification, issuance on the spot is another way for financial institutions to stay a step ahead of competitors.

Once a financial institution makes the decision to adopt a new technology for the branch, it's then a question of how much of the servicing component to outsource. With card issuance, large institutions might decide to set up their own system. Smaller institutions should consider the affordability and convenience of going with a vendor that will handle all the card data and security components. A good partner will handle everything from setup to training to support. These days, with all of the changes at the branch, it's a question of how quickly a financial institution can adopt the new technology in order to improve the account holder experience and maintain a competitive advantage.

Harland Clarke offers a full suite of card services — including an affordable, easy-to-implement instant card issuance solution.

To find out more, call **1.800.277.7637**, email us at cardservices@harlandclarke.com or visit our website at harlandclarke.com/cardatonce.