Presentation materials and video replay will be provided within one week.

Have questions? Use the questions panel – we'll field them as we go and during the Q&A recap at the end of the call.
Presenters

Stephen Nikitas
Sr. Market Strategist
Harland Clarke

Paulette Courtney
Sales Engineer for Card Services
Harland Clarke
What We’ll Discuss Today

- “Amazon Effect” and the changing consumer landscape
- Payment solutions and branch banking trends
- Optimizing (and monetizing) the branch experience
- Instant issuance — impact from meeting consumer demands
- Introducing Card@Once®
- Instant issuance solutions and comparisons

Card@Once is a registered trademark of CPI Card Group, Inc. US Patent No.: 8429075
A Study in Changing Behavior

The Amazon Effect

Super Saver Shipping

1-click Ordering

Prime

Prime Pantry

Building Loyalty

Order Size

Frequency

2x Spending

Spend

Order within 8hr 5min to get it:

Tues
Wed
Free
Technology and Instant Gratification

And it’s not just for online shopping anymore
More Payment Options Than Ever Before

- More solutions = more competition
- Financial institutions are competing with mobile payment disruptors
- Loyalty is the differentiator
Shift Toward Non-traditional Banking

How do you like to interact with your financial institution?

- Online Banking: 67%
- At The Branch: 57%
- Smartphone: 55%
- ATM: 52%
- By Telephone: 26%

Source: The State of Retail Banking – 2016 – Time Trade

What are the reasons you visit your financial institution?

- Deposit/Withdrawal: 72%
- Use The ATM: 50%
- Open An Account: 39%
- Business Services: 17%
- Mortgage/Loan: 13%
- Wealth Management: 9%

Source: The State of Retail Banking – 2016 – Time Trade
... But Branches Are Still Important

How many times do you visit your branch per year?

- Twice a month or more: 27%
- Once a month: 21%
- 5–12 times a year: 26%
- Fewer than 5 times a year: 19%
- I didn’t visit my branch in the past year: 6%

Source: The State of Retail Banking, 2017 – Time Trade

© 2018 Harland Clarke. All marks are the property of their respective owners. All rights reserved.
Improving the In-branch Experience

- Promote high value-add interaction opportunities in branches
- Educate and cross-sell account holders about self-service tools and other revenue generating products
- Offer revenue-generating in-branch services
How Instant Issue Helps ...

**Increases opportunities** for meaningful account holder engagement

Helps keep cards **top of wallet**

Migrates low value-added transactions to self-service channels, freeing up branch employees for more **strategic (and profitable) interactions**

Positions financial institutions to **control cardholder activation** at account opening or in a card lost/stolen replacement scenario

It's become a differentiator for accountholders when choosing a financial institution especially among millennials


¹ Chronis, Chris, “In an Instant: The Increasing Impact of Instant Card Issuance,” Fiserv, April 5, 2017
U.S. Projections - Instant Issuance

U.S. financial firms and branches offering instant debit cards

6,000 Financial Institutions

4,000

2,000

0


Projections

Source: Aite Group

60,000 Financial Institutions

40,000

20,000

0


Projections

Source: Aite Group
Benefits of Instant Issuance
Benefits of Instant Issuance

- Improved cardholder experience
- Incremental lift in revenue
- Increased activation and utilization
- Enhanced security
- Reduced operational and fulfillment expenses
Instant Issuance Makes a Big Impact

Account Holder Experience

Secure - PCI compliant

Convenience - card prints in less than 2 minutes.

99.8% customer satisfaction

Source: CPI Card Group

© 2018 Harland Clarke. All marks are the property of their respective owners. All rights reserved.
Instant Issuance Makes a Big Impact

**Institution Benefits**
- Operational costs of up to $1 per card
- 2.5% debit
- 4.5% credit interchange savings
- A reduction of risk/fraud – 53% cardholders received instant replacement cards

**Account Holder Experience**
- Secure - PCI compliant
- Convenience - card prints in less than 2 minutes.
- 99.8% customer satisfaction

Source: CPI Card Group

© 2018 Harland Clarke. All marks are the property of their respective owners. All rights reserved.
Instant Issuance Makes a Big Impact

Institution Benefits

- Operational costs of up to $1 per card
- 2.5% debit
- 4.5% credit interchange savings
- A reduction of risk/fraud – 53% cardholders received instant replacement cards

Account Holder Experience

- Secure - PCI compliant
- Convenience - card prints in less than 2 minutes.
- 99.8% customer satisfaction

- 15% increase in activation over centrally issued cards
- 5 additional transactions per card
- 15% increase in account holder transactional volume

Source: CPI Card Group

© 2018 Harland Clarke. All marks are the property of their respective owners. All rights reserved.
Introducing Card@Once®
## Cloud or Purchase?

<table>
<thead>
<tr>
<th><strong>Software as a Service (SaaS)</strong></th>
<th><strong>Software for Purchase</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>No software to purchase; hardware includes printers and PIN pads</td>
<td>Must purchase software, printers and PIN pads</td>
</tr>
<tr>
<td>Communication managed by provider through secure web service calls</td>
<td>Dedicated server and network implementation required by the FI</td>
</tr>
<tr>
<td>Program setup handled by provider, including loading secure keys</td>
<td>FI responsible for setting up all components and loading secure keys for PIN and CVV/CVC</td>
</tr>
<tr>
<td>All systems maintenance and upgrades managed by provider</td>
<td>FI must install and maintain software upgrades</td>
</tr>
<tr>
<td>Minimal IT and Operational resources needed</td>
<td>Requires internal FI resources (IT, Operations)</td>
</tr>
</tbody>
</table>
Card@Once® Instant Issue Solution Highlights

Innovative
● SaaS model
● Patented

Simple
● Includes implementation, setup, training and support
● Requires only a power and internet connection
● Easy to operate – no systems to manage
● Operable in a non-integrated or integrated environment

Reliable
● Uses proven print technology
● Low maintenance

Convenient
● Quiet operation

Secure
● EMV capabilities
● PCI Certified
● Meets VISA®/MasterCard® security requirements
● No financial institution keys are loaded in the Card@Once® unit

All rights reserved. Card@Once® is a registered trademark of CPI Card Group, Inc. US Patent No.: 8428075.

EMV is a registered trademark or trademark of EMVCo LLC in the United States and other countries.

© 2018 Harland Clarke. All marks are the property of their respective owners. All rights reserved.
Card@Once® Instant Issue Process

1. Enter The Customer's Information
   Card order is submitted via web screen

2. Encrypt
   Data is encrypted and securely transmitted for processing

3. Print
   Encrypted data is securely sent to the Card@Once® printer, where it is programmed and printed in seconds

4. Finish
   Account holder leaves the branch with a fully personalized card

© 2018 Harland Clarke. All marks are the property of their respective owners. All rights reserved.

Card@Once® is a registered trademark of CPI Card Group, Inc. US Patent No.: 8429075.
What About Security Risk and Control?

- Access rights assigned to an administrator(s)
- Financial institution administrator sets up users based on roles
- Single sign-on capabilities available
- No financial institution keys are loaded into Card@Once® unit
- The Card@Once® solution was developed in accordance with PCI DSS regulations and maintains annual PCI certification
Instant Issuance Considerations

**Costs to Consider**
- Start up costs
- Varies depending on the solution
- Equipment
  - Printers and PIN pads
- Software and licensing fees
- Maintenance fees
- Consumables (i.e., ribbons, etc.)

**Revenue and Benefit Drivers**
- Debit cards issued per month
  - New account and lost/stolen
- Card activation rate differential
- Incremental debit usage

© 2018 Harland Clarke. All marks are the property of their respective owners. All rights reserved.
What You Should Look for in a Solution Provider

- PCI DSS certified
- Visa®/MasterCard®/Discover® compliant
- Physical and mechanical locking system to secure printer to workstation and prevent unauthorized access to print and blank cardstock
- User access controls
- Enhanced reporting, monitoring and audit capabilities
- Ongoing support
- Fast and affordable implementation

© 2018 Harland Clarke. All marks are the property of their respective owners. All rights reserved.
Key Takeaways

Act Now
- Instant issuance is a competitive differentiator — account holders have begun to expect it.

Plan Deliberately
- Instant issuance is a proven and effective strategy in helping to shape the branch transformation process and improve customer satisfaction.
- Closely evaluate SaaS versus software for purchase solutions.

Maximize Value
- Employ marketing tactics that generate awareness and combine with initiatives that encourage cardholders to make an immediate purchase.

Experience the Benefits
- Instant issuance increases card usage and keeps cards top of wallet.
- Instant issuance lets you engage with account holders in a personal and meaningful way.
Q&A Wrap Up

Type your question in the questions panel

Stephen Nikitas
Senior Market Strategist
Harland Clarke

Paulette Courtney
Sales Engineer for Card Services
Harland Clarke

www.harlandclarke.com/webcasts

presentation materials and video replay will be provided within one week.
Visit harlandclarke.com/webcasts for this and previous events.

© 2018 Harland Clarke. All marks are the property of their respective owners. All rights reserved.
Thank You