

## **Liberty Bank Advances its Debit Card Program with Dynamic Card Solutions**

*One of the oldest banks in Connecticut chooses CardWizard® instant issue technology to increase customer satisfaction and provide best-in-class services*

The debit card has become a phenomenon in the payment market. According to the 2007 Federal Reserve Payment Study, debit card payments rose 17.5 percent per year to 25.3 billion transactions in 2006 compared to 15.6 billion in 2003. Debit's strong growth likely indicates that debit transactions are replacing cash, check and even credit card transactions, according to KRC Research.

With this increase in debit card payments, it is important for financial institutions to implement a business model that differentiates the company. Customer retention and satisfaction are top priorities driving all financial institutions to stay "cutting-edge" and continue to advance their portfolio of products and services. Instant issue technology is one of the many ways to do this.

Implementing instant issue technology at the branch-level allows customers to receive their debit card immediately without having to wait the average seven to 10 day period to receive cards through the mail – thus providing superior customer satisfaction and loyalty, and furthermore, enabling an increase in activation rate and interchange revenue.

One bank to see the benefits for instant issuance is Liberty Bank. Located in Connecticut, Liberty Bank is the oldest mutual bank in the state, providing customers with best-in-class products, services and rates. With more than \$2.5 billion in assets, Liberty serves more than 190,000 individual and business customers through 34 community banking offices located in central, eastern and shoreline Connecticut.

From its origins as a consumer bank back in 1825, Liberty Bank has grown steadily to a full-service financial institution whose lines of business also include commercial banking, home mortgages, insurance and investment services.

### **The Challenge**

In 2003, Liberty Bank was witnessing the evolution in the payment market with the significant increase in debit card penetration. Committed to customer service and wanting to advance their offerings to its customers, the bank sought to capitalize on this growing trend.

Speed, ease-of-use and customer satisfaction are continuous driving factors for Liberty Bank's products and services. Five years ago, Liberty bank was introduced to an emerging technology -- instant issuance – that would put the bank's debit cards in their customers' hands immediately.

Seizing the opportunity to take advantage of instant issuance and be one of the first banks to implement this technology in their area, Liberty Bank turned to the company that they believed held the market share for this unique product offering – Dynamic Card Solutions (DCS).

### **The Solution**

After meeting with DCS to discuss the benefits of instant issuance and speaking with the company's client base regarding their successes, Liberty Bank decided to move forward with implementation.

Easily interfacing with the bank's core systems, DCS' CardWizard® software was rolled out to four selected branches for consumer debit card instant issuance in 2003. Calling it Phase 1, and before full implementation in all of their branches, Liberty wanted to "test" the acceptance of instant issuance in the marketplace.

As a result of the initial pilot and receiving highly positive feedback from customers, Liberty Bank decided to continue its successes by implementing the program in 14 more branches – totaling 18 thus far-- with another nine scheduled for 2008/2009 rollout.

Recognizing the benefits of speeding up delivery to the customer and the fact that the card is active and ready for immediate use, Liberty Bank also saw more potential for the program. The newest enhancement they purchased from DCS was the PIN transfer software component.

With debit card breaches a rising concern, Liberty Bank wanted to provide its customers a fast card replacement and re-PINning process should they need it. With now nine branches offering DCS' PIN technology, the bank can transfer the customer's current PIN from their compromised card to their newly created instant issued card in a matter of minutes – expediting the card re-issuing process.

"We wanted to alleviate the stress to our customers and provide a convenient solution for new card creation and most importantly for recreated cards," said Robin Fujio, vice president and manager of deposit operations for Liberty Bank. "Customers are thrilled when they can walk into a branch and get a new card immediately when theirs is lost or inoperable."

Additionally, Liberty Bank also offers the customer the ability to pre-select a PIN of their choice for non-instant issue creation through their outsourced card production facility. The customer can simply come in to the bank and select a personalized new PIN. By allowing the customer to select their PIN at the branch, security is increased by not having to send the new PIN number through the mail.

### **The Results**

Since implementing its instant issue program and enabling their customers to select their own PINs as well as the ability to re-PIN, Liberty Bank has seen a tremendous increase in debit card penetration. In particular, the bank has seen a debit card penetration rate of 65 percent in Q1 of 2008, with an activation rate of 82 percent.

Liberty Bank sees instant issuance as a long term investment that is now a key element in their business model – providing Liberty and its customers advantages that include:

#### **Customer Benefits:**

- Customers get their card immediately in lieu of waiting (7-10) days.
- Customers select their PIN number privately and securely.
- Customers can start using the card instantly or next business day.
- Customers can be educated on the proper use and benefits of the card.

#### **Benefits to Financial Institution:**

- The cost to produce and mail cards is eliminated.
- Higher interchange revenue realized because of increased card activation levels.
- Lost/stolen cards can be replaced quickly and affordably.
- Increased customer loyalty and retention.
- Increased debit card program participation.
- The ability to educate customers on the security of using a debit card versus writing a check, thus reducing check volumes/costs.
- Competitive advantage in the marketplace.

“The instant issue program is defined in our overall business strategy as a tremendous added value,” said Fujio. “Our goal is to continue to improve our customer’s expectations and to make us the most admirable bank in our market. Instant issue provides “instant” gratification and peace of mind for our card holders and gives us that edge over our competition. Details, it’s all about the details.”

“In the end, instant issuance is a unique way for financial institutions to thrive in the industry, gain additional revenue, and increase customer satisfaction, retention and acquisition through service, convenience and innovation,” said Fujio. “Our plan is to continue to rollout our offering and make it part of each new branch we open. We look forward to partnering with DCS on their future plans in the instant issuance arena.”