

The Customer Service Gains of Instant Issuance

By Ron Zanotti, vice president of sales and marketing, Dynamic Card Solutions

The “I want it now” generation has spurred change in every industry you can name including consumer goods, entertainment, retail and manufacturing. From “pay-at-the-pump” to online movies, consumers have been conditioned to expect instant gratification.

Financial services customers are no exception. When customers open new accounts or want a new PIN number for a card, they want it *now*, a scenario that has begun to challenge financial institutions to up the ante in instant customer service offerings.

Inhibitors to Debit Card Adoption

Providing an enhanced customer experience is what can set credit unions apart from others in the industry. One area that credit unions are looking to improve is the process for obtaining debit cards. This one area can help address the “instant” response that customers look for in their every day activities. Although debit cards are the most common form of payment today, they are still a challenge for the consumer to get hold of. After signing up for an account, consumers typically must wait for a week or two to receive the cards in the mail. Moreover, of all the mailed co-branded debit cards sent to consumers after opening an account, approximately 59 percent are actually activated and used. The average card user uses their card about 13 times a month with an average transaction size of approximately \$40. Allowing consumers easy access to co-branded debit cards will increase the number of new card users, effectively increasing the revenue potential for credit unions while at the same time fulfilling consumer gratification for access to their money on-demand.

Debit Cards in an Instant

Financial institutions around the country have been turning to instant issuance card technologies to help address the immediate needs of today’s consumers; additionally, for financial institutions, instantly issuing cards can increase activation rates to 100 percent from the industry rate of 59 percent. Instant issuance increases average sales by providing a fast, safe and easy way for consumers to obtain private label or co-branded debit card accounts at the point of service. With instant issuance, a card carrying the Visa or MasterCard logo can be “hand delivered” to the customer in a credit union branch office or remote location. Additionally, these cards include all the security features required for proper encoding, embossing and indent printing.

By offering instant issuance, customers can receive permanent cards at the opening of an account, making immediate purchases a snap. For customers who have misplaced their cards or fallen victim to theft, instant issuance provides an immediate solution without having to wait days or weeks for a replacement. With these consumer benefits in place, credit unions can more easily retain and gain customers.

Federal Credit Union Ups Ante in Customer Satisfaction

Tower Federal Credit Union recently went through the process of selecting and implementing an instant issue system. Tower is the largest federally chartered credit

union in Maryland and among the top 50 in the nation with more than \$1.5 billion in assets. Based in Laurel, Mass., Tower provides a full range of financial products and services to its more than 115,000 members, which include businesses and government agencies such as the City of Laurel, Howard County government, the Federal Communication Commission, the National Security Agency, General Dynamics, Netcom and OfficeMax.

Through a combination of customer input and quality assurance research, Tower's management team realized that sending co-branded debit cards through the postal service and having members wait seven, 10 or as many as 14 days to receive their cards negatively affected their customer's satisfaction.

In many cases, it simply was not reasonable to expect members to wait up to two weeks to receive a new card. For people ready to leave town, this turn around time left them stranded without a debit card also, as branches of the credit union were located solely in Maryland, this presented a significant problem for customers traveling out of state. In order to keep customers happy and improve satisfaction rates, Tower wanted to make obtaining a debit card more efficient and convenient.

In late 2005, Tower representatives researched implementing instant issuance technology. After selecting Dynamic Card Solutions' CardWizard software as its instant issuance software of choice, the credit union launched a pilot test at its main office, where its IT department is located. The implementation team put the technology through a wide variety of test scenarios. They used the cards in live environments and in situations where they needed to re-PIN. A key part of the test was ensuring that the eFunds batch maintenance files worked properly with CardWizard and that all data fields were correct. CardWizard passed every test and implementation began.

Using instant issuance technology, the member services representatives no longer have to manually e-mail the back office to complete the process of issuing a debit card, as they had previously. This has helped to eliminate inefficiencies and improve the standard process for card issuance.

In the first year since it implemented its instant issuance system, Tower has issued approximately 9,500 debit cards. The credit union sees the convenience that it can now offer members as the most important long-term benefit of instant issuance. In addition, Tower is able to generate additional revenue through interchange fees that come with faster activation and usage.

"After implementing instant issuance in our branches, we did extensive research to examine the convenience we offered our members, the efficiencies we've gained throughout Tower and the increased revenues we gained through interchange fees," said Vicky Rohde, senior analyst of research and development for Tower Federal Credit Union. "CardWizard has been a great choice and we would—we have—recommended it to others, no questions asked."

Instant Issuance: The Future

It is not a matter of *if*, but *when* all financial institutions will implement instant issuance card options to their consumers. Consumers are already able to walk out of their credit union branch and begin using cards right away. Therefore as more customers look for this instant access to their cards, providing immediate access will help drive loyalty between the customer and their credit unions as well as create immediate interchange income for the financial institutions offering the service.