Debunking Common Misconceptions of Debit & Credit Card Profitability

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Candace is a banking professional with more than 39 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

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Components to Consider

Actively manage your program

Credit cards aren't always bad

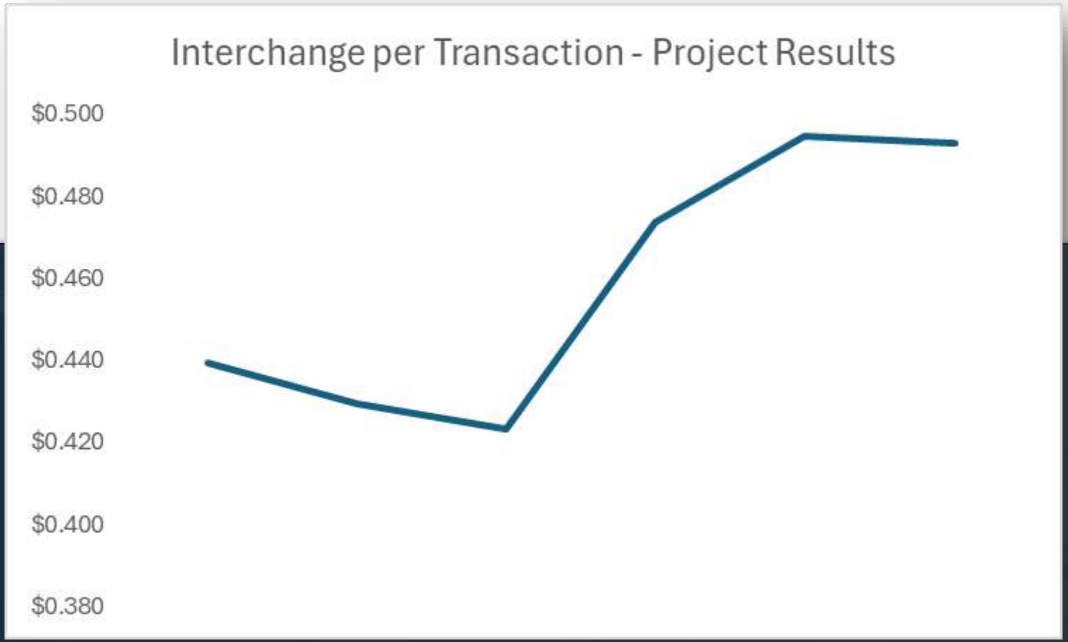
Your PIN network matters

Evaluate your Surcharge-free ATM Program

Contactless cards are important

Debit Cards Don’t Take Care of Themselves

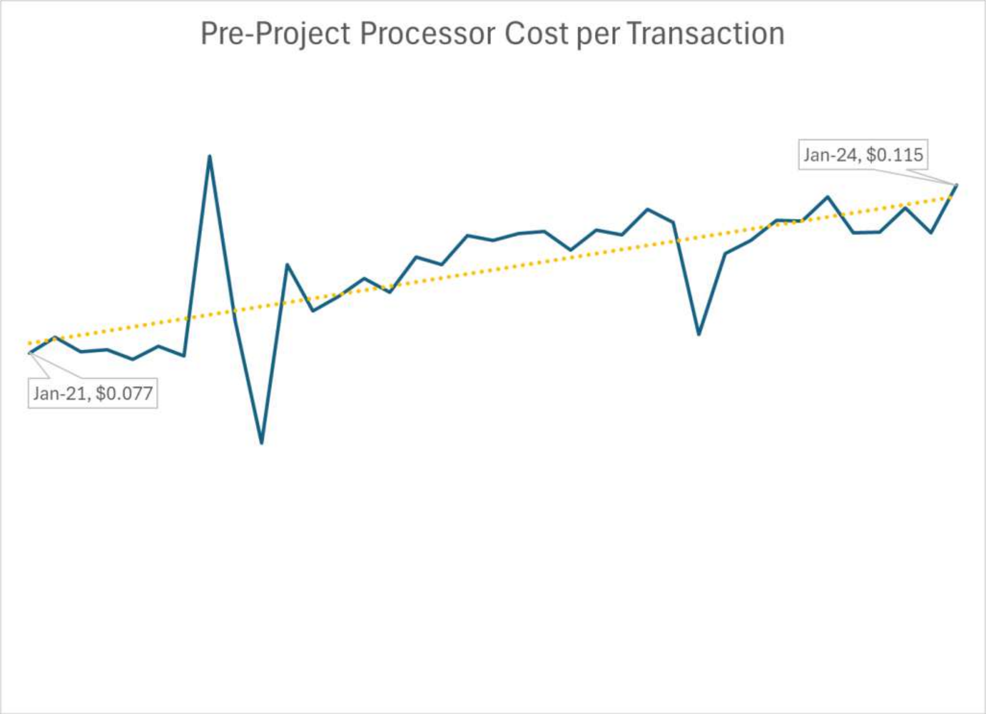
- Debit cards are the primary channel for consumers to access their funds
- Interchange revenue from your debit card program is the #1 source of NII



Source: PRI client data

Debit Cards Don’t Take Care of Themselves

- **PIN Network and Processor costs are negotiable**
- **Visa/Mastercard will give you incentives**



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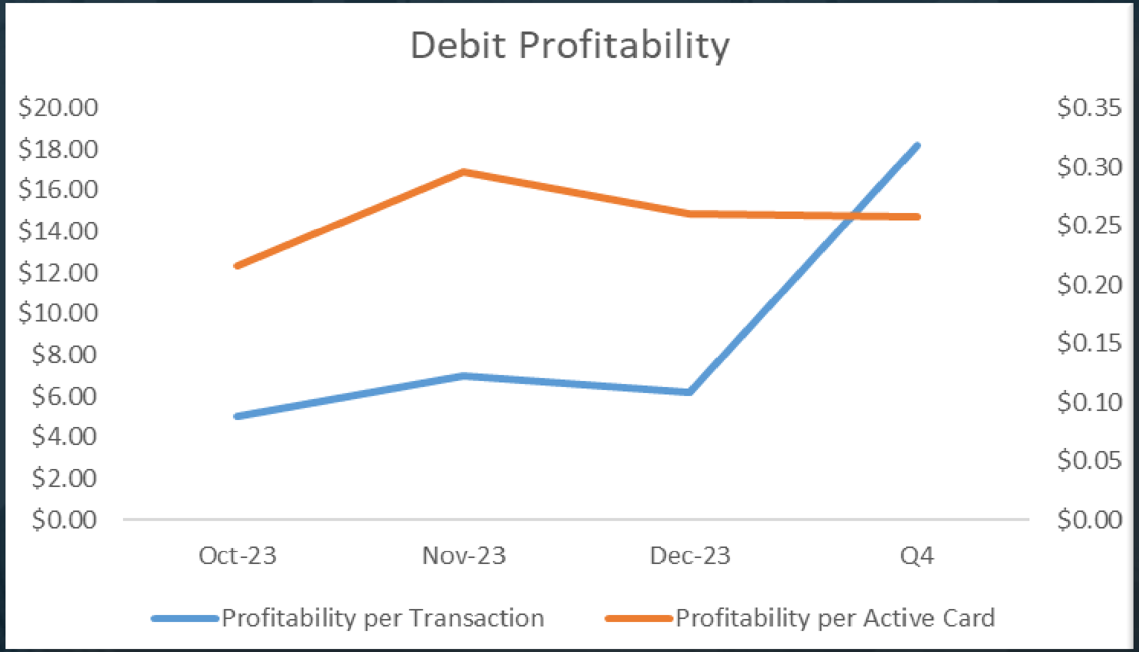
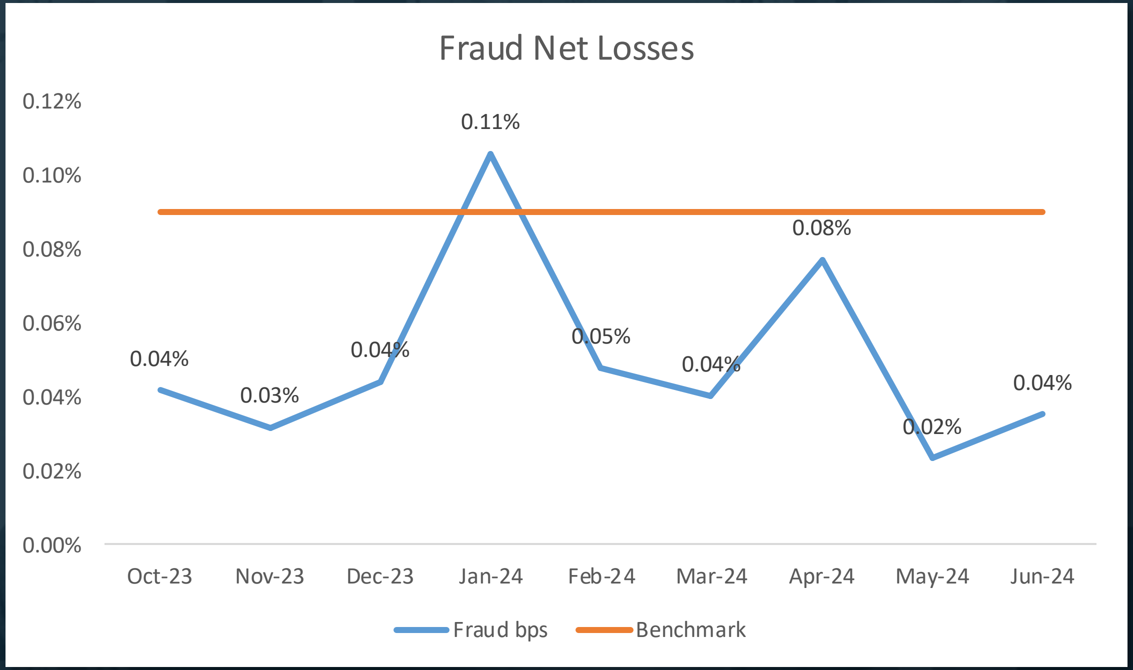


- Create a debit card P&L
- Track profitability by active card and transaction to spot anomalies
- Hold someone accountable for the revenue and the expense
- Market your debit card program

Source: PRI client data

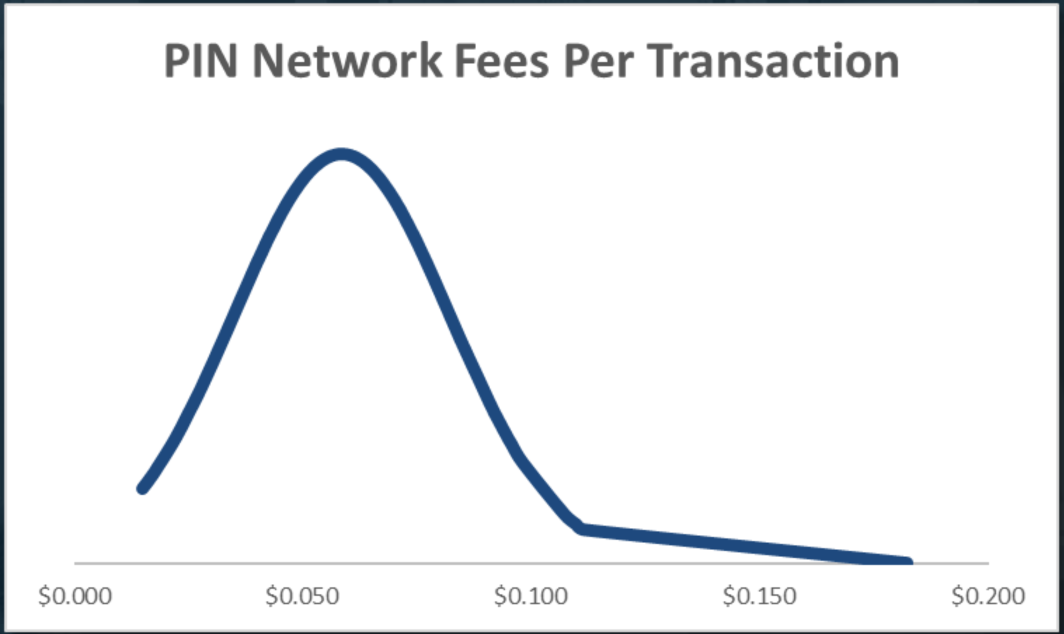
Debit Cards Don’t Take Care of Themselves



Source: PRI client data

- Don’t try to eliminate all fraud

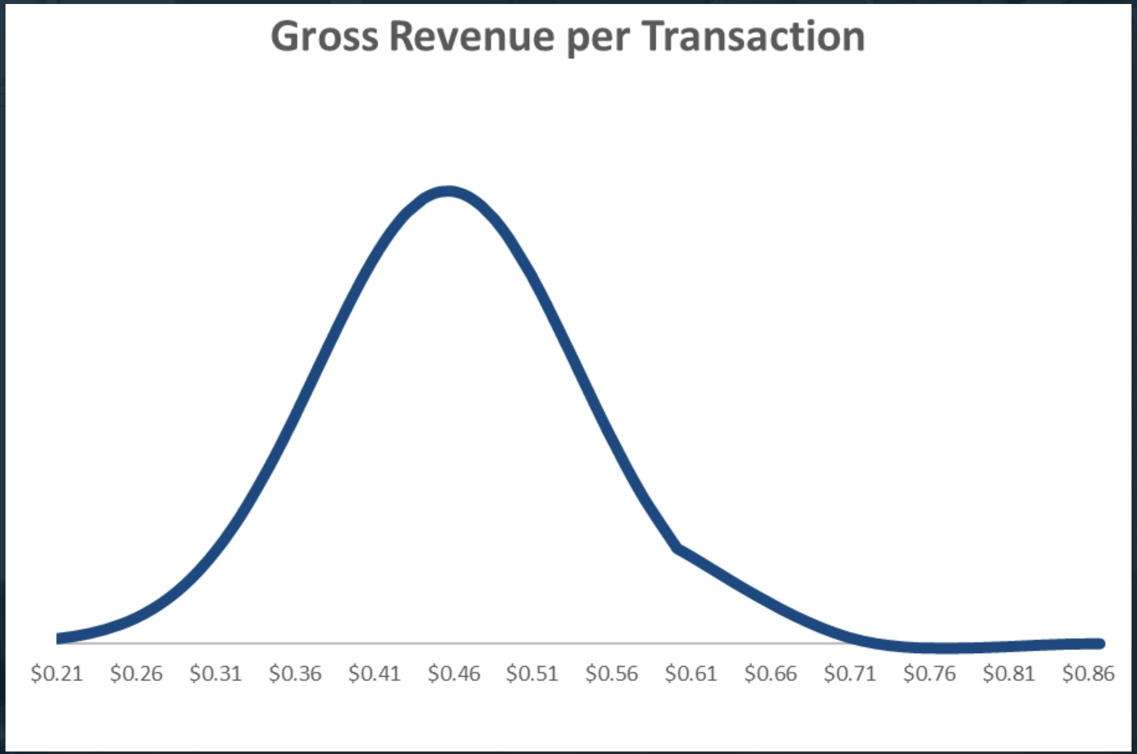
Your Processor's PIN Network



Source: PRI client data

- 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
- You can change PIN networks without cardholder impact

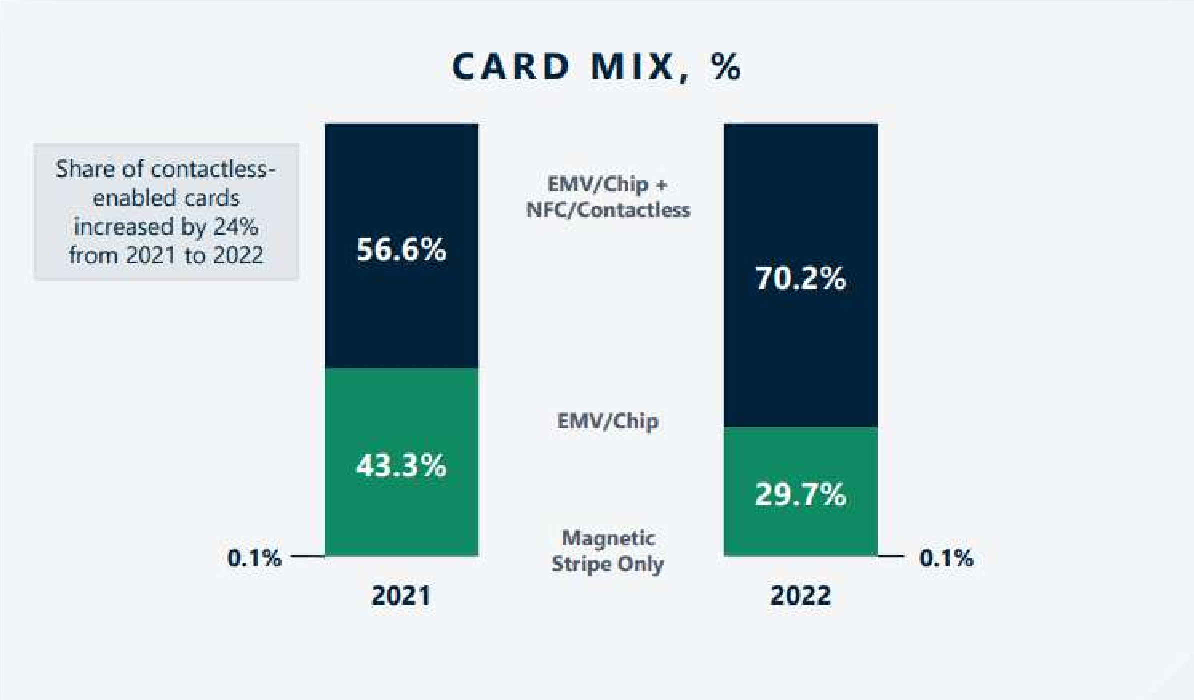
Your Processor’s PIN Network



Source: PRI client data

- Not all PIN Networks are created equal
- Your processor may not be the only answer
- Interchange fluctuates regularly – don’t commit for too long

Contactless Cards



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

Source: Pulse Issuer Debit Study 2023

Cash isn’t Winning

Source: PSCU Eye on Payments 2023

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
- Understand and track your profitability
- Your processor isn't always right
- Consumers and their habits have changed

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Check out **additional resources** or book a meeting with PRI

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