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Instant Card Issuance Comes of Age
Recent Advances Make
Service a Compelling Choice

WHITE PAPER

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Instant card issuance, historically regarded as too expensive and cumbersome of a service to offer consumers in the branch, now is an affordable and compelling option for financial institutions. These days, as banks and credit unions are looking to tap technology to provide better and more convenient services, instant card issuance helps them reach that goal.

The pressure to offer better service in branches is real. Facing tighter margins, financial institutions are looking for new ways to hold on to the account holders they have.

Meanwhile, consumers expect better service, especially in a world of instant gratification, a cultural phenomenon woven into the American life for decades, from the early days of fast food after World War II to the rise of the convenience store in the 1970s to the widespread use of cellphones in the last decade. The need for instant gratification is only accelerating as time marches on. People now depend on smartphones for real-time traffic updates. Texting has made email and voicemail look slow and antiquated. Retailers now offer same-day delivery in select markets. Expectations keep rising. "Instant gratification takes too long," Carrie Fisher says to her mother in her book, *Postcards from the Edge*.[1] People want product in their hands, and they want it now.

When it comes to financial services today, it's the ability to offer more conveniences such as mobile banking and remote deposit capture. Instant card issuance also helps give financial institutions that competitive edge. In fact, in the coming years, instant issuance will likely become a common expectation of consumers when they open a checking account at the branch, or visit for a replacement card.

Key Advances

Historically, offering cards at branches proved too costly or cumbersome for most financial institutions. But a few changes in the industry have made instant issuance an easy solution to implement.

One big development occurred in 2009, when MasterCard® and Visa® changed their issuance rules to allow for print non-embossed, or flat-surfaced credit and debit cards. (Embossing for prepaid cards was dropped in 2005.) This allowed more laser-printer type technologies to be entered into the market for the production of cards in the instant-issue environment, significantly reducing the cost of the printers. Gone overnight was the need to use bulky and expensive embossed-card printers. Embossed cards were originally used as an anti-fraud device, but eventually became viewed as a security issue themselves, due to the paper trail they left behind. Over time, electronic authorizations supplanted old "knuckle-busters," the bulky charge plates still found occasionally in merchants such as taxicabs and kiosks.

The advances in flat card printing technology have reduced the size of printers to something smaller than a toaster oven. Prices for printers have also fallen over the years. Compare this with the old embossed-card printers, which took up more space than a refrigerator, and were often noisy to use.

The right vendor can offer a seamless integration with software used to order cards. All data is encrypted, with cards printed, safely, securely and quickly. As a result, little to no IT support is needed to issue cards at the branch.

Why Instant Issuance Will Achieve Widespread Adoption

Every new technology needs to offer at least one value proposition to get traction. Instant card issuance has the following:

Improved Cardholder Experience. Cardholders can obtain a card at their account opening, 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. Consumers can access funds immediately once the card is activated, and the cards can be personalized.

Increased Use and Activation. Instant issuance helps get your 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.

This fits into branch strategy of boosting debit card usage. About 76 percent of consumers had a debit card in 2012, up from 73 percent two years earlier, according a survey by Pulse, an ATM network. The average cardholder spent $8,326 on the card in 2011, up from $7,781 in 2010. Most of the increase came from greater usage per card, with active users making 18.3 purchases per month, up from 16.2 in 2010.[2]

Lower Cost. The simple printing devices now used to issue cards have become much more reasonable in price. Depending on the product used, some financial institutions have cited as much as a 50 percent drop in the cost of offering cards instantly onsite.[3]

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

How Instant Issuance Works

Using an outside vendor, financial institutions can be up and running quickly with the right hardware and software. For a card order, the financial institution representative enters relevant account holder data via a secure website, and the consumer selects a personal PIN. The card production software processes the order, calculates secure keys and other necessary encoded information. 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.

What to Look for in a Card-Issuance Solution

When researching vendors, keep in mind the following features as you look to get started:

Simplicity. Make sure the product uses a web-based application that is user-friendly. That way, your customer service representatives can add data from any computer you choose. The vendor should provide setup, training, and support.

Reliability. In the past, financial institutions that tried to issue cards in-house had to spend too much time installing a secure infrastructure, involving multiple servers and demanding extensive resources from IT. Now, printers should have little maintenance, no annual contracts, quiet operation and a small footprint — about the size of a laser printer.

Affordability. Your instant card issuance should allow you to break even in a reasonable time frame. Look for pricing to include a printer, ribbon, router, firewall, a security keypad, programming and training. The technology today no longer requires long service contracts and/or separate software purchases.

Security. The service should be PCI Certified and meet Visa/MasterCard requirements. Ideally, the printer would not hold the sensitive financial card keys on the device, but rather have these operate from a host server, in a secure Visa/MasterCard certified facility provided by the vendor. PIN numbers and three-digit codes on the back of MasterCard and Visa cards should be kept at the vendor, not at the branch. Vendors should also have a feature that allows for PIN-selection by the account holder on site.

Give Consumers What They Want

In a world when the need for instant gratification has only intensified with time, instant card issuance offers an affordable and easy way to meet the needs of your account holders. Financial institutions should strongly consider adopting the technology. In fact, as a way to differentiate themselves, they should look at instant card issuance as a necessary component of providing more convenience for consumers while driving revenue at the branch.

For more information about how Harland Clarke Card Services can help you strengthen account holder relationships through instant card issuance, email us at **cardservices@harlandclarke.com**.

[1] Fisher, Carrie. *Postcards from the Edge*, 1987.
[2] *Despite New Regulation, Debit Continues to Grow*, press release, Pulse, August 2012.
[3] Research, Harland Clarke.