

Instant-issue debit cards: Good product. Good strategy?

Instant issue refers to the ability of a financial institution to provide a customer with an activated, useable debit card during their visit. These cards can be a debit card for a new account, a replacement card or an additional card on an existing account. The creation of the card can be an embossed temporary card that is preloaded on the system. A permanent and personalized card is produced and sent to the customer at a later date. With these card types, all that is needed is the preloaded card to be related to a particular account and then activation on the system.

Another variation of this approach is the production of a non-embossed but personalized debit card using a card production machine at the financial institution. It is a flat card with no embossing that has the personalization printed on the card.

With both technologies, the customer can leave the financial institution with a working debit card. In some cases, there is time lag up to 24 hours or more depending on the processor and whether the financial institution is on line. Nonetheless, the card can be used and the customer does not have to wait up to ten days for the card and the PIN mailer. It can be a great product and a 21st Century way to connect with the customer.

With internet based payment systems evolving rapidly, should an institution spend the resources developing an instant issue card? What is the next generation of these types of cards?

The strategic perspective is that most big-box retailers have barcode-driven self-serve checkouts. On the flip side, the Starbucks smartphone app has really taken off with their customers, and MasterCard has announced a barcode based smartphone app.

Yes, you can use the app at a retailer to get cash back, but I would not be surprised if Diebold and NCR announce very soon that they are launching barcode scanner enabled ATMs with an app to tell you where you can find the ATMs with that capability.

So, the question is: why do you need plastic when you can send customers to a one-time link while they are sitting at your desk opening a new account. Downloading the app could be faster than instant issue and with a lot less technology to manage at the branch at the branch (particularly card inventory and dual control).

Let's face it, the internet and smart devices are replacing traditional services with high tech solutions. The real question is; why be physical and issue a card when you can be virtual and transmit an app? The Wombat!

About the Author

Dan Fisher is president and CEO of The Copper River Group, a consulting firm headquartered in Fargo, N. D., that focuses on technology and payment systems research and consulting for community financial institutions. For nearly 30 years, Fisher has worked in the financial industry using technology to improve the bottom line. He was CIO of Community First Bankshares (now part of BancWest), has served as a director of the Federal Reserve Board of Minneapolis, the chairman of the American Bankers Association Payment Systems Committee, and was a member of the Independent Community Bankers of America Payments Committee. Fisher has written numerous articles on banking technology and the payments system. He has authored or co-authored six books and recently published a book titled, "Capturing Your Customer! The New Technology of Remote Deposit." You can contact Fisher at dan@copperrivergroup.com.

P.S. To understand Dan's nickname, check out "About the Wombat" on his website, www.copperrivergroup.com