

TransFund

Maximize Your Debit Card Program ROI

Louisiana Connect | 2020

Confidential



Welcome & Introductions

Presenter

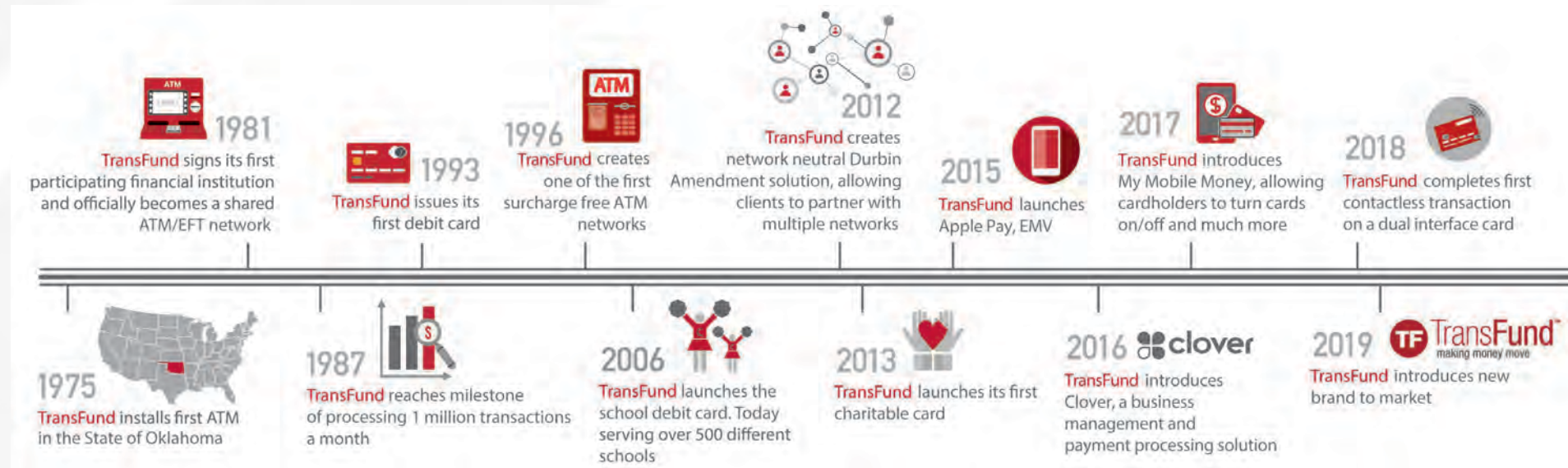
- Trish Gosnell VP: Sales

Who we are

1975: Bank of Oklahoma installs first ATM in State of Oklahoma

1981: TransFund becomes a shared EFT Network by signing its first participating Financial Institution

1990s: TransFund saturates OK and begins concentrating on growth outside of OK





Who do we work with

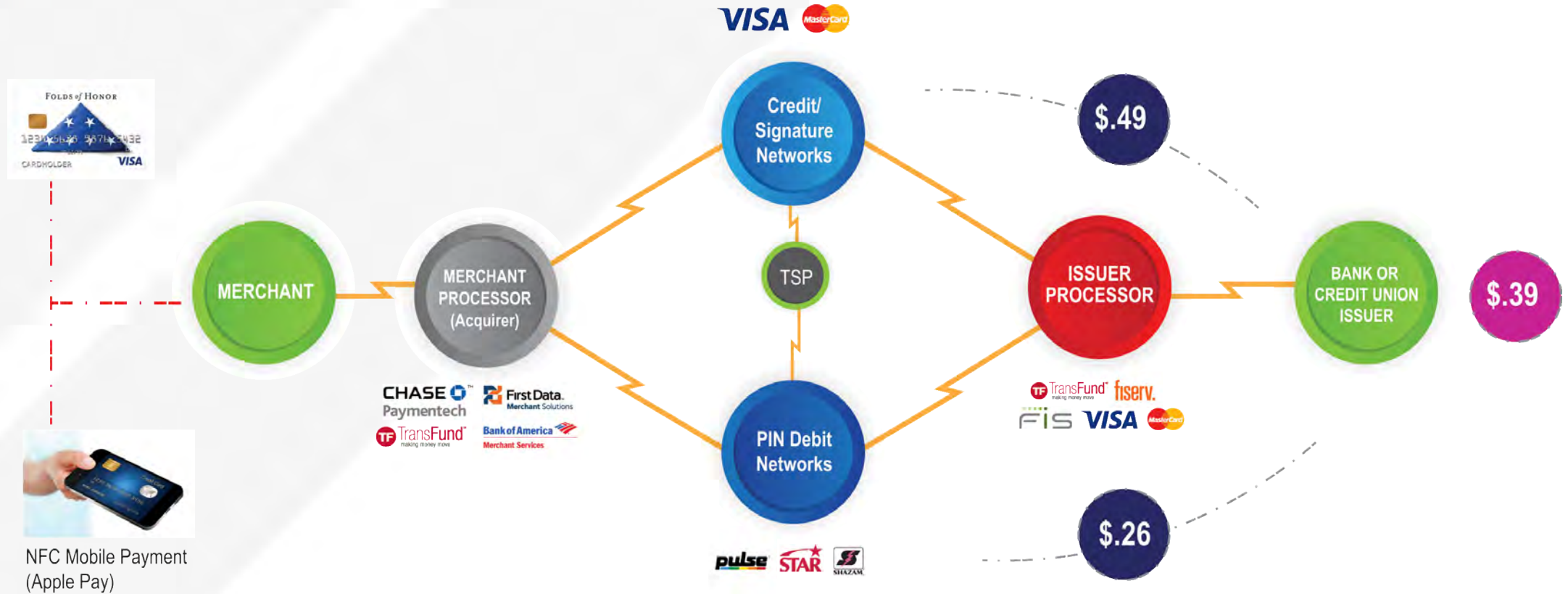
Customers

- Financial Institutions
- C-Stores
- Merchants

Products

- Debit card processing services
- ATM Driving & Ownership
- Merchant card payment processing

Payment Card Transaction Flow





Overview for 2018

Economics: On average, regulated banks receive \$70 and exempt banks \$119 per active consumer debit card annually.

EMV & Contactless: 98% cards are EMV; 70% of issuers plan to start issuing contactless (Tap and Go) in 2019.

Mobile Payments: 94% of issuers support at least one third-party mobile wallet, Apple being the most popular at almost 14%; 670MM mobile transactions were performed in 2018, roughly 1% of all transactions.

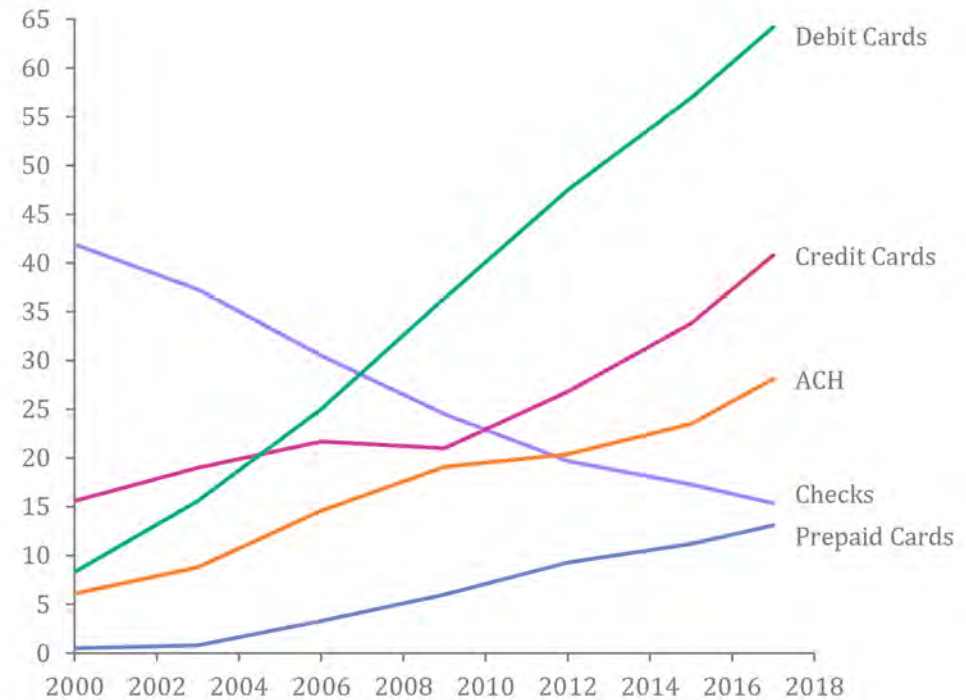
Overview for 2018

- The average active card is used 24.8 times/month for POS



Overview for 2018

Debit Market Share: Debit continues to gain market share, and accounts for over 40% of all non-cash payments.



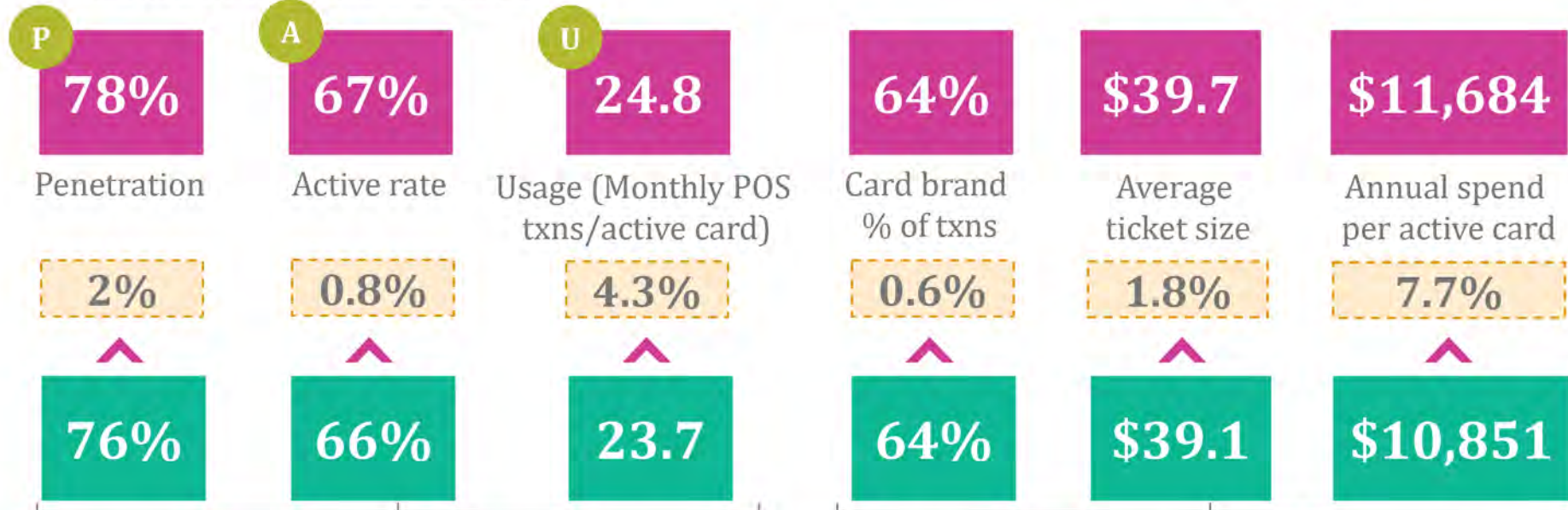


Key Performance Indicators for 2018

Issuers' aggregate (consumer and business) portfolio

2018 2017 % Change

Weighted measure of consumer and business debit



Measures debit card prevalence and frequency of use; transaction volume is the main revenue driver for regulated issuers post-Reg II

Measures spend and transaction type on debit cards, which remain important metrics for exempt issuers



Key Performance Indicators for 2018

Monthly transactions per active card (2015-18)

On average, issuers have experienced 1 incremental POS transaction per active card each year since 2015



Average ticket size per transaction (2015-18)

The average ticket size per transaction has been increasing by ~50¢ each year since 2015





Key Performance Indicators for 2018

Consumer vs. Business KPIs:

	Consumer debit	Business debit
Penetration	81%	46%
Active rate	68%	53%
Txns per active card per month	25.3	17.1
Card brand % of txns	64%	69%
Average ticket size	\$37.2	\$98.0
Annual spend per active card	\$11,303	\$20,113

Key Performance Indicators for 2018

DDA/debit card growth by FI segment:

When we look @ the correlation of account growth related to the debit card growth, we see that community banks are down .5%.

What we are trying to demonstrate today are ways to attract new customers while retaining the current customers you have today.

DDA/debit card growth by FI segment (2017-18)^{1,2}

National banks had the highest DDA acquisition rate, but also higher attrition (using debit cards as a proxy for DDAs)

Segment	Acquisition Rate	Attrition Rate	Net growth (weighted)
National banks	15.3%	13.8%	1.5%
Regional banks	14.9%	11.9%	3.0%
Community banks	9.5%	10.0%	-0.5%
Credit union	14.9%	11.1%	3.8%
Overall	14.6%	13.0%	1.6%

Most FIs suffer from high churn rates

The industry is adding 1.6% net new checking accounts year-on-year



Economics

Average blended interchange rates for 2018

Regulated issuers

Network	Consumer	Business	Total
Card brand	23.0¢	29.4¢	23.6¢
EFT	23.8¢	24.7¢	23.8¢
Blended average	23.2¢	28.0¢	23.7¢

Exempt issuers²

Network	Consumer	Business	Total
Card brand	48.8¢	225.8¢	48.3¢
EFT	25.8¢	40.1¢	27.0¢
Blended average	39.2¢	147.6¢	41.1¢



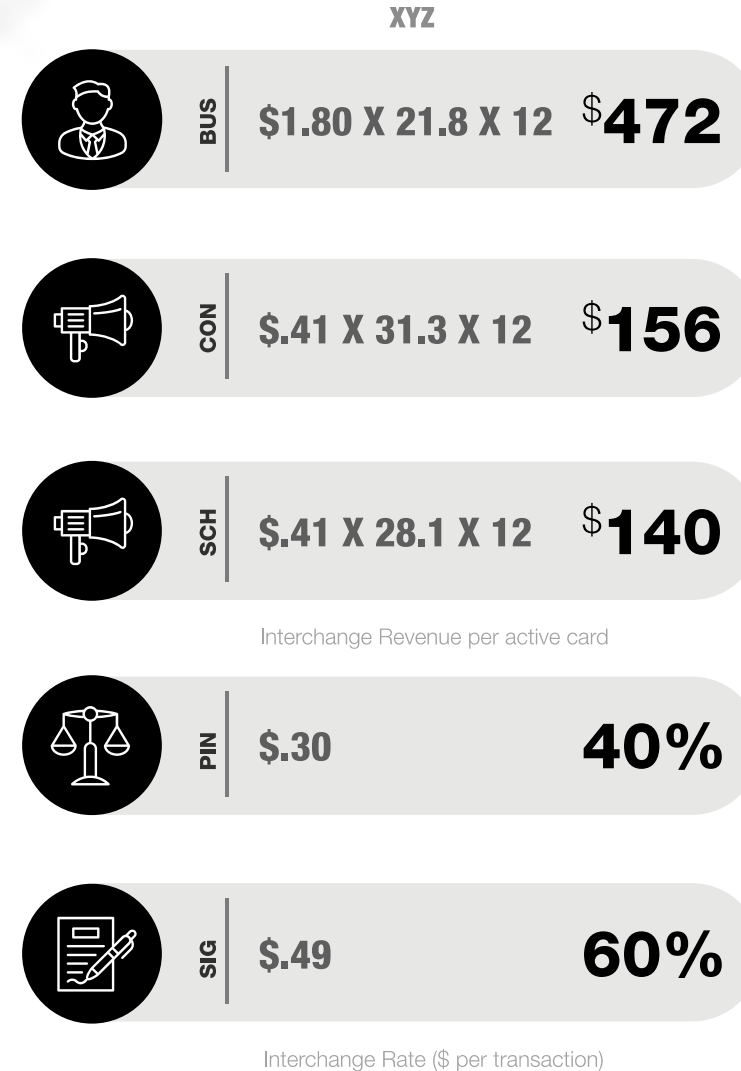
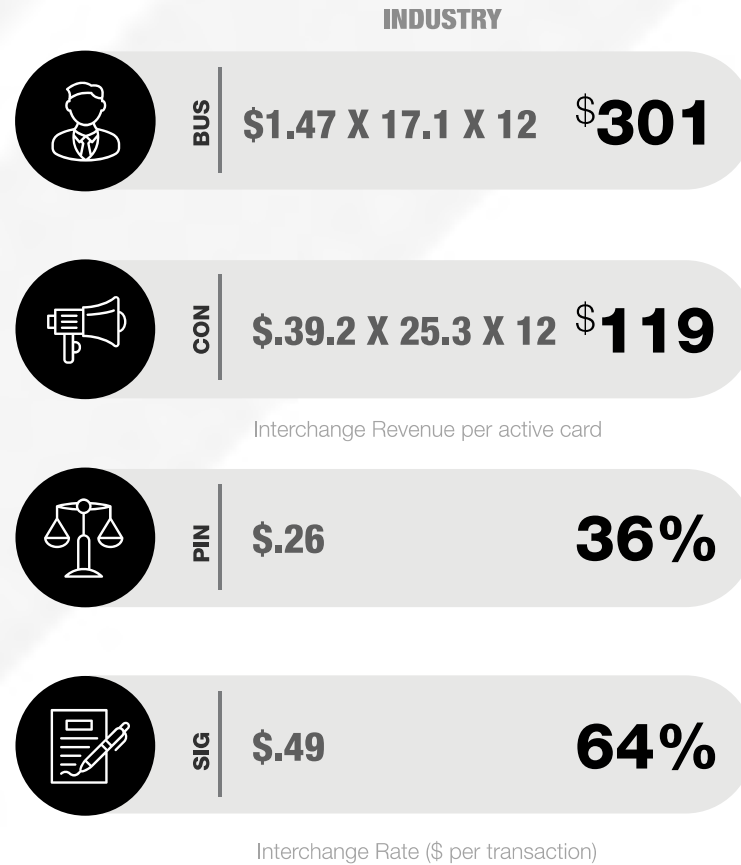
What to look for

Analyze the primary drivers of your debit card penetration, activation, usage and revenue, enabling you to make more informed marketing decisions and increase your profitability.

- 1) **Benchmark your program** to understand where the opportunities to grow are
- 2) **Identify new revenue opportunities** and how to drive increased transaction volume
- 3) **Create and implement a solution** that addresses areas of under- performance identified through benchmarking
- 4) **Assess** identified opportunities

Debit Card Growth

Benchmark





Debit Card Growth

Historical

Consumer	2015	2016	2017	2018 YTD
# of active cards	9,555	9,829	9,945	10,246
# of transactions	271,097	282,039	296,876	320,510
# of open cards	17,315	25,702	25,080	19,122
Average Signature Ticket	\$36.24	\$36.33	\$37.05	\$37.61
Average Pin Ticket	\$48.60	\$48.96	\$46.92	\$46.13
Average count of transactions/month/card	28.4	28.7	29.9	31.3
Sig Trx	20.1	20.7	20.7	21.8
PIN Trx	8.3	8.0	9.2	9.5
School	2015	2016	2017	2018 YTD
# of active cards	1,748	1,901	1,804	1,867
# of transactions	50,456	50,998	51,182	52,549
# of open cards	3,419	4,750	3,849	3,765
Average Signature Ticket	\$38.22	\$40.90	\$34.89	\$34.86
Average Pin Ticket	\$44.14	\$45.48	\$44.06	\$46.04
Average count of transactions/month/card	28.9	26.8	28.4	28.1
Sig Trx	17.1	16.5	15.2	15.4
PIN Trx	11.7	10.4	13.2	12.7
Total	2015	2016	2017	2018 YTD
# of active cards	11,303	11,729	11,749	12,113
# of transactions	321,553	333,037	348,057	373,059
# of open cards	20,734	30,452	28,929	22,887
Average Signature Ticket	\$-	\$-	\$-	\$-
Average Pin Ticket	\$-	\$-	\$-	\$-
Average count of transactions/month/card	28.4	28.4	29.6	30.8
Sig Trx	18.6	18.6	17.9	18.6
PIN Trx	9.8	9.8	11.7	12.2
Business	2015	2016	2017	2018 YTD
# of active cards	276	269	270	287
# of transactions	5,655	5,468	5,646	6,268
# of open cards	725	768	692	729
Average Signature Ticket	\$93.86	\$93.16	\$97.62	\$114.96
Average Pin Ticket	\$81.96	\$80.67	\$82.91	\$88.11
Average count of transactions/month/card	20.5	20.3	20.9	21.8
Sig Trx	15.1	16.4	17.1	16.5
PIN Trx	5.4	3.9	3.8	5.4

2016	2017	2018
3%	1%	3%
4%	5%	8%
48%	-2%	-24%
0%	2%	2%
1%	-4%	-2%
1%	4%	5%
3%	0%	6%
-3%	14%	3%
2016	2017	2018
9%	-5%	3%
1%	0%	3%
39%	-19%	-2%
7%	-15%	0%
3%	-3%	4%
-7%	6%	-1%
-4%	-8%	2%
-12%	28%	-4%
2016	2017	2018
4%	0%	3%
4%	5%	7%
47%	-5%	-21%
0%	4%	4%
0%	-4%	4%
0%	19%	4%
2016	2017	2018
-3%	0%	6%
-3%	3%	11%
6%	-10%	5%
-1%	5%	18%
-2%	3%	6%
-1%	3%	4%
9%	4%	-4%
-28%	-2%	41%

Debit Card Growth

Analysis

Indicators

- Active Cards - 3% **CHART A**
- School & Consumer Usage- Fantastic **CHART B**
- Active Cards 53% (Industry is 68%)
- Business Usage - Great
- Transactions - 7 % Growth **CHART C**

Opportunities

- Points based rewards Vs. Incentive
- Increase 10% active card \$200K

Take Aways

- Rewards Comparison
- Push Affinity programs, card designs
- Push business benefits

CHART A

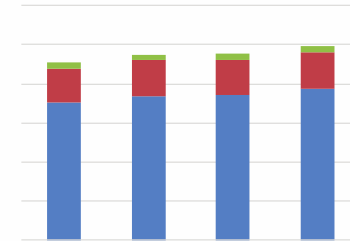
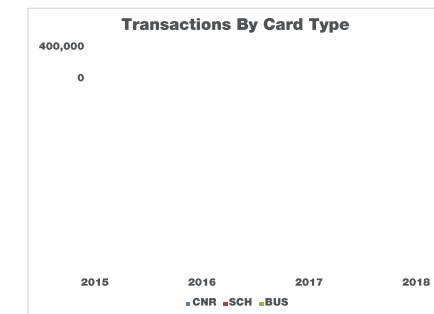


CHART B

CHART C



Debit Card Growth - ACTION

- Know your Customers and Competitors: Not just Banks but Credit Cards
- Differentiate your brand
- Inline Printing Solutions/Customization of programs and messaging



SCHOOL



EMPLOYEE



HEALTH



COMMUNITY



CHARITABLE



PERSONAL PHOTO



BUSINESS



Debit Card Growth - ACTION

Affinity & Loyalty Programs

FIs have an opportunity to attract new customers and increase fee income by offering new card solutions that provide competitive advantage.

Sweepstakes/Promotions: Programs to encourage card activation and usage from car giveaways to cash to points.

Mobile: ApplePay, GooglePay, SamsungPay, Loyalty programs, ChangeUp, Pay with Points, Turn Card on/off.

Free Marketing: Marketing support, free design, marketing plans, and best practices for maximizing card program profitability.

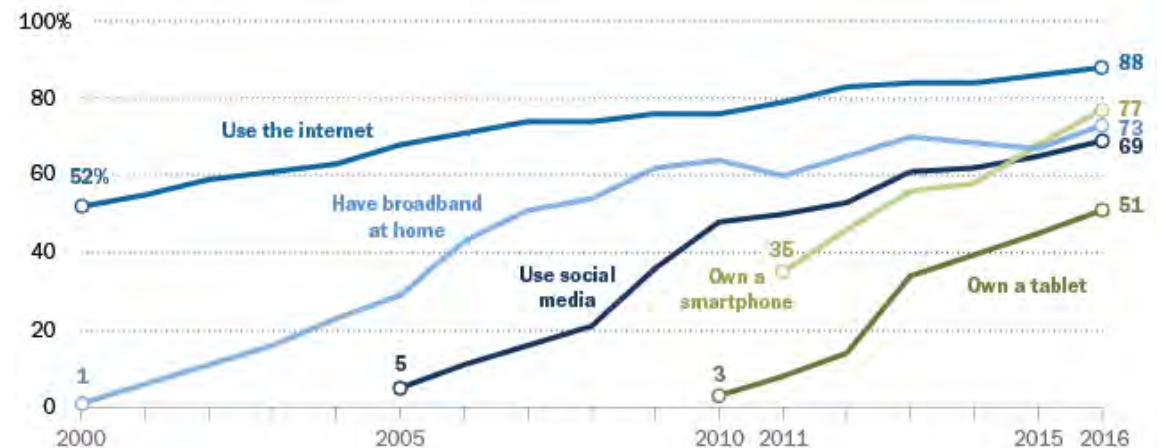
Analytics: Detailed reports at the beginning and end of each promotional period.

What's Next For Debit Cards

- **Consumer Experience**
Multi Channel (Physical / Digital)
- **Tokenization / Virtual Cards**
(Apple / Samsung / Google)
- **Fraud** (AI / Machine Learning
Voice Recognition / 3D 2.0)
- **P2P**
- **Dual Interface** (EMV / NFC)
- **Loyalty** (Affinity / Rewards)
- **Surcharge Free ATM Network**
(Cash Access)
- **Mobile** (Growth)

The evolution of technology adoption and usage

% of U.S. adults who ...



Source: Surveys conducted 2000–2016. Internet use figures based on pooled analysis of all surveys conducted during each calendar year.

PEW RESEARCH CENTER



Thank You