



# Visa Check Card Instant Issuance Study

Visa Consumer Debit Products





# Table of Contents

---

- Introduction.....1
- Background .....2
- Study Overview .....3
- Study Results ..... 6
- Key Issuer Considerations: A Roadmap for Decision-Making .....10
- The Phased Approach to Instant Card Issuance: A Checklist .....14
- Summary .....16
- Acknowledgments.....17



# Introduction

---

The Visa® check card continues to provide consumers with a safe, convenient way to pay and to provide issuers with a source of strong revenue growth. Today, the check card has attained the status of a more mature product, one through which issuers' program growth has become more dependent on exploring and fine-tuning product management strategies to maximize portfolio performance. Instant card issuance is a possible tool to do so, as well as a means for issuers to differentiate themselves in an increasingly competitive environment to acquire and retain new DDAs.

Today, more than 200 issuers, primarily credit unions, are instantly issuing fully personalized, embossed Visa cards at almost 1,500 branch locations. These institutions assert that instant issuance improves card activation and usage, as well as customer service.

Few issuers with larger retail branch networks have implemented instant issuance, largely due to the financial investment in technology required to roll out such a program. Still, many issuers increasingly inquire about instant issuance, e.g., key business case drivers, and implementation considerations, etc.

To assist issuers contemplating instant issuance, Visa Consumer Debit Products partnered with *Runge & Company*, an instant issuance consulting firm, to conduct a study to evaluate the following concerns:

- How does instant issuance at account opening affect cardholder behavior, i.e., does it improve activation and usage metrics?
- Does instant issuance have a positive effect on cardholder perceptions about security and convenience compared to receiving cards in the mail?

This document summarizes the results of the *Visa Check Card Instant Issuance Study*. In addition, it provides issuers with a roadmap to navigate and understand key considerations associated with evaluating and implementing instant issuance.

**NOTE:** *The results of this study have not been evaluated for statistical significance because of the limited sampling of both issuers and cards issued. Performance metric results are presented as ranges of observed values that may suggest meaningful trends in cardholder behavior. Many variables affect performance of Visa check cards issued to new customers. The conclusions in this report are inferences drawn from the data collected and practices employed by participating issuers to implement instant card issuance for purposes of a limited study. The results of the study are presented for members' evaluation and Visa accepts no responsibility for results that any member may actually experience.*

# Background

---

- **Instant Card Issuance Defined**
- **Technology**

---

## Instant Card Issuance Defined

For purposes of this study, instant card issuance is a program through which a Visa check card is fully personalized, embossed, encoded and foil-tipped in the branch office, on-the-spot, during the new account opening process.

When a customer opens a new DDA, the Visa check card can be issued at the same time in a process lasting about 1 minute using a desktop computer system to fully personalize the card:

- Embossing and encoding of cardholder name, card number, and expiration date
- Encoding CVV data and customer-selected PIN
- Rear-indent printing of CVV2 security data

Instant issuance is built into the DDA opening process via software integration or through a manual procedure to update cardholder information in the issuer's card management database.

---

## Technology

Participating issuers used Datacard® 150i card embossers with encrypting PIN pads to instantly issue Visa check cards to new DDA customers. Instant issuance software was either an existing host-based instant issuance application, or a vendor-supplied, Windows®-based software operating in a networked, non-integrated configuration.

# Study Overview

---

---

## About This Study: Methodology, Scope and Limitations

### Methodology

The study involved a two-pronged effort to better understand how instant issuance of Visa check cards to new customers affects cardholder behavior and the customer experience at account opening. This was achieved by 1) measuring cardholder behavior and 2) surveying cardholders about instant issuance.

Visa retained *Runge & Company*, a consulting firm specializing in instant card issuance, to assist with the overall study design and results analysis. In addition, *Runge & Company* assisted participating issuers with technology analysis, system design and project implementation.

A total of 24 branches in four U.S. metropolitan areas were chosen by participating issuers. Half of the branches were designated as test branches, where new customers received instantly issued Visa check cards. The other half were designated as control branches, where new customers received cards by mail. Approximately 6,000 new cardholders participated in the study.

### 1. Cardholder Behavior

The first study component was designed to measure cardholder behavior. Transaction activity was collected for Visa check cards linked to new DDAs opened at designated branches.

- *Study timeframe* - The study encompassed new Visa check cards instantly issued from May 1, 2006 to October 31, 2006; card activity was tracked until January 31, 2007.
- *Test and control branches* - An equal number of branches in each geographic area were designated as either test or control branches.
  - At test branches, customer service representatives were instructed to instantly issue Visa check cards when customers opened new DDAs using desktop embossing equipment (DataCard® 150i) and instant issuance software. Existing processes for card issuance via mail remained in place and available to customers.
  - At control branches, new DDA customers received Visa check cards via the mail according to each issuer's normal card issuance process.
- *Performance tracking* - Customized Visa Data Track reporting was developed to calculate key performance measurements for instantly issued cards, as well as for mailed cards.

- *Data analysis* – Given that the study involved continuous additions of new DDAs and Visa check cards on a daily basis over a period of 6 months, transaction activity was arranged according to the number of days since DDA opening.
  - This “lifecycle” technique allowed for a more meaningful comparison of key performance metrics for different groups of cardholders for various periods rather than for specific dates on the calendar. For example, transaction activity during the first 30 days of new DDAs was grouped together for all cards issued.
  - Data was collected for each Visa check card mailed to new DDA customers of control branches and each instantly issued Visa check card at test branches. Activation and usage metrics were calculated for both offline (signature-based) and online (PIN) purchases.
- *Branch training* – Visa worked with designated project managers at each issuer to train staff at test branches to instantly issue Visa check cards to all new customers at the time of DDA opening. In addition, branch representatives were trained to educate new cardholders on key Visa check card features and benefits. Each issuer defined the key education messages for discussion with new cardholders during the account opening process.
- *Collateral materials* – During DDA opening and Visa check card instant issuance, customers at test branches received a new account kit including disclosure statements. The new account kit and any collateral materials were comparable to materials mailed to control branch cardholders and did not address or reference instant card issuance.

## 2. Cardholder Survey

The second study component was a new cardholder survey to gauge cardholder perceptions of security and convenience associated with instant issuance. The brief handwritten survey was conducted at account opening for a sampling of cardholders who received instantly issued cards. New cardholders answered both multiple choice and short-answer questions.

Collection of survey information began two months after the study launch. This allowed branch representatives to initially focus on the operational and marketing aspects of the study before adding the cardholder survey into the account opening process.



---

## Study Scope and Limitations

There were methodological and procedural challenges that likely influenced study results. The challenges included the following:

### **Scope**

- Transaction activity was tracked only for new DDA customers at test and control branches.
- Emergency replacement cards for lost, stolen and damaged Visa check cards were excluded from the study.

### **Technology/Systems Integration Limitations**

- Due to issuer processing systems and technical challenges in a study setting, cardholders could not immediately use instantly issued Visa check cards for all card functions after account opening. Specifically, cardholders could use their Visa check card for online (PIN) purchases and ATM transactions the day of account opening, but had to wait until the next business day before making offline (signature-based) purchases.
  - Enabling cardholders to use instantly issued cards immediately after account opening for all transaction types may accelerate card activation rates and prevent cardholder confusion about how and when a card can be used.

### **Branch Training/Branch Incentive Plan Limitations**

- Visa and issuer project managers provided on-site training and guidance to branch staff at all test branches just prior to study launch. A lack of ongoing training and support potentially resulted in fewer cards being instantly issued in test branches.
- Participating issuers did not incorporate instant issuance into existing sales incentive programs.

# Study Results

---

- Performance Metrics
- New Cardholder Survey

---

## Performance Metrics

Key performance metrics indicated benefits from instantly-issued Visa check cards particularly in the first 30 days after new DDA opening.

### Card Activation<sup>1</sup>

- Earlier activation was a major advantage that instant issuance offered compared to mailed cards.
  - Cardholders who received their Visa check cards via instant issuance used their cards for offline (signature-based) purchases 7 to 8 days earlier than those who received Visa check cards in the mail.

This benefit may have been enhanced if instantly issued cards were immediately enabled for offline (signature-based) purchases compared to waiting until the next business day.
  - Online (PIN) POS activation occurred 8 to 10 days faster among instantly issued cards.

### EARLY ACTIVATION RATES

- Cumulative activation rates for instantly issued cards during the first 30 days after DDA opening were substantially higher than activation rates among cards mailed from control branches, for both offline and online purchases.
  - By day 5 after account opening, offline activation rates reached 37% to 42% compared to less than 1% among mailed cards. Online activation rates were 29% to 34% higher.
  - By day 15, the cumulative activation rates among instantly issued cards were 25% to 34% higher for offline purchases and 21% to 37% higher for online purchases.
  - By the end of 30 days after account opening, cumulative activation rates for instantly issued cards were 11% to 19% higher for offline purchases and 8% to 24% higher for online purchases.

---

<sup>1</sup> **Offline Activation Rate** - The % of Visa check cards linked to new DDAs with *at least one* offline purchase during the period.

**Online Activation Rate** - The % of Visa check cards linked to new DDAs with *at least one* online purchase during the period.

### Activation Lift Over First 30 Days Since DDA Opening

	BY DAY 5	BY DAY 15	BY DAY 30
Offline Activation Lift	37-42%	25-34%	11-19%
Online Activation Lift	29-34%	21-37%	8-24%

#### ACTIVATION RATES

- The highest lift for offline and online activation rates occurred during the first 30 days after DDA opening.
  - During the first 30 days after account opening, the increase in offline activation among instantly issued cards ranged from 11% to 19% higher than mailed cards. Online activation rates were 8% to 24% higher among instantly issued cards.
  - During the 31-to-60 day time interval after DDA opening, the activation rate advantages for offline purchases with instantly issued cards ranged from no advantage up to a 7% advantage. Online activation rates ranged from no advantage among instantly issued cards up to a 15% lift compared to mailed cards.
  - During the 61-to-90 day time interval, the activation rate advantages reached 8% and 12% for offline and online purchases, respectively.

### Activation Lift for Instantly Issued Cards in First 90 Days\*

	0-30 DAYS	31-60 DAYS	61-90 DAYS
Offline Activation Lift	11-19%	< 7%	< = 8%
Online Activation Lift	8-24%	< 15%	< = 12%

\* DDAs were opened for the entire period: The 0-30 day activation rate lift pertains to Visa check cards linked to DDAs that were open for at least 31 days. The 31-60 day activation rate lift pertains to Visa check cards linked to DDAs that were open for at least 61 days. The 61-90 day lift pertains to Visa check cards linked to DDAs that were open for at least 91 days.

## CARD USAGE<sup>2</sup>

- The most significant lift in usage for instantly issued cards occurred in the first 30 days after DDA opening.
  - During the first 30 days after account opening, the usage lift ranged from 2 to 3.2 offline transactions and 0.9 to 2.8 online transactions among active cardholders.
  - During the 31-to-60 day timeframe, usage for both offline and online transactions among instantly issued cards was only slightly higher than control cards, by less than 0.4 transactions for both offline and online transactions.
  - During the 61-to-90 day timeframe, usage among instantly issued cards was higher than mailed cards by up to 1.2 offline transactions and up to 0.8 online transactions.

Usage Lift for Instantly Issued Cards in First 90 Days*			
	0-30 DAYS	31-60 DAYS	61-90 DAYS
Offline Usage Lift	2.3-3.2	< = 0.3	< = 1.2
Online Usage Lift	0.9-2.8	< = 0.2	< = 0.8

\* DDAs were opened for the entire period: The 0-30 day activation rate lift pertains to Visa check cards linked to DDAs that were open for at least 31 days. The 31-60 day activation rate lift pertains to Visa check cards linked to DDAs that were open for at least 61 days. The 61-90 day lift pertains to Visa check cards linked to DDAs that were open for at least 91 days.

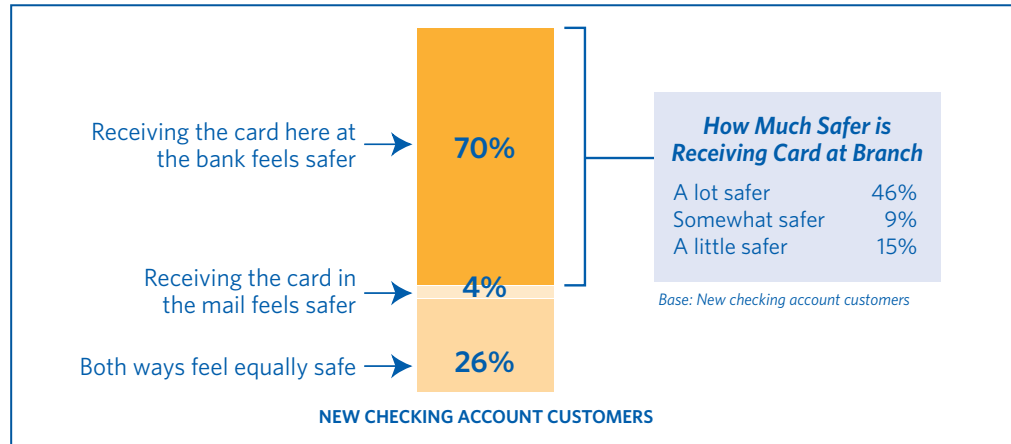
<sup>2</sup> **Offline Usage** - The average number of offline purchases among offline-active Visa check cards during the period.  
**Online Usage** - The average number of online purchases among online-active Visa check cards during the period.

## New Account Survey

The study also included a survey of customers' perceptions of the value of instant issuance. The survey revealed that the majority of customers appreciated the safety and convenience of instantly issued Visa check cards. The convenience provided by instant issuance was viewed as particularly beneficial.

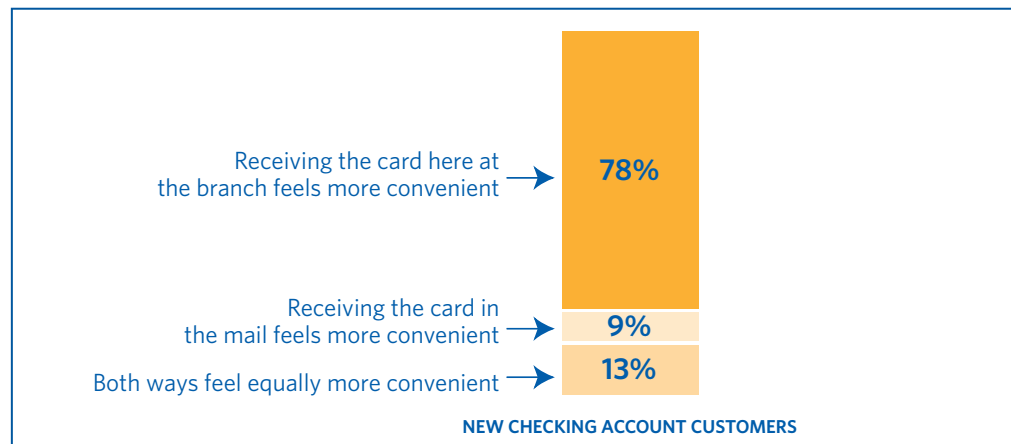
### Q1: Which method of receiving your Visa check card feels safer to you overall?

Among surveyed cardholders receiving cards via instant issuance, a large majority - 70% - indicated that receiving the card at the branch felt safer while 4% indicated that mail felt safer and 26% said both ways felt equally safe.



### Q2: Which method of receiving your Visa check card feels more convenient to you overall?

Most cardholders surveyed - 78% - indicated that receiving the card at the branch was more convenient while 9% felt mail was more convenient and 13% found both ways equally convenient.



## Key Issuer Considerations: A Roadmap for Decision-Making

---

To help issuers evaluating instant issuance, Visa has provided the following roadmap of considerations to assist issuers in evaluating instant issuance.

- Visa Resources
- Technology: Hardware and Software
- Security
- Branch Operations and Training
- Cardholder Education/Marketing at Account Opening
- Evaluating the Business Case: The Visa Check Card Instant Issuance Financial Calculator

---

### Visa Resources

It's important to review the resources Visa provides to support instant card issuance, as well as specific regulations, some of which are discussed in more detail throughout this section. These materials can be obtained from issuers' Visa Account Executives. Before developing an implementation plan for instant issuance, issuers should familiarize themselves with the following:

- *Visa Instant Card Issuance Security Standards*
- *Visa U.S.A. Inc. Operating Regulations*
- *Visa Check Card Design and Branding Guide*
- *Visa Check Card Instant Issuance Financial Calculator*
- *Visa Debit Processing Service (DPS) Instant Issue Card Support*
- *Consumer Debit Branch Best Practices for Penetration and Activation*, a Visa study focusing on branch and call center staff practices that influence Visa check card performance

---

Technology:  
Hardware and  
Software

Acquisition of Visa approved hardware and software requires a significant investment by issuers. Card personalization equipment and instant issuance software can be purchased or leased from a variety of suppliers.

The combination of that hardware and software enables issuers to fully personalize cards in the branch, which includes embossing, encoding, color tipping and rear-indent printing.

**Basic features of card personalization hardware include:**

- *Storage* – Storage of at least one type of Visa-branded card stock inside a locked, tamper-proof enclosure.
- *Consumables* – Tipping foil and rear-indent ribbon.
- *Passwords* – Password protection for card production, as well as device access for replacing and removing card stock.
- *PIN Pad* – Encrypting PIN pads to allow new cardholders to securely select PINs on the spot.
- *Audit Trail* – Non-resettable card counter for audit-trail purposes.
- *Security* – Hardware security that involves bolting the embosser to a counter top in a restricted area in full view of branch security cameras.

**Basic features of instant issuance software systems include:**

- *Configuration Flexibility* – Configuration flexibility to support instant and central card issuance, integration with existing teller platforms systems for DDA opening, and issuer-defined levels of instant issuance system access for employees.
- *Personalization* – Personalization to allow for multiple card types and fully personalized (embossed/encoded), pre-embossed and pre-encoded options for card production at the branch level.
- *Activation* – Immediate activation capability to allow new customers to use their Visa check cards immediately without having to “activate” cards via phone or PIN-based transaction. Ideally, issuers should support activation of cards for immediate use of card for all transaction types, i.e., offline and online (PIN) POS, and ATM transactions.
- *Reports* – On-demand audit reporting for management to track all branches and individual employees that access the system. Transactions to be logged and tracked include software “log-ins,” loading/unloading the embosser, “error” transactions that may contain sensitive cardholder data, and the issuance of any partial card orders, e.g., “reject” cards).
- *Encryption* – Encryption of all cardholder data that is stored or transmitted across an issuer’s network.
- *Cryptographic Keys* – Cryptographic keys (DES, CVV) stored in encrypted files in tamper-proof device at a secure location with accessibility to the instant issuance system for card production.

---

## Security

The *Visa Instant Issuance Security Standards* are comprehensive in scope and provide very specific requirements for issuers when establishing and operating an instant issuance program.

- *Visa USA Cardholder Information Security Program (CISP) Requirements*
- Administration & Registration, including initial site registration and annual self-audits
- Physical Site Security
- Hardware Standards
- Software Standards
- Operational Standards
- Instant Card Issuance Self-Audit Form
- Certificate of Destruction Guidelines

---

## Branch Operations and Training

Given that the branches play a pivotal role in implementing a successful instant issuance program, branch operations and training are critical components to the evaluation of instant issuance. Examples of branch-related considerations include:

- Implementation of dual controls for card production and management that cover daily balancing activity and security of embossing equipment.
- Specialized training to ensure that branch representatives can 1) open and fund a new account, 2) link the instantly issued Visa check card to the new DDA, and 3) “activate” the card to enable immediate use for purchases.
- Integration of instant issuance into branch “sales culture” at all levels: branch management, customer service representatives and back-office staff.
- Reinforcement of branch training and instant issuance goals on a consistent basis in order to realize benefits over the long term. For example, implementation of branch performance tracking to monitor the proportion of cards being instantly issued versus mailed.

**NOTE:** For a comprehensive examination of branch and call center practices that influence Visa check card performance, it is recommended that issuers review the **Consumer Debit Branch Best Practices for Penetration and Activation**.



---

## Cardholder Education and Marketing at Account Opening

Perhaps one of the greatest benefits of instant issuance is the unique opportunity to educate cardholders on Visa check card use and benefits during the account opening process—an opportunity that likely won't surface again after the new customer leaves the branch.

Training branch representatives for succinct and consistent delivery of key educational messages—coupled with take-away materials—respects the limited time of both the customer and branch while still accomplishing the goal of relaying key benefits of Visa check card instant activation and usage while the cardholder is engaged in the account opening process.

In addition to initial branch training, issuers should develop processes for reinforcement of training to ensure consistent and accurate delivery of key messages to new cardholders.

---

## Evaluating the Business Case

Given that the deployment of instant issuance technology requires a significant investment of time and money, Visa developed a financial calculator to provide issuers with a framework for evaluating the business case. The *Visa Instant Card Issuance Financial Calculator*, a Microsoft® Excel-based tool, allows issuers to incorporate their own key revenue and expense driver assumptions, in order to help them evaluate a business case for instant card issuance.

**NOTE:** *This calculation model is provided to Visa members for reference only. Each member is responsible for independently determining values for assumptions, including prices, and for validating the completeness of assumptions and relations affecting the outcomes.*

## The Phased Approach to Instant Card Issuance: A Checklist

---

Issuers who have made the decision to move forward with instant issuance may find that a phased implementation plan minimizes risk and allows issuers to adapt to technological and staffing challenges before full-scale implementation. A smaller-scale launch is a cost effective way to “test” instant issuance.

The following checklist outlines key considerations for launching an instant issuance program:

- ✓ Identify hardware and software components for a small, non-integrated approach versus a large, enterprise-wide deployment
- ✓ Establish site security and support requirements, which at a minimum incorporate those recommended in the *Visa Instant Card Issuance Security Standards*. Determine which branch locations meet these requirements
- ✓ Use a Request for Proposal (RPF) to identify and screen potential technology partners, then develop an instant issuance “architecture” around daily branch workflow
- ✓ Select technology partners and negotiate contracts, including well-defined service level agreements
- ✓ Determine internal operational requirements for card issuance and activation within the framework of a “scalable” solution that allows for the addition of more branches and card types as the program expands
- ✓ Complete systems development and software customization to incorporate instant issuance into existing front- and back-office operations
- ✓ Complete site security enhancements at the primary data center and all instant issuance locations
- ✓ Perform Visa instant issuance self-audits prior to launch; develop process for required annual self-audits thereafter
- ✓ Develop and implement operational branch training related to the production of instantly issued cards.
- ✓ Develop key marketing/education messages for account opening process. Ensure that messaging addresses funds availability policy, as well as how and when the card can be used when the customer leaves the branch

- ✓ Train branch management and branch sales representatives on key marketing/education messages to be discussed with new cardholders receiving instantly issued cards.
- ✓ Implement plan to incorporate and sustain effective instant card issuance practices in branches, e.g., discontinue instant issuance of temporary ATM cards at account opening, promote instant issuance of Visa check cards as the primary means of card issuance, etc.

**NOTE:** Detailed guidance on branch practices can be found in the aforementioned **Consumer Debit Branch Best Practices for Penetration and Activation** guide.

## Summary

---

The most pronounced effects on card activation and usage among instantly issued cards occurred within the first 30 days after the opening of a new DDA as instantly issued cards were used faster and more often than mailed cards. Ninety days after DDA opening, key performance indicators showed that instantly issued cards still outperformed Visa check cards mailed, but by much narrower margins.

Consistent with anecdotal findings discussed in the media, most cardholders than received cards via instant issuance found it to be much more convenient than receiving cards in the mail. In addition, receiving instantly issued cards at test branches was perceived as safer by the majority of surveyed cardholders.

Overall, the study indicates that success of instant issuance depends on much more than deploying operational equipment in the branches. To maximize the return on investment, instant issuance must be tightly integrated into an issuer's Visa check card product strategy, the DDA account opening process and into the branch sales culture. Initial and on-going training of branch sales representatives to not only present new customers with a Visa check card during account opening, but to also take full advantage of that unique opportunity to explain key benefits of the card and to motivate immediate and ongoing use of the card are critical to a program's success.

Opportunities may also exist with cardholder segments not examined in this study, such as emergency card replacement for current customers.

## Acknowledgments

---

Visa would like to express its gratitude to the following groups of people who contributed to this study:

- Participating Visa check card issuers and their designated project managers
- *Runge & Company*