



DOs and DON'Ts of Optimizing Omni-Channel for Issuers

Omni-channel optimization has been a hot topic for merchants but Issuers must provide a seamless experience for customers too. Research from Mintel/Compmedia clearly illustrates that customer preference and behavior is fluid:

- Roughly 27 percent of all US consumers get at least one credit card offer per month in the mail¹
- 43 percent of all customers get an offer through digital communications²
- 25 percent get an offer via direct mail³
- 15 percent get an offer in-person⁴
- 17 percent get an offer via phone or other channels⁵

People prefer to respond and apply to those offers differently as well:

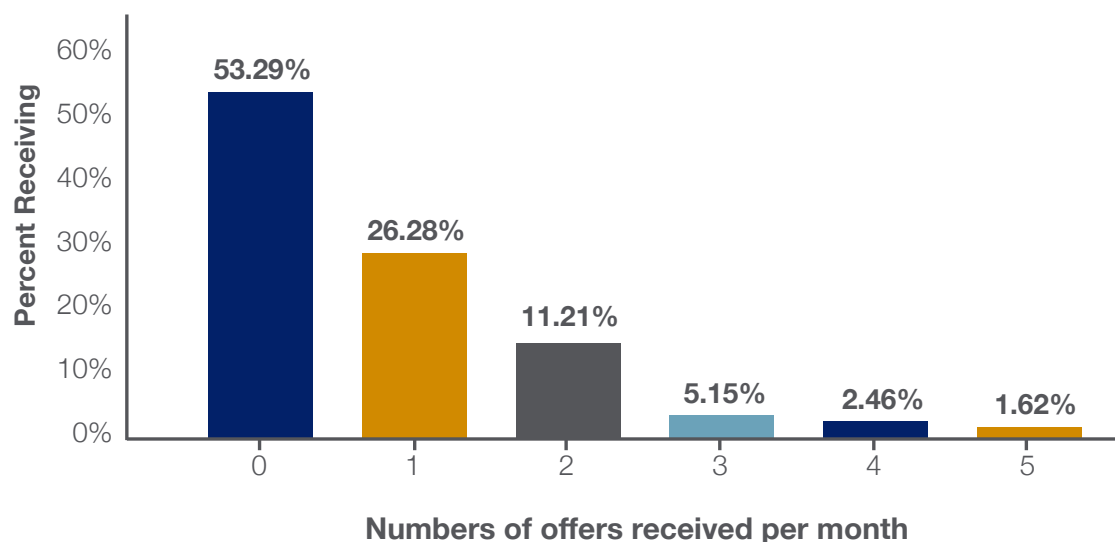
- 52 percent apply online⁶
- 18 percent apply by mail⁷
- 17 percent apply by mobile⁸
- 8 percent apply by phone⁹
- 6 percent apply via other channels¹⁰

The future of successful marketing for Issuers is omni-channel, but many are not equipped or prepared to optimize. Many banks and credit unions see the need for improvement and have stepped up marketing spend in areas that need more attention. Aite Group reports that marketing budgets allocated to traditional media for this group were cut roughly 5% last year while online marketing spend increased 5%. More attention was given to mobile, too, with the amount allocated to the channel growing from 7% in 2013 to 10% in 2014.¹¹

While the method of acquisition (and retention) may change, the bottom line remains the same – banks need new customers to grow their portfolio, especially in the wake of declining margins as a result of stricter regulations. Issuers need to evolve marketing efforts to meet customer preferences via different channels. Omni channel opens up opportunity by allowing prospects to take action (respond, apply, inquire) no matter where they are. Effectively threading together online, mobile and offline campaigns will have a positive impact on the bottom line of Issuers.



Distribution of monthly offers received by consumers



This figure plots distribution of the number of offers per month by survey respondents over the period Jan. 2010 to July 2012. Data is from the Mintel Comprehedia survey of credit solicitations and comprise monthly repeated cross-section spanning this period. The Unit of observation is a respondent in a given month.

Why Omni-Channel Matters to Issuers

Omni-channel opens the door to new ways to speak to customers and enrich the overall customer experience. By engaging current and potential customers via multiple channels and platforms, they have more avenues by which to respond in a personalized manner. Executing an omni-channel strategy effectively means that Issuers must also look at the cost impact of marketing efforts and how those costs are affected by other business operations. Disputes can hinder omni-channel activities by taking time, staff and resources away from marketing functions. Omni-channel also opens the door to new ways for customers to initiate disputes, sometimes as easily as just a click of a button. By balancing a proactive omni-channel marketing approach with merchant collaboration that keeps disputes in check, Issuers can ensure that margins are protected with room for expansion.

Best Practices

DON'T Be Confusing

Lack of clarity can confuse the customer and cause them to become disengaged. You may see this in online applications that are too long or that auto fill fields with incorrect or outdated information. These snafus can quickly turn a prospect away. Online applications should be updated often and tested to ensure that usability is still optimized. With the digital space evolving so quickly, Issuers need to ensure that their communications are maintaining pace and remaining relevant to today's customers.

DO Be Consistent and Seamless

To be most effective with Omni-channel, Issuers should strive for consistency and a seamless experience across channels. This means short, specific messaging that clearly defines the offer, the benefit and why the customer should get on board. This message should be apparent in emails, in online applications and on the website.

QUICK TIPS

- **Update online applications frequently** — they should be refreshed every 6-9 months and run through usability labs and competitive comparisons.¹²
- **Take advantage of Application Programming Interfaces (APIs) for service integration** — integrating internal and external systems and combining functionality allows Issuers to better serve the customer and deliver a more robust user experience. Using APIs (as opposed to single-sign-on technology) also enables Issuers to retain control of the user experience.¹³
- **Unify messaging** — the landing pages Issuers drive people to from direct mail, email or other channels should have consistent messaging with the offer and be personalized for that customer. The end goal is responsiveness, ease-of-use and brevity when it comes to getting from point A to point B.¹⁴



DON'T Lump Everyone Together

Customers have unique needs. Offering only “zero percentage offers” or “everyone gets it” rewards is no longer enough to entice the customer that expects customization. Issuers need to create personalized value propositions that engage customers as individuals and should focus on offers relevant to various segments.

DO Use Sophisticated Analytics to Optimize Engagement

Smarter segmentation and targeting come from a feedback loop: from targeting and segmentation, to list selection, to response and propensity models to profitability profiles. Only through continual testing and learning can issuers build new segmentation models based on elements such as customer demographics, retail product ownership, and likely use of credit. Targeted campaigns based on this level of segmentation can dramatically increase response rates.¹⁵

QUICK TIPS

- **Sync Offers With Segments:** get smarter with value propositions that the customer's needs with the Issuers product features in a way that jives with the business model. Tailor direct marketing offers to buyer personas.¹⁶
- **Use Both Internal And External Data For Upsells And New Customer Acquisition:** the more perspectives you have on your current and potential customers, the better. Different audiences interact in different ways on different channels. Collecting and utilizing that data is invaluable. Issuers should also include testing and more testing as part of a comprehensive growth strategy.
- **Upgrade System Architecture:** adopting new core banking solutions that are built with 360-degree views of the customer are essential. This type of service-oriented architecture can provide a global, singular view of customers across all channels that enables Issuers to drill down to how interactions are taking place among different segments via online, in-person and traditional marketing channels.¹⁷



DON'T Let Disputes Overrun your Capacity to Increase Margins

Increasing pressures from consumer protection agencies and federal regulators means Issuers face shrinking margins. Maintaining compliance and a strong consumer experience is expensive. As omni-channel makes it easier than ever for customers to initiate chargeback disputes, Issuers must find efficient, low-cost ways to manage the dispute process that enables them to remain compliant and provide an exceptional customer experience.

DO Collaborate with Merchants to Resolve Disputes Quickly and Lower Operational Costs

Cardholder disputes put both Issuers and merchants at risk. 58% of cardholders don't contact the merchant at all when filing a transaction dispute, and another 28% contact the merchant after the dispute had already been filed. When cardholders bypass the merchant and contact the Issuer directly, the Issuer must expend time, money and staff to resolve the dispute. This process is often convoluted due to complex and changing reason codes and processes, draining Issuers of valuable resources. Paired with the cost of write-offs and arbitration, Issuers need a strong strategy in place to protect the bottom line.

Working directly with merchants to resolve disputes via real time notifications can streamline the process and reduce operational costs. Ensuring chargebacks are filed with the correct documentation and reason codes is time-consuming. Creating the ability for the Issuer to resolve the dispute directly with the merchant provides a positive customer experience and allows Issuers to refocus that time on core business functions.



Speed resolution time to avoid additional expenses.

QUICK TIPS

- **Preserve The Positive Customer Experience:** empowering the merchant with data to resolve the chargeback dispute directly with the cardholder frees the Issuer up from entanglement in a process in which it doesn't need to be involved. Participating in networks that promote collaboration between Issuers and merchants helps Issuers cut down on attrition due to bad customer experience.
- **Speed Resolution Time To Avoid Additional Expenses:** participating in solutions like Verifi's Cardholder Dispute Resolution Network™ (CDRN) can help stop subsequent billings that create even more chargebacks and lower costs associated with resulting representments and card association fees. The service boasts an average resolution time of 28 HOURS.
- **Lower Costs And Regain Resource Time:** Verifi's CDRN proprietary closed-loop network enables the direct exchange of information and feed back loop between Issuers. The result is substantial: disputes can be resolved before they become a chargeback; 100% accuracy with Verifi's zero-defect guarantee if a CDRN case is successfully resolved but later filled as a chargeback, you don't pay.

Conclusion

Issuers must evolve as the marketplace and technology evolves to remain successful in customer acquisition and retention. Engaging with consumers across social media, onsite, online and mobile channels in a personalized, meaningful way requires consistency, updated systems and in-depth analytics. The objective remains the same: influence actions through omni-channel optimization and testing to drive continued growth. Omni-channel is fluid, and as customers continue to prefer online and mobile, successful Issuers will not only adapt but excel at meeting their dynamic and changing needs.

This also requires a close look at other business processes that are facing increased costs due to market influences, oversight and regulation— like dispute resolution — that threaten to detract time, resources and focus from forward-looking and margin boosting business efforts. By participating with service providers that facilitate the direct collaboration between merchants and Issuers, Issuers can save time and money and direct their efforts at keeping pace with emerging technologies...and business opportunities.

About Verifi's Cardholder Dispute Resolution Network (CDRN) for Issuers

Verifi's Cardholder Dispute Resolution Network (CDRN) connects Issuers directly with participating merchants to enable near real-time collaboration in resolving both (credit and debit) fraud and non-fraud disputes quickly. There is NO COST for Issuers to participate in CDRN. Our flexible integration options include an Online Portal for immediate results without IT effort as well as scalable API and Batch Files to integrate seamlessly into existing infrastructure.

- **Reduce Small Balance Write-Offs** — incurred in lieu of processing chargebacks
- **Support Reputation And Brand** — support positive customer experience and manage disputes promptly to reduce cardholder dissatisfaction and potential loss in purchase volume
- **Speeds Resolution Time To Avoid Additional Expenses** — average resolution time of 28 HOURS stops subsequent billings that create even more chargebacks and lowers costs associated with resulting representments and card association fees.
- **Comprehensive Coverage** — mitigates both fraud and non-fraud dispute reason codes
- **Growing Merchant Network** — emerging to Fortune 500 clients choose our solutions to protect their business. With triple digit growth and supporting over 5,500 accounts, our credibility, business development efforts and flexible integrations options allows Verifi to board new merchants easily.

About Verifi

Verifi, an award-winning provider of end-to-end payment protection and management solutions, was founded in 2005 to help our clients effectively manage the payments challenges they face everyday. Verifi helps merchants safely process payments, combat fraud, prevent and resolve costly chargebacks, as well as increase billings and keep loyal customers. Our best-in-breed solutions and white glove support are trusted by a wide range of industries from emerging companies to the Fortune 500. Headquartered in Los Angeles, California, we process more than \$20 billion transactions annually and currently serve more than 5500 accounts internationally.



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Citations

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