

# CONNECT EFT

6th Edition

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## The Message Matters

*Marketing Your Debit Card Program For Increased Usage*

Do your marketing efforts for your debit card program consist mainly of automatically offering a debit card when a member opens a checking account? Unfortunately, this “if we issue it, they will use it” strategy is unlikely to set record growth rates in debit card usage. The fact is, the average American adult needs to see the same marketing message 15 times before they will respond to it.

What does that mean to your debit card marketing plan? It means you must have a message that will interest your members, and you must say it often. Why should your member choose your debit card over some other institution’s card or an alternate payment method? To successfully market your debit card program, you have to answer that question for your members. You must find ways of making your debit card stand out with a marketing message that communicates member value.

Value can be different things to different members. One member may be looking for convenience above all else, while another member wants to avoid fees, and still another is interested in an attractive incentive program. Your cards will be most successful when you can communicate a variety of benefits to fit your members’ varied expectations.

### Member Incentive Ideas for Debit Cards

According to industry analyst Tom Geggel in “Strategies to Increase Debit Card Usage,” many credit unions are turning to incentive programs to motivate members to use their debit cards. Patriot FCU in Chambersburg, PA generates enthusiasm for its debit card program by offering a monthly and annual drawing. Each time a member selects “credit” at the point of sale, he or she is entered to win a \$50 or \$100 Visa gift card each month and a \$1,000 gift card at the end of the year. Geggel reports that Patriot FCU saw signature-based transactions rise from 1.1 million in 2003 to 1.3 million in 2004 after the launch of the incentive program.

Incentives can come in many forms. Consider these options to make your card more attractive:

- Offer members an incentive, such as cash or an entry into a drawing if their check card application is approved.
- Utilize activation and retention programs offered by Visa and MasterCard. Leverage their brand name for

maximum exposure.

- Give members rewards based on long-term card usage.
- Create contests, giveaways or sweepstakes (or piggyback one from Visa or MasterCard) that builds cardholder excitement and rewards them based on card usage. Each time they use their debit card, the odds of winning improves.

### Press Credit vs. Debit at the Point of Sale

Credit unions should encourage cardholders to press “credit” rather than “debit” at a POS machine because the credit union will earn more interchange income. Pressing “credit” and signing for transactions offers better cardholder protection in cases of fraud or merchant dispute. Cardholders should also be encouraged to use their debit card at as many merchant locations as possible to avoid carrying large quantities of cash to pay for their purchases.

Pressing the “debit” button can save cardholders ATM withdrawal fees. For those times when cardholders need cash, they should press the “debit” button at the POS machine and request cash back. It is less expensive for them than withdrawals at an ATM not owned by their credit union. And the credit union does earn interchange income on the PIN POS transactions.

### Marketing Strategies

Once you have identified the main member values you wish to communicate, remember these fundamental marketing principles:

- Tell them over and over and over again.
- Keep your message short and simple.
- Know your audience. Tailor your message to fit the profile of the members you are trying to reach.
- Use a variety of ways to communicate. Promote your ATM and debit cards through stuffers, newsletter articles, posters, recorded on-hold messages, buttons for employees to wear, direct mail.

Before your members can choose your debit cards, they have to know about them. Remember, marketing these cards is not a one-time task. It is a way of life. If you need help marketing your program, Growth By Design offers a variety of debit card marketing materials. Keep your message always before your members, and you will inevitably begin to see the rewards.

## EFT Council Meeting

Please mark your calendars for our upcoming EFT Council Meeting on March 22 from 10 a.m. to 1 p.m. Lunch will be provided by CSI. To make your reservation call Cindy Tuttle at (770) 476-9625.

### Topics include:

Plastic Card Coverage —

Why is it necessary? Why or why not self-insure?

Speaker: CUNA Mutual representative

Instant Issue Debit Cards & Repinning Cards

Speaker: Dynamic Card Solutions representative

VISA Debit Marketing Update

Speaker: VISA representative

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We'd like your feedback on the changes,  
so please let us hear from you!



A recent study by Callahan Center for Credit Union Leadership reports that ATMs account for only about 9% of credit union non-interest income. Yet, because many credit union members view convenient and affordable ATM access as a vital factor in their choice of a primary financial institution, how credit unions manage their ATM service can have a significant impact on their growth and success. Credit unions are left to grapple with the question of how to balance the desire to provide members with convenience and the rising costs of ATMs.

For some credit unions, this question has a new answer: check imaging ATMs. Check imaging allows members to cash or deposit a check at an ATM without an envelope. The machine captures an image of both sides of the check, reads the courtesy amount without customer input, detects and reads the MICR line, displays check image and courtesy amount on the ATM screen for member verification, and prints a detailed receipt including a copy of the check. This technology electronically transmits the check image and its associated transaction data for immediate processing.

According to Diebold, check imaging ATMs offer several key benefits to credit unions:

- **Increased customer satisfaction.** Members have the ability to make deposits 24-7. A printed image of the check provides them with greater confidence in the transaction.
- **Reduction of branch resources necessary for check cashing services.** Therefore, more branch resources can be devoted to sales and service.
- **Ability to accurately assign float.**
- **Reduced transportation and servicing costs.** Eliminates needs for daily check sweeps.
- **Reduced fraud losses.** According to Fair Issac's Card Alert Fraud Manager Team, empty envelope fraud accounts for 49% of all ATM fraud. Check imaging technology eliminates this fraud.

In recent years, credit unions have faced the costs of technology upgrades for Triple DES encryption standards. And with the opportunities presented by Check 21, more credit unions are evaluating the feasibility of adding check imaging. SunCoast Schools Federal Credit Union in Florida began investigating deposit automation in response to the impending expense of upgrading its entire fleet of ATMs for compliance. SunCoast launched its first test machine in October 2004. Now it has 70 ATMs in McDonalds restaurants as well as ATMs in high schools and colleges. The credit union reports that it receives 6,000 ATM deposits a week. For SunCoast, the investment in the new technology was offset by the reduction in staff required to balance ATM deposits, transportation and servicing costs and fraud.

In addition to tangible expense reductions, check imaging ATMs may also offer the intangible benefit of freeing staff to serve members in other capacities. Hanscom Federal Credit Union in Boston, Massachusetts recently rolled out check-imaging kiosks to replace tellers while still providing service to members. The credit union believes the technology has resulted in shorter teller lines and has eliminated the need for daily check sweeps at deposit-taking ATMs.

Check imaging ATMs offer new possibilities for credit unions seeking to serve segments of their membership more effectively without adding additional branches. While credit unions must weigh the cost of this technology, its potential seems to hold the key to the future of ATM service.