

## Payment Cards

### *Industry Issues*

The Cards industry in the UK is mature, crowded and highly competitive, with over 60 Issuers and 1500 different cards. The consumer can choose from an ever-wider range of different brand (and co-brand), pricing, service and loyalty-reward propositions, and the majority of cardholders within attractive market segments hold more than one card. The resulting battle for customer acquisition, retention and share of wallet is therefore intense. In addition, this is a battle that has to be fought whilst applying effective controls. More specifically, well-tuned processes are required for the management of credit and operational risk, as credit and fraud losses account for roughly one third of the total costs of the typical credit card issuer.

### *Required response*

In responding to this competitive challenge, card issuers have to be able to:

- offer products designed to meet the precise needs of clearly defined segments and then secure loyalty and adoption as a “card of preference”;
- develop and exploit supporting distribution and delivery channels;
- build an operation that meets demanding client expectations in respect of customer service;
- introduce effective credit risk management policies and processes that not only control risk, but also offer competitive advantage in customer acquisition, limit setting, product pricing and debt recovery;
- strive for operational excellence to deliver at a competitive unit cost;
- introduce effective measures to manage operational risk in response to the demands of Basel II and the growing problem of fraud;
- remain flexible to ensure that the business can adapt to rapidly changing needs;
- partner (and outsource) effectively so as leverage both the card issuer’s own and their partners’ assets;
- combine all of the above to drive up profitability.

### *Why Rawlings & Co?*

Rawlings consultants have an in-depth understanding of the requirements for success in Cards and Payments. They have extensive experience of the industry and are recognised as offering “Thought Leadership” in a number of key areas, such as:

- Development of strategy for entry into new markets
- Development of effective measures to increase cardholder loyalty and profitability
- Introduction and deployment of EMV chip cards, with associated PIN at Point-of-sale, to control “card-present” fraud and provide a platform for “value-add” applications
- Introduction of new cardholder authentication protocols from Visa (VbV) and MasterCard (SecureCode) designed to reduce e-commerce fraud
- Card scheme rules, pricing and interchange rates
- Responding to Basel II requirements for the management of Operational and Credit Risk
- Achieving more cost-effective debt recovery
- Adopting best practice to achieve operational excellence
- Value creation and capture through effective selection and management of vendors and outsourcing suppliers.

Rawlings’ specialist competence in these areas can be blended with our “Disciplines”, to ensure that effective **Programme** and **Change Management** delivers **Improved Operational Performance** and, as a result, the desired business benefits.