

Key Industry Payment Trends to Keep Watch for in 2018 and Beyond

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Thursday Morning's Thought Starter

A close-up photograph of a person's hands. The right hand holds a white smartphone, and the left hand holds a white coffee cup with a brown sleeve. The background is blurred, suggesting an outdoor setting like a cafe.

**Your Credit Union's
Payment Revenue**

This Morning's Goal



**Provide ideas
to help your
Credit Union
increase debit
interchange
income**

Credit Union Dynamics

Each Credit Union is its own unique entity

- Mission
- Target & actual membership
 - Deposit account offering
 - Member spending habits



Today's Debit Market is Impacting Your Card Program's Profitability

- Durbin still exists
- Lower transaction volume growth rates
- Payment network pricing and transaction sets are used to gain volume share
- Issuers caught in the middle with volume shifts and decreasing interchange revenue



Control

Network Strategy

Why???

PINless
Debit

Interchange

Single
Message

P2P

Real Time Credits & Debits

Signature Debit

Dual Message

PIN Debit

Data

COMPATIBILITY



Why Does This Matter?

Network Strategy

Control

COMPATIBILITY



**Determine the right network combination to
maximize overall debit net revenue**

Market Share Battle

PIN Debit

PINless Debit

vs.

Signature Debit

- PINless Debit provides convenience for small purchase amounts
 - Initial \$50 purchase caps are being waived
 - May reduce issuer benefits: income & fraud



Market Share Battle – Front 2

Signature Debit

Dual Message

vs.

Signature Debit

- Traditional Domestic, PIN Debit networks entering signature/dual message space
- Signature movement may cause a decrease in net revenue & global brand commitment issues



Emerging Elements

Real Time Credits & Debits

- New transactions (Mastercard MoneySend, Visa OCT/Direct) provide opportunities to compete in P2P (e.g. Venmo, Zelle)



Data

- Payment networks want all of your transaction data

Considerations & Actions

- Minimize the number of payment networks
- Take ownership of transaction set: PINless, dual message are options not requirements
- Evaluate P2P impacts
- Own your data





Questions

&

Thank You

