

Why do consumers care?

For Issuers



Introduction

# Opinion

A short video of customer interviews filmed in London, May 2019.





Future

# The importance of cards

## The growth of cards

The volumes of cards in circulation is growing. According to the World Bank Financial Inclusion Report<sup>1</sup>, in Europe, 45% of +15 year olds now have a credit card up from 36% in 2011. More impressive still is the rise during the same period from 68% to 87% for those who have debit cards. Globally 6.4 Billion payment cards<sup>2</sup> are shipped each year and in Europe 816 million payment cards were shipped in 2017<sup>3</sup>.

## Cards as a payment device

There are two clear payment distinctions, online (websites and apps) and offline payments (pos - retail stores and services).

**Offline Payments.** In Europe, cards are forecasted to continue to grow as the most dominant payment method for offline POS payments. In 2022 they are forecast to account for 61%<sup>4</sup> of all transactions (up from 50% in 2018), with cash accounting for 30% and e-wallets 8%.

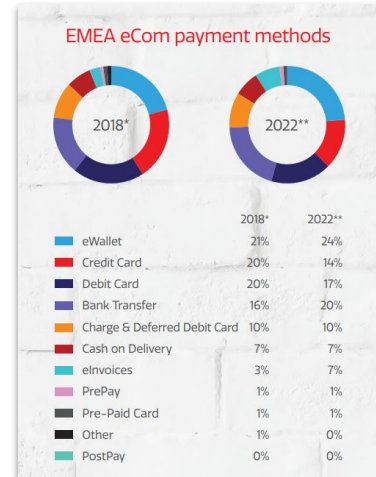
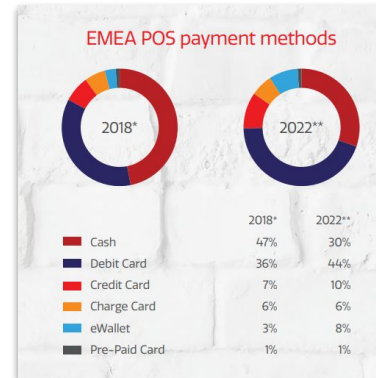
In the UK the total value of POS payments is forecast to rise from \$1,357bn in 2018 to \$1,649bn in 2022. \$292bn growth.

**Online Payments.** However, cards will give ground to e-wallets, bank transfers and e-invoices on online channels. In 2022 they are forecast to account for 42% of all transactions (down from 51% in 2018), with e-wallets growing to 24%.

In the UK the total value of online payments is forecast to rise from \$225bn in 2018 to \$314bn in 2022. \$89bn growth.

## Plastic vs Virtual Cards (Apple & Android wallet)

It is no question that virtual cards are becoming more important, however usage still remains low with Apple Pay accounting for 3%<sup>5</sup> of the transaction volume of Visa and Mastercard. Penetration rates have slowed since launch and the mobile wallet is yet to reach widespread mainstream adoption.



When consumers need the service  
**Size of the market**





Card







Wallet

<p><b>Replacements</b></p> <p>They lose their card                  Their card is stolen,                  broken or compromised</p>	<p><b>How many cards?*</b>                  (# per year)</p> <p> 19.2 million   127.5 million</p>
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<p><b>Replacements</b></p> <p>They lose their wallet                  Or their wallet is stolen</p>	<p><b>How many people?***</b>                  (# per year)</p> <p> 4.8 million   31.9 million</p>
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<p><b>New</b></p> <p>New bank account                  Or a specialist - credit, travel                  (typically required instantly)</p>	<p><b>How many cards?*</b>                  (# per year)</p> <p> 13.1 million   86.9 million</p>
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<p><b>New</b></p> <p>They are new to the country                  Or they reach the age to open an                  account</p>	<p><b>How many people?</b>                  (inward immigration # per year)</p> <p> 682,000   4.4 million</p>	<p><b>How many people?</b>                  (born # per year)</p> <p> 755,000   5.01 million</p>
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\*Numbers are estimates based on low industry consumer behaviour averages against total cards in circulation - 11% lost and stolen, 7.5% new cards. 174.3m cards in the UK, 1,158.6m cards in Europe.

\*\*We estimate that 25% of lost cards are because the consumers wallet has been lost or stolen.

Case study

# Consumers care

29/06/2019 - David Washbrook (Co-Founder at Look Who's Charging) posted this [LinkedIn post](#).



**David Washbrook** • 3rd+  
Co-Founder | Look Who's Charging  
1d

I landed in the UK 48 hours ago and realised upon landing that I had forgotten the wallet that contains my UK debit cards 🙄

I have accounts with Natwest, Lloyds, Monzo and Starling. Turns out to be an interesting experiment in Cx:

- Natwest. 15 mins on the phone to find out I need to visit a branch. 20min drive to a branch (had to go that direction anyway). 10mins queuing at branch only to be told they need to mail a new card and a pin and that could take 7-10 days. Plus they could only mail to an address where I will not be 7-10 days time 😞
- Lloyds Bank. Same outcome as Natwest except didn't need the branch visit 😞
- Monzo. Zero phone calls. New card order through digital app in seconds. New card is immediately available to use in Apple wallet and physical card arrives at the address I am staying less than 24hrs after ordering. Pin can be set in app 🙌🔒
- Starling. Same as Starling except it takes 48hrs to see the new physical card 🙌
- Revolut. To spice things up I thought I'd also open an account with Revolut. Account opened in 3mins, including ID verification, and a working card in Apple wallet 🙌🙌

Outcome

- Natwest account emptied and closed
- Lloyds account emptied and closed
- Looking forward to using the challengers for all my UK Banking needs 🏆👑

4,474 • 400 Comments

Reactions

## Key Points to Consider

Providing a poor customer experience does result in customer attrition and churn.

Lost cards is a problem that people care about - over 22,000 likes and 1,200 comments on this post alone.

Being able to process a function through the app (such as ordering a card or depositing a cheque) is key for many consumers. They expect it.

David valued control. He wanted the ability to order a new card immediately without speaking to someone.

He also prized speed. He expected a new virtual card straight away and was impressed with a 24 hour Monzo and 48 hour Starling delivery for his plastic card.

Case study

# Consumers care



**Jo Lucy** • 2nd  
Chief Culture Warrior • 1d ...

Loved reading this David, what a case study for digital and culture change. We demand much more instant service change not because we're shitty and demand it, because we need it for the life we live. Well done Monzo and Starling as a lazy Nat West customer I'm off to look at these accounts now!

👍 · 1 Like | 💬 · 1 Reply

**Karen McLaughlin** • 2nd  
Vice President Insight - Creating superior customer experience f... • 1d ...

I use starling! I didn't yet make the switch to moving all my banking from Lloyd's but after some appalling customer service from them I plan to move all my accounts. I have banked with Lloyd's since I was 17, their online app is ace but they are disjointed and don't show any customer appreciation across different offerings [#timeforchange](#)

## Common Themes

Customers expect things now, and critical moments matter.

Traditional banks still have some consumers trust (above challengers), but for how long?

There is a widespread mis-perception that Apple wallets continue to work if a card is reported lost/stolen.

**Alistair Baxter** • 2nd  
Director, Head of Supply Chain Finance at RBS • 22h ...

If you had your NatWest card in your apple wallet already you could continue to use it as normal. Also, with the 'get cash' feature you can go to a NatWest or RBS ATM and withdraw cash using a one time only unique code, issued through the app.

All of this can be done through the app in a matter of minutes (<5) without any phone calls.

Personally, I'd be concerned that a potential fraudster could order a new card to a new address within 24 hours to access my account, like your experience with Monzo/Starling.

Agree that traditional banks can learn from fintech innovation, but your experience really doesn't reflect all the features you have at your disposal.

**Alina Metlitski** • 2nd  
Let's do this! • 13h ...

That's exactly his point - if the solution is not at the customer's fingertips this very second, and not to be found out within max a minute within the app or on google, then the UX has to be improved, that feature hasn't obviously penetrated the market enough and the Ad hasn't really reached the awareness stage of their customers. Nowadays, customers have so many bank accounts - they need the special added value to keep one. Calling call centers and waiting in line at a branch (queuing app e.g.) for something that could have already been cleared up over the phone, is not the customer journey a customer wants to encounter - and certainly not the future generations. The card would have still taken too long to be delivered, if at all, given the temp. address. Also, he didn't ask for emergency cash, he wanted to have a quick and easy solution for the wallet. Why (do banks) still circumvent the classical use cases with detours when the solutions could be so easily implemented? Or why even deal with it (as a customer) when there is a provider who's outperformed the former in customer experience? (edited)

**Scott Lee**  
Investment Management Director, KPMG. All my own thoughts, I... • 18h ...

Couldn't agree more! Traditional banks have a lot to learn including how to deal with the challenger hype!

**Arjun Patel** • 2nd  
Global Senior Digital Product Manager at HSBC • 1d ...

Agree that the challengers are destroying the incumbents when it comes to digital and omnichannel customer experience. But I am intrigued that you might be prepared to put your salary and life savings into an account with companies that have very little track record of managing finances and consistently significant losses since their inception. (edited)

👍 · 19 Likes | 💬 · 11 Replies

**Martin Rodgers** • 2nd  
Providing strategy led online marketing and lead generation sol... • 23h ...

I can imagine the conversation at the traditional banks...

'We can't do it because...systems, regulation, compliance'

At the alternatives 'how can we make this happen?'

Too scared and worried versus can do attitudes.

👍 · 2 Likes | 💬

**Will Smyth**  
Teaching Fellow in FinTech (AI) at Ulster University • 14h ...

**Phil Lavin** And a lot of catching up to do in terms of taking for granted their customers' loyalty, and taking advantage of their customers financially. Hopefully we shall all benefit from the many Davids v few Goliaths competition in the market. (edited)

**Frank Tonjes**  
Python Developer focusing on the Automation, Analytics and Manageme... • 23h ...

So the lesson is to not forget your wallet at home and not to blame other people for your mistakes?

👍 · 19 Likes | 💬 · 14 Replies

**Ahmed B.** • 2nd  
Enterprise Account Manager bei Splunk • 23h ...

The lesson is that today's era is full of self servicing. Companies have limited moments to shine. If you can't shine in a critical moment, consumers choose an alternative. Simple.

👍 · 30 Likes | 💬

Response

## Responding to the consumer



### Instantly issue a plastic card

For collection where and when the consumer chooses on their terms. Customers order through their banking app or on the machine. Plus they can recycle their old card.



### Instantly issue a virtual card

Ordered directly through their banking app a matching PAN (to their plastic card) virtual card is pushed into their mobile wallet in seconds.



### Auto-renew subscriptions

We will enable customers to automatically renew tokenized subscriptions (Netflix, Spotify etc) by redirecting their existing tokens to the new card credentials.

Coming soon

Sustainability

## Stopping the waste

### The current situation

Plastic cards have a horrifying legacy, according to a Nilson Report, manufacturers shipped 6.4 billion payment cards in 2016 (the same amount of plastic as in 76.8 billion<sup>6</sup> straws) yet only a fraction ever gets recycled. Every 13 years the equivalent plastic of 1 trillion plastic straws hit landfill in the form of payment cards. This has a hugely negative impact on the environment especially as each card takes around 1000<sup>7</sup> years to decompose.

But, this isn't the only damage caused by the creation of cards. It is estimated that each card travels on average 43 miles from central postage sorting offices to homes in the UK accounting for 1.4 bn<sup>7</sup> lone (cards travelling individually) delivery miles each year in the UK alone. Plus, the creation of each card emits 21 grams of Co2 and a further 41 grams of Co2 during the delivery process.

### It is clear a better approach is needed.

One of the biggest challenges when recycling bank cards is the sensitive data held on the cards. Consumers often cut the cards into small pieces, disposing of them in different bins - a nightmare for recyclers.

We have developed a completely closed loop solution. Consumers will be able to securely dispose of their cards at the machines, eliminating all personal identifiable information. The plastic and chip will be recycled breaking the landfill spiral.

Our solution also eliminates billions of delivery miles by re-routing distribution to convenient collection points and removing all packaging. In addition, our approach of creating cards from blank means we eliminate stock waste as cards are only created where and when the consumers needs them.

### A better and more sustainable alternative.





Introduction

## Why consumers value CardHub



### It gives them control

Consumers can order new cards through their mobile apps and collect them where and when best suits them. They are in control.



### It's fast

Consumers can choose to collect cards in 3 minutes, not wait 5 days. For many, they need cards instantly, waiting is not an option.



### It's sustainable

Consumers care about the environment. They can securely recycle cards and eliminate all delivery packaging waste.



### It's secure

Consumers also care about the security of their money. Knowing only they handle their card is important, not through the post.

### But do UK consumers choose this?

Our customer research says yes. Modern consumers prefer control and choice - they value great customer experiences and expect things now. Consumer expectations have shifted and the status quo is not enough anymore.

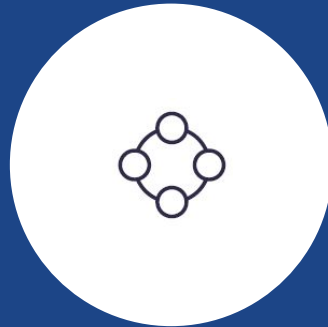
But this goes beyond research, it has been proven in action. In the UK, Metro Bank customers have demonstrated this with action. 97% of their customers choose to collect a card from a branch in 15 minutes vs through the post in 5 days.

## References

# References

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5. 1.8 Billion Transactions Apple Pay, 31.7 Billion Transactions Visa, 24 Billion Transactions Mastercard - per quarter  
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6. Mastercard aims to cut PVC from payment cards  
<https://www.creditcards.com/credit-card-news/mastercard-to-cut-plastic-pvc-from-payment-cards.php>
7. 43 miles x 32.3m cards (19.2 million lost and stolen and 13.1 million new cards) = 1.4bn miles

Interesting Reading - <https://thespring.io/investing/apple-pay-will-process-10-billion-payments-in-2019/>



A decentralised and open infrastructure  
that securely creates and issues  
cards on demand for any bank, where and when  
customers want.

CardHub enables issuers to instantly issue sustainable plastic and virtual cards to customers via advanced self-service machines.

**Any card. Any bank. Any branch. Any scheme. Anywhere.**

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