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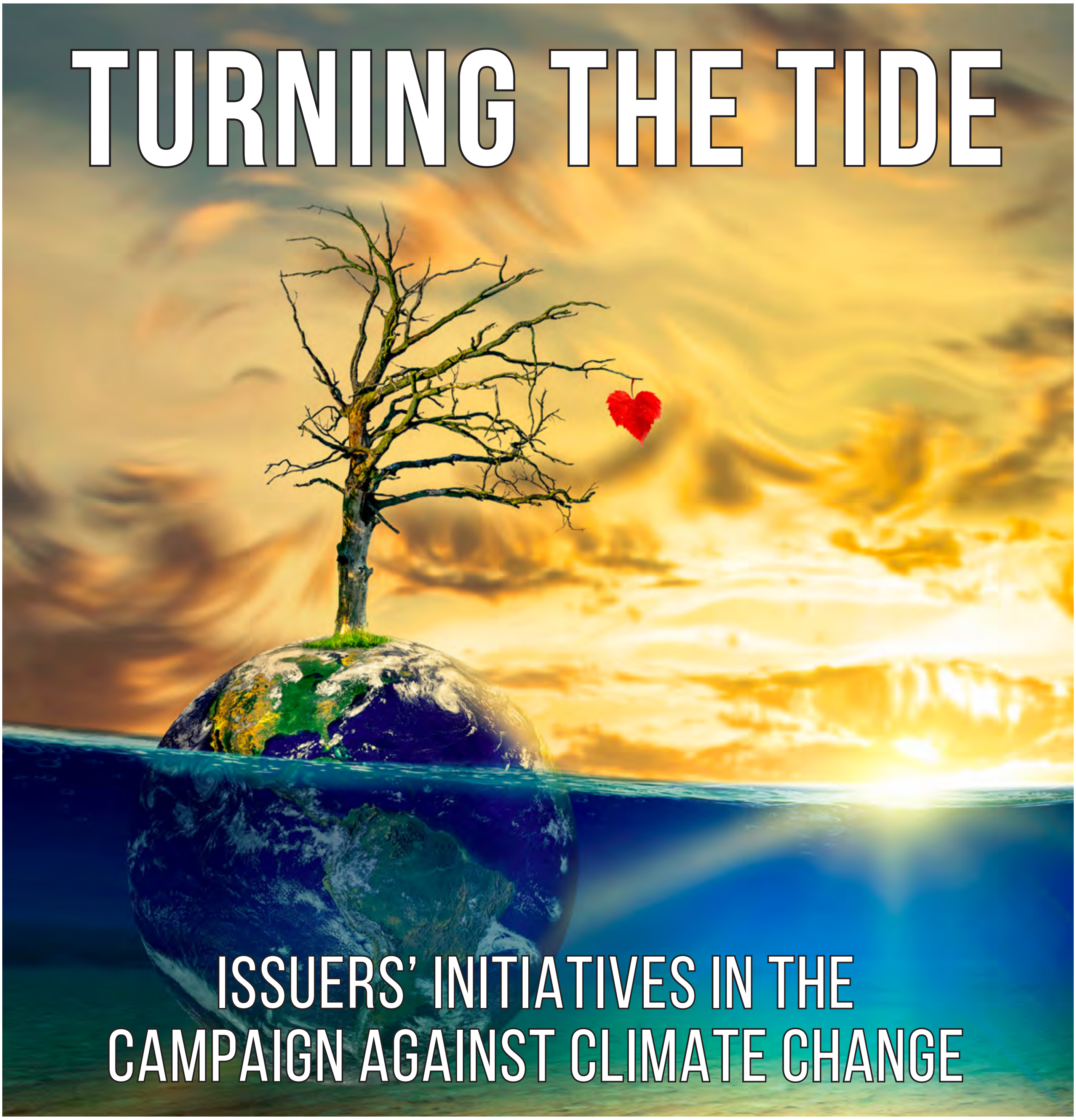
TURNING THE TIDE



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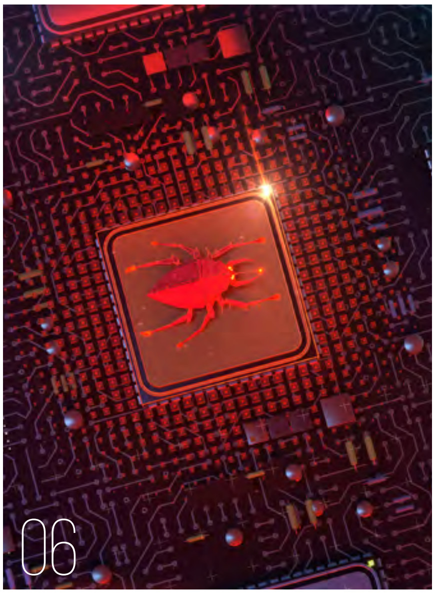

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MASTERCARD RAMPS UP LOYALTY PROPOSITION WITH SESSIONM

Douglas Blakey, Editor

Mastercard is ramping up its efforts to optimise customer engagement in general – and its loyalty and rewards proposition in particular.

As the feature in this issue **(pages 10-11)** explains, Mastercard Pay with Rewards is an ambitious programme to offer next-generation rewards. The programme is digital, flexible and enables cardholders to redeem points in seconds at any of the millions of locations Mastercard is accepted.

And as *CI* goes to press comes news that Mastercard is to snap up US-based customer engagement and loyalty platform SessionM, whose platform is used by retailers, airlines, restaurants and CPG companies. Its technology is said to offer a complete loyalty solution, covering data management, campaign execution and programme measurement. Moreover, the acquisition will offer brands data-driven insights to support personalised, real-time offers and campaign measurement.

Consumers' expectations experiences with brands are evolving at speed. Cardholders also expect engagement with card issuers and retailers to be seamless and digital. As has been noted in these pages at some length, Mastercard has made a number of acquisitions of late. Examples include the deal to acquire Applied Predictive Technologies, a test-and-learn analytics tool that allows brands to prove the real impact of marketing, product and other decisions.

Mastercard has also expanded its consulting programme and enhanced its marketing services, executing omnichannel campaigns on behalf of customers. Other deals include the August acquisition of the account-to-account payment business of Nordic platform Nets for €2.85bn ($3.17bn). The acquisition comprises the clearing and instant payment services, and e-billing software of Nets' Corporate Services business. And earlier this year Mastercard agreed the deal for Ethoca. The Toronto-based global provider of technology solutions for merchants and card issuers enables collaboration in real time to identify and resolve fraud in digital commerce.

The SessionM deal may not attract the headlines associated with the Nets deal, but is potentially one of Mastercard's more interesting deals.

Vulture City: Tom Ravlic

On becoming editor of sister title *Retail Banker International* over ten years ago (prior to *CI* being added to my schedule), the outgoing editor gave some prudent advice about book reviews. In summary, he advised to steer well clear unless there are exceptional reasons to give a book a plug

In the intervening decade, I have followed the advice bar two occasions: the publication of Ian Fraser's impressive *Shredded: Inside RBS, the bank that broke Britain*. The Fraser tome is a must-read, and now deservedly into its third edition. Then there was Vernon Hill's *Fans not Customers*. Hill divides opinion like few other bankers. I remain a fan and of the view that, Metro Bank challenges notwithstanding this year, he will be missed as he stands down as chair.

I am happy to break the rule for a third time – and full disclosure: it is a shameless plug for a friend of this parish, sometime *RBI*, *CI* and *Electronic Payments International* contributor Tom Ravlic. His *Vulture City: How our bankers got rich on swindles* covers the background to the Australian Royal Commission chaired by High Court Judge Hayne.

Stating the obvious, Ravlic's task – to examine a series of case studies from transcripts, exhibits and reports of the commission – gave him plenty of ammunition – and that is just the fraud, forgery, lies and cover-ups. Inevitably, the cards sector does not escape unscathed. There are the too-numerous examples to credit cards being issued to people who could not begin to pay off credit they already had. Credit limit increases were being given to customers simply because they had a good history of repayment rather than looking at whether they were able to cope with a larger credit limit.

The Royal Commission also heard that automated systems have made the various credit card worse. There was also the spectre of customers being encouraged to spend more on their credit cards so that they use up a credit limit. As *CI* contributor Grant Halverson, CEO and MD at McLean Roche, notes, the Australian credit card market in stuck somewhat in the slow lane. Australian consumers spent A$274bn ($188bn) on their credit cards in the last 12 months, while spending A$336bn on debit cards. This significant shift has been under way for 10 years, as RBA numbers demonstrate: card balances declined to $50.2bn a 3.1% or A$2bn reduction. While the critical balances paying interest, the major source of revenue for card issuers declined by 6.3% to A$30.6bn, a reduction of A$2bn.

And with the Royal Commission fresh in the mind, woe betide any card issuer that even thinks about unwise card marketing promotions. This has major implications for earnings over the next 12 months. ■

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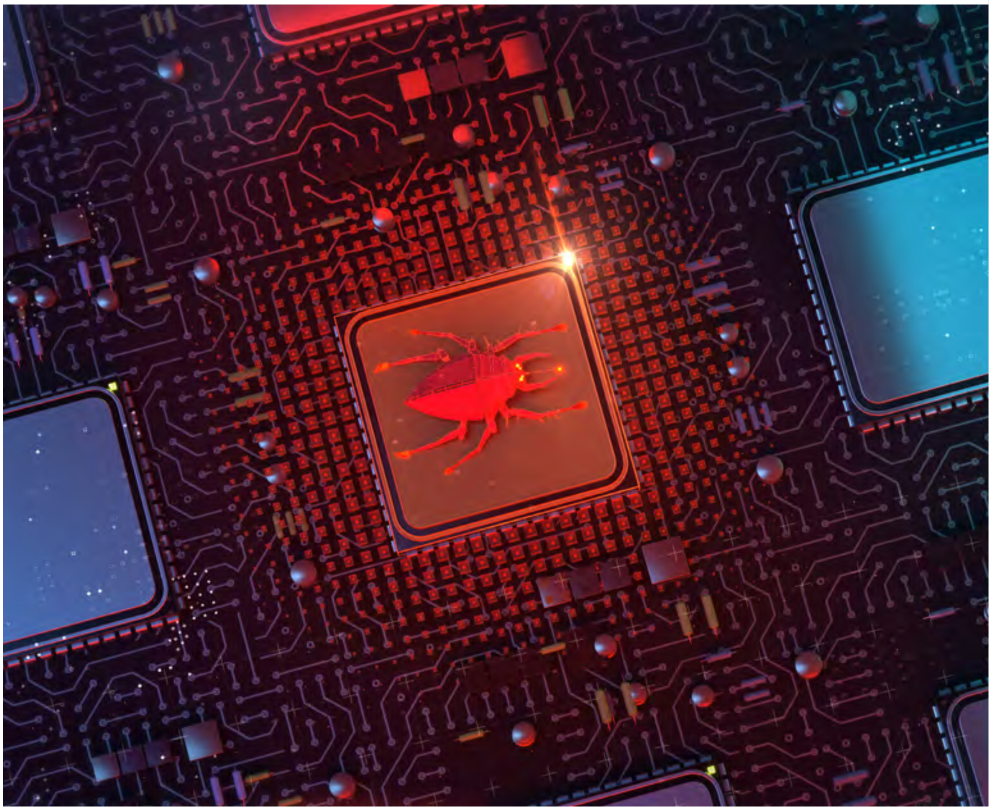
NEWS DIGEST

MASTERCARD TACKLES FRAUD EXPOSURE WITH THREAT SCAN



Mastercard has launched Threat Scan, a global service that helps banks to identify threats in authorisation systems.

Threat Scan works with issuers' fraud tools by imitating known criminal transaction behaviour, enabling it to assess authorisation system responses before exploitation and fraud loss happen.

Utilising an evolving selection of test scenarios from Mastercard based on criminal behaviours, Threat Scan simulates known fraud attacks and then locates weak points in the authorisation process. As cybercriminals find new methods, the scenarios can be added to the range of tests, which are instantly ran against systems globally.

After a scan, issuers will see the results immediately in the Mastercard Threat Scan display. The results enable issuers to assess their fraud exposure and take targeted actions to toughen weaker links in systems' defences.

Johan Gerber, executive VP, security and cyber innovation at Mastercard, said: "Our customers increasingly rely on us to provide solutions that help make their systems safer and more secure. Threat Scan enables our customers to stay one step ahead, act faster and minimise the risks that expose them to attacks."

He continued: "As cyberattacks grow in scale and sophistication, it is critical that we advance trust in our payments system. Threat Scan is part of our multi-layered security strategy to secure the payments ecosystem.

"Customers who participated in our pilot told us they gained valuable insights into how to secure their authorisation systems against future attacks. Many were surprised by what we found."

Mastercard also recently announced that it will offer a Request to Pay solution in the UK. Following accreditation from Pay. UK, the service will enable consumers and business to receive payment requests and view bills. It also allows them to pay with real-time payments or card.

Set to launch in the first quarter of 2020, the Request to Pay service provides a secure messaging channel between UK billers and consumers. ■

Mastercard, Square partner for small business events

Mastercard and Square have joined forces to drive financial inclusion with events, through a two-city, New York City and Los Angeles, collaboration on Self Made.

Self Made is Square's event series that focuses on enhancing the skills of underserved business leaders to make economic and community impacts through panels and workshops. The events, which build on the partnership between Mastercard and Square; will begin in October in Long Island City.

In January 2019, Square launched the Square Card, a free debit Mastercard that enables businesses to manage cash flow. It achieves this by eliminating the time between making a sale and having the funds ready to spend. It also offers instant discounts on purchases at other Square sellers.

"We recognise the critical need to continually arm small business owners and micro-entrepreneurs with the tools and skills to enable their success," said Sherri Haymond, executive VP of digital partnerships at Mastercard.

"The Self Made event series brings awareness to the ways that these leaders can leverage technology to drive forward the small business economy."

Chris Sweetland, head of payments partnerships and industry relations at Square, added: "After kicking off the year in small business education with events in Atlanta and Pittsburgh, we're thrilled to be partnering with Mastercard to expand these efforts to New York and Los Angeles.

"It's our shared goal that the Self Made event series will equip attendees with the know-how to build a successful, growing business." ■

OCBC to broaden JCB acceptance in Singapore

Oversea-Chinese Banking Corporation (OCBC Bank) has announced a new partnership to expand JCB card acceptance in Singapore.

With the acceptance of JCB cards, OCBC is aiming to reinforce its position as a leading acquirer in the region. In addition, it hopes to build momentum and increase its merchant base, both on and offline.

The partnership expands the JCB acceptance network in Singapore and brings greater convenience to its cardholders in the country. Customers in Japan and other parts of North Asia, especially China, South Korea and Taiwan, will also benefit.

Desmond Tan, head of group lifestyle financing at OCBC Bank, said: "With OCBC's network of commercial partners, including major supermarkets, department stores and dining outlets, this puts us in a great position to provide JCB customers with more payment acceptance points.

"This new partnership with JCB is an indication of our continuing work to establish a higher level of card acceptance that goes beyond Visa and Mastercard. JCB customers can now enjoy a greater level of ease and an improved customer experience when it comes to card payments, and this is an opportunity for OCBC to extend our comprehensive credit card network to a new consumer base."

Fumihiko Mitsuoka, MD at JCB International Asia Pacific, added: "We are honoured to announce this partnership with OCBC, which will allow all its merchants to develop their business through a wider choice of payment schemes to attract more customers."

In July, OCBC was the first bank in Singapore to offer QR code withdrawals, enabling customers to withdraw cash at OCBC's 655 ATMs without needing a debit card and PIN. Instead, customers scan a QR code on the OCBC Pay Anyone app, and then complete the transaction by authenticating via fingerprint, faceprint or mobile banking login credentials. ■

LINK LAUNCHES FREE ATM DELIVERY FUND FOR COMMUNITIES

Link, the UK's main cash network, has announced the launch of a new Community Access to Cash Delivery Fund, enabling communities to request a free ATM from Link when needed.

Link will fund the installation of the new free ATMs in areas with poor free access to cash. It will work with its existing model, which requires commercial operators to decide whether a site is profitable.

Local communities can apply for a free ATM via their MP, their local council or directly from Link if they meet certain key criteria:

- Distance to the nearest free ATM;
- Availability of a Post Office;
- Site security, and
- Suitable location.

Link has previously made several commitments to improve free access to cash for high streets in the UK. In August, it announced five new pilot sites in Battle, Bungay, Nuneaton, Tywyn in Wales and Durness in Scotland, where an ATM would be directly commissioned.

Link CEO John Howells said: "This is an important development which will allow communities to directly contact Link and get things done to help consumers. Link is looking forward to getting the first requests for ATMs so we can help solve access to cash issues across the whole UK."

Link has also welcomed UK Finance's new Community Access to Cash initiative, which provides grant support and industry guidance for local communities' free cash access. Alternative solutions to the ATM are also supported by the initiative, including digital education, driving community cashback or helping communities to connect with partners that can help increase cash provision.

Rob Stross, CMO at peer-to-peer travel money provider WeSwap, said: "Despite many countries appearing to become cashless, and Britain seems to be working towards living in a cashless society, Brits must remember that there are still many communities and countries both in Europe and the rest of the world that are still predominately cash-based. When withdrawing cash abroad, ATMs could charge you up to 5% for every transaction. So it is worth noting when going abroad which countries use cash

more frequently and which use card in order to avoid paying unnecessary fees on ATM withdrawals of POS transactions. This way, holidaymakers can budget for their summer holidays effectively and spend wisely."

The move follows an announcement by Link in August that if a high street could lose an ATM or Post Office, it would step in to ensure that an ATM is made available, paid for by funding from the UK's main banks and building societies. ■

Research shows UK consumers fear contactless fraud

New research shows that nearly two-thirds (63%) of UK consumers are worried about contactless fraud.

The research, published by Idex Biometrics ASA, revealed that the UK is now ready to welcome more secure payment methods; these include biometric payment authentication such as fingerprint scanning and voice recognition.

Some banks and retailers have started to implement Strong Customer Authentication (SCA), which requires customers to use two-factor authentication such as a PIN.

David Orme, SVP at Idex Biometrics ASA, said: "As the number of contactless transactions in the UK continues to rise, the financial industry must do more than just introduce SCA to address consumers' growing concerns about card theft and contactless fraud.

"More than a third (35%) of UK consumers already expect fingerprint biometric authentication to be rolled out for transactions by 2020, so banks must respond quickly to adopt reliable and protected contactless cards, backed by biometric technology."

The research also showed that 48% of consumers believe contactless cards have made shopping more convenient. Meanwhile, 54% fear criminals could scan a contactless card in their pocket without their knowledge, and 49% said they would feel more secure if they could use fingerprint scanning to authenticate transactions.

"Fingerprint biometric authenticated payment cards can't be scanned from your pocket or used without your knowledge, as the card needs the owner's fingerprint for a transaction to work," added Orme. "This ensures a superior level of security for contactless payments. By adopting this form of card authentication, we can say goodbye to contactless fraud and leave the £30 [$38.75] payment limit behind for good."

The study also revealed that two in five 25-34-year-olds want the £30 limit on contactless payments to be removed. Additionally, more than a third of 18-34-year-olds make sure their shopping bill is under £30, to enable contactless payment. ■

NATWEST TO LAUNCH BIOMETRIC CREDIT CARD

NatWest is set to release the first biometric fingerprint credit card issued by a UK bank in a three-month national trial.

In partnership with Mastercard and Gemalto, 150 customers have been selected to take part in the pilot.

The biometric credit cards will offer contactless payments using fingerprint verification for transactions up to £100 ($123). A green light on the card indicates that the fingerprint has been matched successfully. NatWest has previously trialled biometric debit cards.

The credit card can be used as normal at ATMs and for online shopping. No hardware changes are needed to accept biometric cards, so cardholders can use them at existing chip-and-PIN terminals.

Enrolment takes only five minutes, and once a digital fingerprint is locked onto a card, it cannot be changed. The user's biometric data does not leave the card and is not shared with merchants or the bank.

Georgina Bulkeley, director of innovation at NatWest, said: "After the successful pilot of our biometric debit card, we are looking to test the technology further with credit cards. This is the biggest development in card technology in recent years, and not having to enter a PIN not only increases security, but makes it easier for our customers when paying for goods or services."

Bob Reany, executive VP, identity solutions at Mastercard, added: "Feeling confident that your information is protected is paramount. We, along with our partners, are building biometric cards that recognise an individual rather than a password or PIN. Biometrics are more secure, more trusted and better suited to a world that requires more frequent authentication."

Howard Berg, senior VP, UK, Ireland and Switzerland at Gemalto, said: "Biometrics have a big role in the future of payments, and we're pleased that more NatWest customers will be the first to try out this simple, convenient and secure way to pay.

"Authenticating payments with a fingerprint isn't just easy – it boosts security and opens the door to larger contactless payments. We'll work very closely with NatWest as the trial progresses to address feedback from users and make sure they're getting the best experience possible." ■

ROYAL MINT, MASTERCARD UNVEIL FIRST-OF-A-KIND GOLD CARD

Mastercard is teaming up with the Royal Mint and payment technology business Accomplish Financial to launch the world's first hallmarked gold payment card, and also the world's first to use source-traceable metals.

The launch represents the first payment card to be manufactured by The Royal Mint. The solid gold payment card is designed for individuals who wish to access the exclusive benefits of a Raris account, and for customers who value high-quality luxury items that "make a statement". The 18ct gold Raris card is personalised for cardholders, with their name and signature directly engraved into the precious metal.

The Raris account benefits from limitless spending, zero foreign exchange or transaction fees, and the Raris app to enable customers to manage their accounts. As part of the Mastercard World Elite package, additional travel benefits include a dedicated concierge service.

Mark Barnett, divisional president, UK, Ireland, Nordics and Baltics at Mastercard, said: "This is a really exciting project. It combines the outstanding heritage of the Royal Mint and Mastercard's focus on payment innovation and security. Accomplish Financial ensures that the Raris card provides the perfect link between that heritage and the digital world."

Simon Bradley, head of partnerships at Accomplish Financial, added: "We are delighted to enhance our Raris account offering with the Royal Mint's first precious metal payment card.

"Raris leverages our technical capabilities to offer an account designed for the world's most discerning clients with an emphasis on functionality and security. We are honoured to have brought together the Royal Mint and Mastercard. This marries 1,100 years of payments heritage with the payments technology of tomorrow."

Royal Mint CEO Anne Jessopp said: "The Royal Mint is constantly innovating. As the UK's leading precious metals solutions provider, we are hugely excited to launch the solid gold Raris card, in acknowledgement of the growing consumer demands for unique and luxury payments cards. In association with Mastercard and Accomplish Financial, Raris – the first payment card manufactured by the Royal Mint – is a combination of 1,100 years of Royal Mint craftsmanship with tomorrow's payment technology." ■

Mastercard and Curb Mobility offer cancer patients free taxi rides

Mastercard and Curb Mobility have launched a charitable campaign in New York City to support cancer patients.

The collaboration will assist the American Cancer Society's Road to Recovery programme, with the programme providing free rides to and from cancer treatment centres for patients who are unable to drive themselves.

Linda Kirkpatrick, EVP of US merchants and acceptance at Mastercard, commented: "We are honoured to have a long-standing partnership with American Cancer Society, an organisation focused on preventing cancer and saving lives."

Kirkpatrick continued: "Supporting cancer patients in their treatment efforts requires collaboration across multiple parties. We are thrilled to connect American Cancer Society with our partner, Curb Mobility, to provide transportation to treatment facilities, making 'rides to recovery' a little easier."

Through the partnership, every time a customer uses Mastercard to pay in a Curb-connected NYC taxi, $1 will be donated to American Cancer Society. The scheme runs between 14 October and 14 November.

American Cancer Society EVP Kris Kim said: "Lack of transportation is a barrier to completing a course of cancer treatment. Thanks to this innovative partnership, the American Cancer Society can ensure more patients can get to lifesaving care."

Curb Mobility CEO Amos Taman added: "Taxis have long been a primary means of transportation for those unable to drive. We are proud to support those in need both financially and through the use of our ride-hailing platform. This connects cancer patients to taxis in New York City and beyond."

With the help of cardholders, in total Mastercard has donated $50m to organisations that help the fight against cancer. ■

PAY WITH REWARDS: LONG-TERM LOYALTY FOR A DIGITAL AGE

Douglas Blakey speaks with Jamie Samaha, senior VP, data and services at Mastercard, about the successful launch of Pay with Rewards. As Samaha explains, the aim is simple: to ensure long-term customer loyalty with a seamless roll-out of reward offerings

Mastercard's Pay with Rewards is live – and kicks off with big ambitions. Rarely has there been a marketing launch that manages to utilise just about every buzzword going.

Pay with Rewards is described as the next generation of card rewards. Specifically, the programme is designed for today's digitally savvy consumer.

Moreover, Pay with Rewards offer cardholders flexibility when it comes to redemption. In particular, points can be redeemed in seconds at any of the millions of locations Mastercard is accepted. That is all a good start, and potentially a marketer's dream.

In addition, cardholders have the flexibility to redeem when they want, before, during or after a purchase. Accordingly, cardholders have control over how, when and where they spend their rewards. And the digital angle means cardholders can redeem points in a single step using the Pay with Rewards app.

If all goes to plan, Pay with Rewards may represent one of the most important card marketing programmes of recent years.

Jamie Samaha leads Mastercard's global product division, Loyalty Services. He is responsible for serving 1,000-plus issuing customers across 60+ markets. And he has at his disposal a range of card solutions and services, leveraging digital, data and talent.

His group is responsible for value-added services to drive preference. These include digital enablement and customer experience, as well as rewards, offers, card benefits, insurance, assistance and service delivery.

He acknowledges that reward programmes can help to acquire new cardholders, but also that winning lasting loyalty is the tricky part.

> "CARDHOLDERS FREQUENTLY CITE REWARDS AS AN IMPORTANT FACTOR WHEN CHOOSING A CREDIT CARD, BUT MANY NEVER REDEEM THEM

He tells *CI:* "Cardholders frequently cite rewards as an important factor when choosing a credit card, but many never redeem them. That means, for whatever reason, customers aren't always getting what they want out of a rewards programme."

Before Pay with Rewards launched, Mastercard needed to understand the discrepancy between what they think consumers want and what they actually use. That could be the difference between simply attracting customers and retaining them.

ISSUER BENEFITS

Issuers must also see the benefit of the programme via significant increases in both cardholder engagement and spend.

Says Samaha: "Pay with Rewards helps issuers manage the costs associated with rewards and fulfilment. Configurable programme rules direct cardholder behaviour in ways that optimise their card portfolio and reward programme performance.

"Giving people more ways to pay benefits all players, including merchants. For merchants, there is nothing that they need to do: the transactions are performed as normal from their standpoint and there is no integration or training needed. Our network does the work.

"We have created an entirely customised, flexible and global programme for cardholders where they have total control over their rewards. Mastercard enables cardholders to redeem their rewards – including miles and points – whenever, wherever they want. That includes online, offline or when travelling."

In brief, for merchants, that means no merchant integration or changes at the point of sale. Merchants simply see the transaction as they would normally, not that it was paid for with rewards.

Cardholders set up their account through an eligible issuer's loyalty programme, via the website or app to see available rewards. From there, the solution lets the cardholder determine how and when they will redeem rewards to cover purchases.

WHY DIGITAL?

Digital delivery means simplifying processes, lowering redemption hurdles, and removing friction from customer interactions.

Adds Samaha: "Consumers have become accustomed to digital self-service through their experiences with mobile apps and online retailing. For a loyalty programme, offering the ability to accrue, track and redeem points, cash back or miles in real time is no longer a distinction: it is an expectation."

Prior to the launch of Pay with Rewards, a Mastercard cardholder survey found that 69% of respondents said they would likely redeem rewards at the moment of purchase if the option were available. As Samaha says, because digital interactions are fast and easy, they drive more frequent redemption. In addition, it encourages customers to keep reaching for the card that gives most value.

EXPERIENCES OR THINGS

Moreover, there is compelling evidence that cardholder behaviour is evolving – and at some speed. Specifically, there is a trend away from redeeming points from catalogue items.

Says Samaha: "Increasingly, our research shows that people value experience more than things." As a result of the change in consumer behaviour, he adds, loyalty programmes today need to be more than just points and miles.

This is backed up by a report, released on 16 October by Mastercard and the Harvard Business Review, entitled *Beyond Rewards: Raising the Bar on Customer Loyalty.* According to Samaha, the report confirms that exceptional customer service, digital access and ease of use have displaced economic traditional points and rewards as the most important components for building loyalty.

MASTERCARD PAY WITH REWARDS: KEY FACTS

- Cardholders have the flexibility to redeem points for everyday spending as well as for unexpected purchases – online, offline or when they travel;
- Cardholders can pay with points at over 43 million eligible Mastercard locations worldwide;
- Cardholders can track their rewards online or via the mobile app, and set personalised preferences for redemption;
- Cardholders can control how and when their rewards are used, and on what items, no matter where they are in the world;
- Cardholders can redeem rewards in a single step, in real time, by paying with Mastercard. ■

As recently as five years ago, reward values were the principle factor in determining the success of a loyalty strategy. Today, Samaha says that only 42% of those surveyed report that reward value is the top driver for success. In fact, executives surveyed for the report only rank traditional rewards as the fourth-most-important driver for success. Exceptional customer service (51%), digital and omnichannel access (48%) and ease of use (45%) rank as the three key factors.

Moreover, executives believe that five years from now, digital and omnichannel access will be the most important factor in loyalty programme success (53%). By contrast, economic rewards will rank a distant eighth, tied with building a community among members.

Companies are increasingly moving to seamless, digital experiences, and creating personal connections that last far longer than a points bank. In fact, 55% of respondents say they have updated or refreshed their loyalty strategy within the past two years; that includes 30% who did so in the past year.

Samaha summarises the report simply. "Companies recognise that emotional connections with customers are important because selling isn't just about logic. It is easier to establish connections with personalised communications rather than mass-audience messages." ■

HSBC GOES LIVE WITH PAY WITH REWARDS

In the UK, HSBC is the first bank to go live with Pay with Rewards for its HSBC Rewards card.

Pay with Rewards is a perfect fit for the bank's loyalty strategy, built around customer engagement with the focus on the customer journey.

Moreover the loyalty programme complements the bank's investment in improving its data intelligence capabilities – not to mention the bank's drive to make sure that its customers feel rewarded for doing business with the bank.

While it is early days following the HSBC card's launch, all indicators suggest a positive response to Pay with Rewards.

That means favourable customer feedback and increased spend from more active and engaged customers, as well as a rise in card activation rates. ■

AMEX, VISA AND MASTERCARD: LEADING THE CAMPAIGN AGAINST CLIMATE CHANGE

Climate change is a defining issue for our generation – and for generations to come. There is increasing public pressure for businesses to act fast in order to reduce their carbon footprints, and financial institutions are no exception. *Evie Rusman* writes

Following the recent 2019 UN Climate Action Summit, the discussion around climate change is well and truly heating up, with increasing focus being put on world leaders to implement the necessary policies.

One of the biggest worries is that the world will be unable to keep global warming below the 2°C goal set during the Paris Agreement in 2016. If current trends continue, the world is likely to surpass this target between 2030 and 2052, having a detrimental impact on numerous aspects of the environment.

As a result, this has caused higher levels of scrutiny to be put on big organisations, including the financial sector, when it comes to sustainability and their efforts to help. So, what are the main financial institutions doing? Over the last few years, the world's biggest payments companies have undertaken an array of programmes to help protect global ecosystems.

The emergences of these environment-conscious initiatives are becoming more common, with the likelihood of them dominating the cards market over the next few years being high. For instance, CaixaBank recently introduced biodegradable gift cards made from corn starch and biomass in a bid to further the fight against climate change. The cards last approximately two years due to their material composition.

The bank is also looking into new ways to make regular chip and PIN cards more environmentally friendly.

OCEAN PLASTIC

Amex is the most recent card group to invest in a new eco-friendly initiative. In September, it announced its commitment to combat marine plastic pollution by launching a card made from reclaimed plastic collected from the ocean.

Amex will also fund a global call to action, using the #BackOurOceans hashtag, helping to remove one million pounds (454,000kg) of marine plastic through beach clean-ups. It will also launch a new American Express Card recycling scheme.

> “VISA IS COMMITTED TO PURCHASING 100% RENEWABLE ENERGY BY THE END OF 2019

A spokesperson for Amex tells *CI:* “In 2018, we became a carbon-neutral company, powered by 100% renewable electricity. We are committed to maintaining these achievements into the future.”

Amex partnered with environmental organisation Parley for the Oceans on the new initiative, having worked with it since 2018 to combat marine plastic pollution.

“Each new American Express Green Card will be made from approximately one plastic bottle that comes from the many tons of plastic that Parley collects from beaches and coastal communities across the world,” says the spokesperson. “This is the first step in a broader strategy we are pursuing to reduce the use of virgin plastic in other card products.

“In addition, we're supporting two leading non-profit organisations, the National Geographic Society and the Ocean Conservancy, with nearly $2m in grants to help fund their programs that seek to educate, raise awareness and help address the issue of marine plastic pollution.”

Amex also hopes to eliminate single-use plastics across its operations by 2025. This operation is currently underway in a number of locations around the globe.

ECO-FRIENDLY INITIATIVES

Global Payments giant Visa featured in the *Dow Jones Sustainability Indices,* a group of indicators that evaluate and recognise sustainable industry leadership in the field of environmental, social and governance performance.

Dana Haiden, Europe regional lead for social impact at Visa, tells *CI* about the business's current sustainability projects.

“At Visa we're committed to growing our

The American Express Green Card uses plastic recovered from oceans

business and building an inclusive economy in a responsible, ethical and sustainable manner – one that is good for people and good for the planet," she says.

"In 2018, Visa committed to purchasing 100% renewable energy by the end of 2019 as part of RE100, a global initiative uniting more than 100 influential businesses."

Haiden continues: "As well as operating our business responsibly, Visa is committed to inspire and empower sustainable living worldwide. In September, Visa co-founded a new initiative, Travalyst, led by His Royal Highness the Duke of Sussex, dedicated to exploring and promoting solutions that will make travel more sustainable.

"Enabling global travel and commerce through digital payments is one of many ways Visa connects and empowers individuals, businesses and economies every day. We are dedicated to doing so in a way that supports our commitment to sustainability. We are proud to be part of this initiative to support long-term economic growth through tourism."

Haiden also explains that Visa has enrolled in renewable energy programmes across the UK, San Francisco Bay Area and Colorado.

"We are proud of our progress, yet know there is much more to do," she notes. "As we continue and expand our corporate responsibility and sustainability commitments, we will continue to prioritise the issues that matter most to our stakeholders, including our employees, clients, investors, consumers and others."

Mastercard is also giving green a go in an attempt to improve its environmental footprint. Being one of the first in the payments industry to receive external recognition for its work, Mastercard is aiming to reduce its greenhouse gas emissions by 20% by 2025.

As well as this, Mastercard sources renewable energy for 100% of its global operations, and has formed cross-sector partnerships such as the Greener Payments Partnership and the UN Global Compact Cities Programme.

SERIES OF COLLABORATIONS

In 2018, Mastercard announced its collaboration with card manufacturers Gemalto, Giesecke+Devrient and Idemia to develop environmentally friendly cards; however, there have since been relatively few updates in term of the group's progress.

This is not the first time that Mastercard has publicly advocated for eco-friendly cards: in 2016, the payments giant teamed up with Bank of Åland, WWF Finland, KPMG and Gemalto to roll out a biodegradable card.

This push by card companies comes as the move to avoid the use of PVC continues to accelerate. Not only is PVC considered a dangerous material, due to it being high in toxins, but it also clogs up landfill sites, adding to the fast-approaching climate crisis.

> "ALL SECTORS OF THE ECONOMY NEED TO COME TOGETHER. NO ONE SECTOR CAN SOLVE THE PROBLEM: THIS NEEDS A COLLECTIVE EFFORT

Nevertheless, despite the recent push from payment giants, pretty much all of credit cards are still made from toxic plastics. So in reality, is enough really being done?

MOTIVATION

Critics may think these new eco-friendly methods from the payments powerhouses are merely tactics to win over the hearts and minds of customers. But are there more practical reasons for the sustainable switch?

The Amex spokesperson says: "Protecting the environment is an increasingly urgent issue facing the global community, and it is one we know our customers and colleagues care deeply about. We've made significant progress over the last decade to reduce our carbon footprint and implement environmentally responsible programs across our operations, and are committed to doing more in the years ahead.

"There will always be more that we can all do. We are committed to improving our environmental impact, looking at energy and emissions management, waste management, third-party green building certifications and responsible sourcing."

Looking at the financial services industry as a whole, Haiden explains that much more needs to be done to reduce the threat of climate change.

"The financial sector is one piece of the equation," she says. "To make positive strides towards tackling climate change, all sectors of the economy need to come together. No one sector's efforts can solve the problem: this needs a collective effort. Our role in the Travelyst initiative is an example of what can be achieved when businesses across sectors are mobilised to act as a catalyst for good.

"We look forward to identifying more opportunities to drive positive change for people and communities worldwide." ■

CARD BRAND VALUES: TOP PLAYERS SEE DOUBLE-DIGIT RISES

Incumbent financial services firms have a lot of brand value; unfortunately for them, so do others – and theirs are getting higher. This year, however, the majority of the sector saw rises in brand value, with the bigger card firms recording double-digit increases. *Patrick Brusnahan* reports

Brands rise and brands fall. Since Interbrand began publishing its ranking of the most valuable brands, much has changed.

In its 20th year, only 31 of the first edition's brands – including Disney, Nike and Gucci – remain in the ranking. Some 137, such as Nokia and MTV, have entered and left. Coca-Cola and Microsoft are the only two to have consistently retained top 10 spots.

In 2001, the cumulative brand value in the top 100 brands was $988bn; in 2019, it stands at $2.1trn.

FINANCIAL BRANDS

Twelve brands from the financial sector made the Interbrand top 100 this year, all of which have been there before.

"The finance sector has a reputation for being traditional, a long way from the global ambitions of Silicon Valley and big tech's move-fast-and-break-things attitude," the report said.

"But as technology's influence sets and resets customer expectations, the financial services sector becomes ever more vulnerable to the looming threat of disruption."

The highest ranked was American Express, which landed in 23rd place with a brand value of $21.6bn. It was followed by JP Morgan in 25th place ($19bn) and Citi in 41st ($12.7bn).

Visa ranks in 55th place with a brand value of $10.8bn, with rival Mastercard placing not far behind in 62nd position and a brand value of $9.4bn.

However, Mastercard had the highest level of growth over the year, increasing its brand value by 25%. American Express and Visa also witnessed double-digit rises over the last 12 months, at 13% and 19% respectively.

The other financial brands in the ranking are Allianz, Axa, HSBC, Goldman Sachs, Santander, Morgan Stanley and PayPal. All of thee recorded rises in their brand values apart from Goldman Sachs, whose brand value fell by 4%, and Morgan Stanley, which dropped in value by 7%.

On Mastercard, the report stated: "Its ascent has been fuelled in part by its transition from finance provider to technology firm, which should give many of the other brands in this arena pause for thought.

"But don't be fooled by that one shining star – Mastercard has very much bucked the wider sector trend, which is one of stagnation. Because, while financial services is broadly represented in our ranking, none of those brands made the top 20.

"One final note on Mastercard's ascent. It appears to reflect a wider trend in the arena of money, which is that the real gains are being made by businesses that harness the disruptive forces of technology."

Financial brands need to be aware of shifts in the market. While there was growth this year, and Mastercard had the highest of all brands, there are many other sectors growing.

Amazon was the third-most-valuable brand and, even from such a high level, managed to grow another 24% to hit $125.3bn in value. Another technology outfit, Microsoft, grew 17%. Uber made its first appearance in the top 100 in 87th place with a value of $5.7bn.

There needs to be a shift in financial services' thinking before these "exciting" digital outfits start to see their promise transform into brand value. Otherwise, it may not be very long until the incumbent financial brands are nowhere to be seen. ■

FINANCIAL BRAND RANKINGS

		VALUE ($M)	GROWTH 2018-19
23	American Express	21,629	13%
25	JP Morgan	19,044	8%
41	Citi	12,697	10%
43	Allianz	12,078	12%
46	Axa	11,830	6%
47	HSBC	11,816	5%
53	Goldman Sachs	11,352	-4%
55	Visa	10,756	19%
62	Mastercard	9,430	35%
67	Santander	8,521	13%
69	Morgan Stanley	8,185	-7%
72	PayPal	7,604	15%

Source: Interbrand

> "AS TECHNOLOGY'S INFLUENCE SETS AND RESETS CUSTOMER EXPECTATIONS, THE FINANCIAL SERVICES SECTOR BECOMES EVER MORE VULNERABLE

PERSISTENT CARD DEBT: IS THE SOLUTION CLOSER TO HOME?

The pressure is on for banks and financial service providers to tackle recent FCA regulation on how to help customers in persistent card debt, writes *Mark Sussex,* head of international for illion Digital Tech Solutions

While many banks may be looking beyond their organisation for guidance to implement the new communication strategies needed, it may be that the answer lies a little closer to home.

A cardholder is considered in persistent debt if payments against interest, charges and fees exceed repayments over an 18-month period. Credit card rules introduced by the FCA last year require providers to identify which customers are in persistent debt, and take a series of escalating steps to help them: at 18 months, customers will be contacted, encouraged to change their repayment behaviour and offered relevant debt advice. At 27 months, those same customers must be a sent a reminder. Once a consumer has been in persistent debt for 36 months, their provider will have to offer them a way to repay their balance in a reasonable period.

These are minimum requirements set by the FCA, but financial services providers can also implement their own communications strategies that advance on the rules.

Senior managers at banks and financial service providers are responsible for ensuring that the FCA requirements are met. Instead of starting from scratch, they should draw inspiration from how collections in the financial services industry have been revolutionised by digital communications.

It might not be in your own bank, but there are lessons to learn from the industry as a whole. For many years, collections departments predominantly used old-fashioned calls and letters to encourage overdue payments, but some providers now offer entirely self-service, digital payment and collection channels that have dramatically cut costs and improved the brand journey.

We recently helped the UK arm of a global retail bank save 1,485 call centre hours in a month, and saw an 18% rise in non-conversation self-cures as a direct result of digital payment and customer experience services in collections. For this bank, and others, a key change has been that communication with customers is happening much earlier, before implications become critical. This has reduced the operational cost of each payment and relationship.

THE WRONG-TERM VIEW

Credit card providers may have been suspected of using customers in long-term debt as cash cows. While this perception may be unfair, now is the chance to change it. Organisations now have the opportunity to encourage long-term consumer loyalty and build enduring trust. This could pay off well into the future, as the customer lifecycle can potentially last from birth to retirement.

Consumers expect self-service and digital communications with financial providers, and those in persistent debt are no different. According to recent research, 71% of all banking interactions are now digital or online.

Taking a 'prevention not cure' approach with better early and frictionless communication and payment experiences can only nurture customer relationships. We would encourage credit card providers to view these regulations as a chance to build something remarkable, rather than simply completing a tick-box exercise.

Consumers want greater transparency and ability control of their own debt, all in a positive environment. Currently, customers in persistent debt are simply paying off the minimum each month and the provider has little chance to build loyalty. Providing ways to pay bills that suit and benefit them, plus enabling them to self-serve and be communicated to via their channel of choice, can greatly enhance the customer relationship.

So, how should organisations tackle the change in technologies, processes and culture required to achieve this?

- Offer self-service, digital channels to address cost-efficiency concerns around customer communication;
- A self-service income and expenditure tool will increase the speed and accuracy of affordability assessments;
- Deploy the best technology-driven processes to improve customer service and reduce costs. Run pilots with small customer groups or call centre agents to identify and test new services;
- Analyse customer behaviour to respond better to preferences around payment dates, service methods and billing;
- Personalised communications and payments, such as tokenised payment details and one-time payment links, cut friction and increase satisfaction, and
- Communicate earlier: rather than repeatedly dialling from a call centre to speak to customers, encourage them to self-serve through digital channels at their convenience. Pay by SMS, preferred card registration, web bill payments and IVR are more efficient and effective.

None the above requires a complex and costly digital transformation project that is too large to implement. Gradual digital adoption of these digital services is a low-risk way to implement new processes.

Income and expenditure (I&E) assessments are a critical part of helping consumers to change repayment behaviour and set payment plans. The challenge is that implementing I&E can be time-consuming and expensive.

Many collections departments within banks, utilities providers and telcos have transformed their I&E processes by using digital forms that customers can access from all devices. This empowers the consumer, giving them time and space to find the information they need to complete the form. It also significantly reduces call centre time and creates a more positive process.

Credit card providers want to be responsible and successfully meet the FCA rules. Going beyond minimum requirements could dramatically cut costs and churn. Delivering a positive brand journey could transform today's consumer in persistent debt into a rewarding, lifelong customer. ■

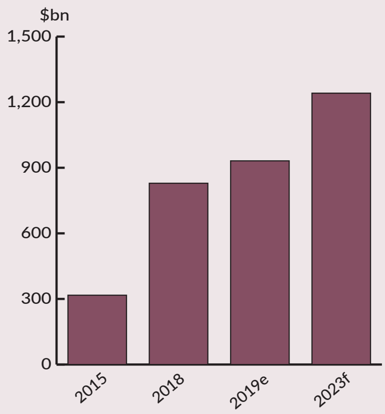
COUNTRY SNAPSHOT: KAZAKHSTAN

Government initiatives and merchant acceptance drive growth

Cards are the preferred method of electronic payment in Kazakhstan, accounting for 74.8% of the total non-cash payments volume in 2019.

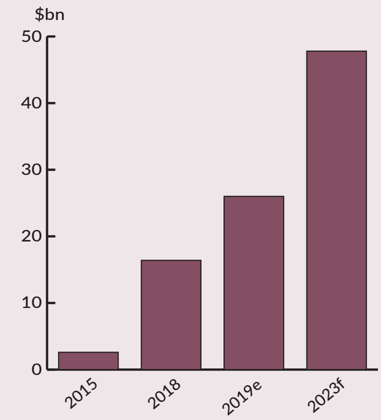
The payment card market is well served, with every individual holding at least one card. Improved banking infrastructure, government financial inclusion initiatives and rising merchant acceptance have contributed to the growth of payment cards in Kazakhstan. The government's introduction of a law requiring the

VALUE OF CREDIT TRANSFERS



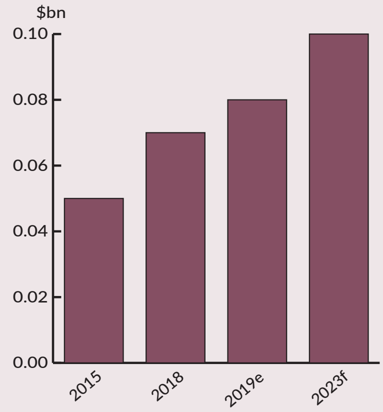
Source: National Bank of Kazakhstan, GlobalData

VALUE OF PAYMENT CARDS



Source: National Bank of Kazakhstan, GlobalData

VALUE OF CHEQUE PAYMENTS



Source: National Bank of Kazakhstan, GlobalData installation of POS terminals by individual entrepreneurs and businesses also encouraged merchants to accept card payments for purchases.

Debit cards dominate the overall card payment landscape, accounting for 91.5% of the overall transaction value in 2019. Although debit cards are still mainly used for ATM cash withdrawals, they are increasingly used for payments, and are preferred over credit cards.

The introduction of instant payments, the emergence of digital-only banks, growth in Islamic banking, gradual adoption of contactless, and strong e-commerce growth are expected to support payment card market growth over the next five years.

DEBIT CARDS PREFERRED

Debit cards remain the preferred card type, accounting for 81.4% of overall card payments in 2019. This is partly due to banks offering salary account packages with favourable terms. Growing merchant acceptance and banks encouraging debit card spending through promotional campaigns have also helped to drive the popularity of debit cards.

Government initiatives such as requiring banks to insure customers' deposits – as well as banks' efforts to promote financial education by organising training – have also played a role. The rises of Islamic banking and contactless debit cards will boost debit card growth further.

CREDIT CARDS

The credit card market remains underdeveloped, with overall penetration standing at just 32.9 cards per 100 individuals in 2019. Low awareness and the availability of overdraft facilities have reduced demand for separate credit cards.

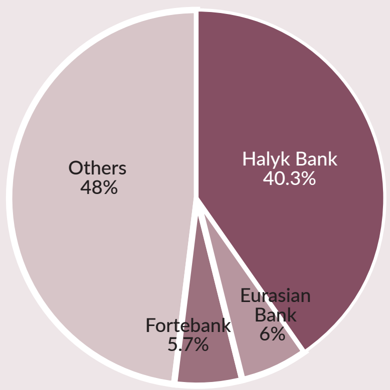
Despite low penetration, the credit card payment value recorded a CAGR of 82.1% between 2015 and 2019. This was mainly driven by banks offering reward programmes, cashback and instalment payment facilities.

To benefit from the huge untapped credit card market, digital-only banks such as B1NK and Altyn-i Bank offer credit cards in Kazakhstan.

E-COMMERCE GROWTH

The country's e-commerce market recorded strong growth at a CAGR of 36.6% during the five years to 2019.

DEBIT CARD SHARES BY ISSUER



Source: GlobalData

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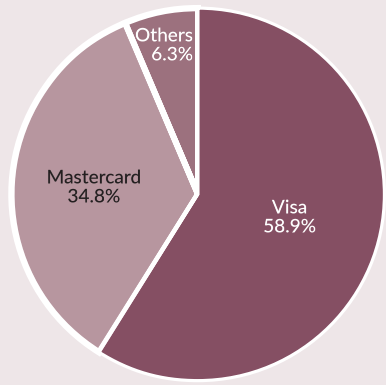

Source: GlobalData

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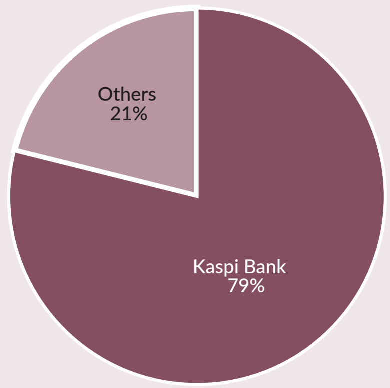

Source: GlobalData

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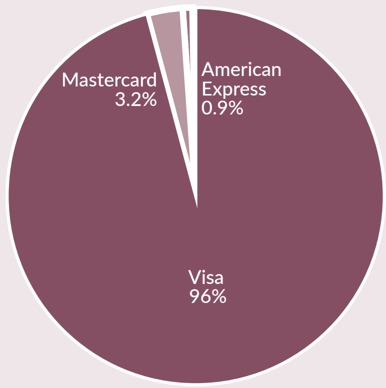


Source: GlobalData

The proliferation of internet users, growing interest in online shopping, mostly among the young population, and the increasing number of online merchants were the key factors driving this growth.

In addition, government initiatives such as the introduction of tax benefits for online companies also benefited the e-commerce space. The robust growth is encouraging international companies to launch e-commerce platforms in the country, with Russia-based social network company Odnoklassniki being a key example.

PREPAID CARDS

Prepaid cards are on the rise in terms of both circulation and value. This is primarily a result of the nature of Kazak consumers, who tend to prefer to spend within their means rather than incur debt.

Other benefits include prepaid cards being easily accessible to individuals who do not qualify for a debit or credit card.

Gift cards are popular in Kazakhstan. Halyk Bank, for example, offers the Visa-branded Present card available in denominations of KZT10,000 ($26.01), $65.03, $130.05, and $260.10. These cards can be used for POS payments as well as cash withdrawals at ATMs.

GOVERNMENT REGULATION

The number of POS terminals recorded strong growth from 77,860 in 2015 to 146,877 in 2019, at a CAGR of 17.2%.

This can be attributed to the introduction of a new law requiring the installation of POS terminals by individual entrepreneurs and businesses from January 1, 2016.

According to the central bank, as of January 1, 2018, 78,700 retail outlets accepted payment cards in Kazakhstan – a rise of 19.1% compared to 2016. In addition to conventional POS terminals, most banks in Kazakhstan offer mobile POS terminals. ■

COUNTRY SNAPSHOT: KUWAIT

Expansion of Islamic banking favours debit cards

Payment card adoption is on the rise in Kuwait, in line with rising consumer awareness of electronic payments and an increase in the country's banked population, which now stands at 82.7% of the adult population.

Debit card penetration stands at nearly one card per individual, mainly driven by payroll cards. Improvements in payment infrastructure and the adoption of new technology such as EMV have also supported the Kuwaiti payment card market during the past five years.

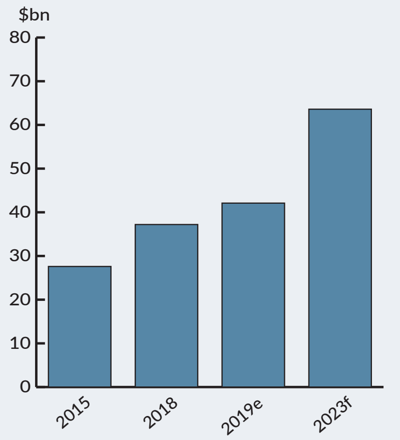
The expansion of Islamic banking has made a significant contribution to growth in the payment card market via the issuance of Sharia-compliant cards.

Payment card uptake between 2019 and 2023 will further be accelerated by the availability of convenient and affordable banking services, rising investment in POS infrastructure, the growing popularity of online shopping, and the gradual adoption of contactless cards by Kuwaiti individuals and retailers.

DEBIT CARDS DOMINANT

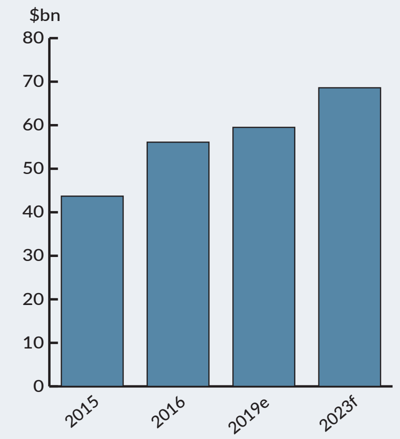
Debit cards account for 92.1% of the overall payment card transaction value in 2019. Salary accounts remain a key driver

VALUE OF PAYMENT CARDS



Source: Central Bank of Kuwait, GlobalData

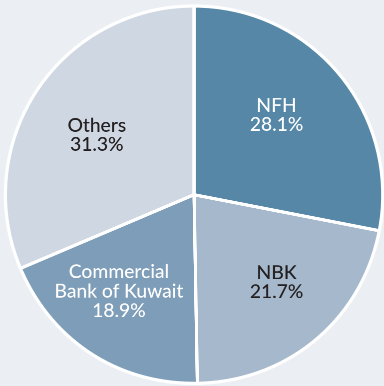
VALUE OF CHEQUE PAYMENTS



Source: Central Bank of Kuwait, GlobalData of debit card uptake and use, with several banks offering customers gifts and cash rewards when opening a salary account. Ahli United Bank, for example, allows individuals to open salary accounts with a minimum balance of KWD1 ($3.30). Account holders are also offered a Mastercard debit card free of charge.

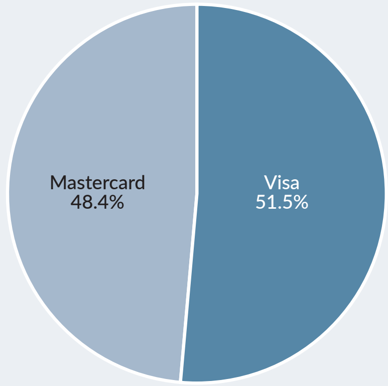
Meanwhile, instant card issuance is a growing trend, with banks such as Al Ahli Bank of Kuwait offering consumers debit cards instantly when opening an account. Additionally, banks are increasingly adopting new technologies such as EMV and contactless, as well as security features such as 3D Secure.

DEBIT CARD SHARES BY ISSUER



Source: GlobalData

DEBIT CARD SHARES BY SCHEME



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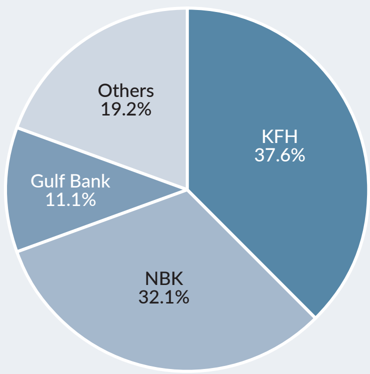
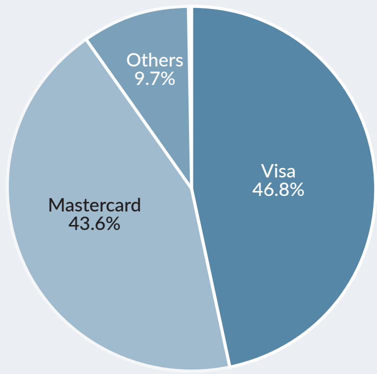


Source: GlobalData

PAY LATER SHARES BY SCHEME



Source: GlobalData

PAY LATER GAINS TRACTION

The adoption of credit and charge cards remains low in Kuwait for religious reasons, as Islam forbids interest. Credit and charge cards accounted for 18.6% of cards in circulation and 7.9% of the payment card transaction value in 2019.

To encourage adoption, leading banks including Commercial Bank of Kuwait, Kuwait International Bank and Ahli United Bank now offer Sharia-compliant credit cards. Banks also use benefits, promotional offers and loyalty programmes to encourage use, which will aid future credit and charge card market growth.

RESPONSIBLE LENDING

The central bank's guidelines state that banks should differentiate between credit and charge cards. According to Sharia principles, the use of cards resulting in debt should be avoided. The maximum amount allowed to be repaid in instalments cannot exceed $32,955.78, or 10 times the cardholder's salary or monthly income – whichever is lowest.

Meanwhile, the repayment period for debit balances due to credit card use cannot exceed one year. This repayment period is non-renewable, and should be calculated from the maturity date of the monthly invoice.

E-COMMERCE GROWTH

The e-commerce market registered a CAGR of 16.2% from 2015 to reach $1.87bn in 2019.

Rising online and mobile penetration, increasing consumer confidence and online shopping events have helped drive this trend. To benefit from the growing market, banks such as Kuwait Finance House (KFH) and Gulf Bank offer exclusive cards for online shoppers. Growth is also likely to be supported by the emergence of online payment solutions including PayPal, Masterpass and Visa Checkout.

> “ ACCORDING TO SHARIA PRINCIPLES, THE USE OF CARDS RESULTING IN DEBT SHOULD BE AVOIDED

GROWING INFRASTRUCTURE

Banks in Kuwait are gradually expanding their branch and ATM networks. The number of ATMs increased from 1,708 in 2015 to 2,574 in 2019, at a strong CAGR of 10.8%; the figure is anticipated to reach 3,360 by 2023.

To boost convenience, banks are introducing new features enabling customers to perform a range of transactions via ATMs. In April 2017, Burgan Bank increased its network of ATMs to 13 branches in Kuwait.

The ATMs were upgraded with new features including cash deposits, credit card repayments, prepaid card loading, bill payments and transfers.

Meanwhile, in December 2017, NBK installed a series of multicurrency ATMs offering access to six different world currencies: the US dollar, euro, pound sterling, UAE dirham, Saudi riyal and Kuwaiti dinar. ■

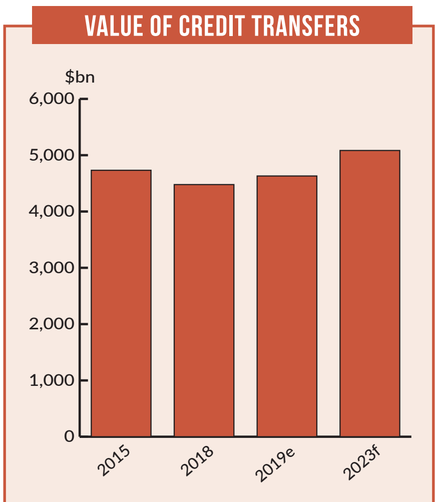
COUNTRY SNAPSHOT: SWITZERLAND

Payment cards gain prominence in mature market

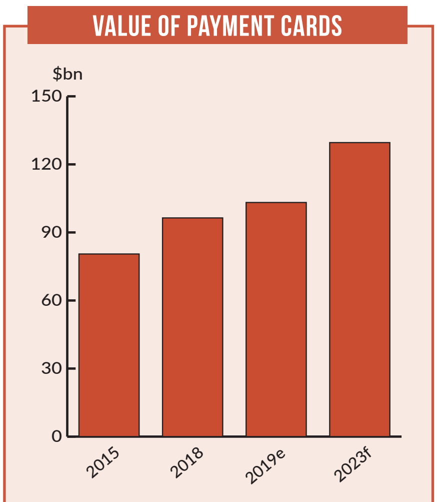
The payments market in Switzerland is mature, with every Swiss consumer holding an average of over two cards.

While cash is still the preferred method of payment, primarily for low-value transactions, payment cards are also gaining prominence.

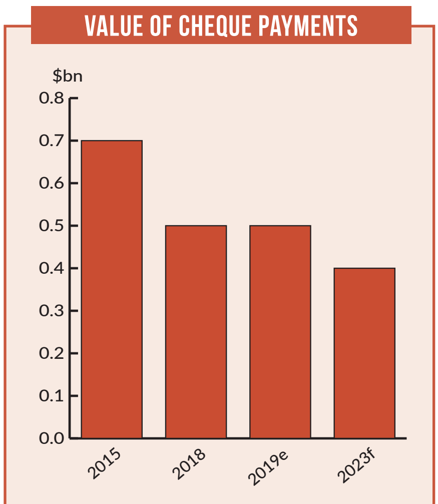
The country's banking penetration is among the highest in the world, and Swiss consumers are keen users of banking products and services.



Source: SNB, GlobalData



Source: SNB, GlobalData



Source: SNB, GlobalData

Debit cards – the most popular card type – are increasingly used for payments. Consumers are gradually switching to debit cards for low-value transactions, driven in part by the growing popularity of contactless payments.

Switzerland is home to a large number of wealthy individuals. To tap into this segment, banks offer private banking and wealth management services alongside premium credit and charge cards.

A wide range of alternative payment brands covering e-commerce and mobile proximity payments are also available in Switzerland, including Twint, Apple Pay, Google Pay and Samsung Pay.

Lower interchange fees, contactless payments, e-commerce growth and the advent of mobile-only banks are anticipated to further drive growth in the Swiss payment card market between 2019 and 2023.

DEBIT CARDS FAVOURED

Debit cards are the most popular card type in Switzerland, in terms of both the number of cards in circulation and the overall transaction value.

Banking penetration in Switzerland is among the highest in the world, which has led to the high level of debit card penetration in the country.

Growth has also been supported by the gradual shift from cash to debit cards for low-value cash transactions, as well as the growing number of contactless-enabled debit cards. Meanwhile, the launches of mobile-only banks Zak and neon are anticipated to further support debit card market growth.

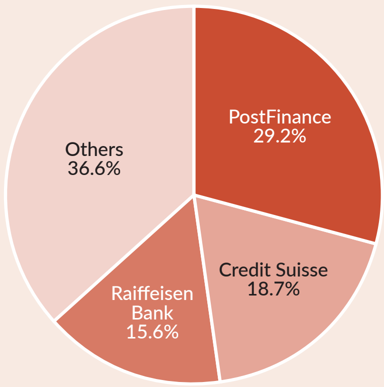
HIGH PAY-LATER GROWTH

Despite having a lower share both in terms of number of cards and value than pay-now cards, credit and charge cards registered faster growth between 2015 and 2019.

The lowering of interchange fees by the Swiss Competition Commission led to wider merchant acceptance of these cards. High disposable income – as well as banks offering loyalty programmes and benefits such as reward points, discounts and cashback – also supported this growth.

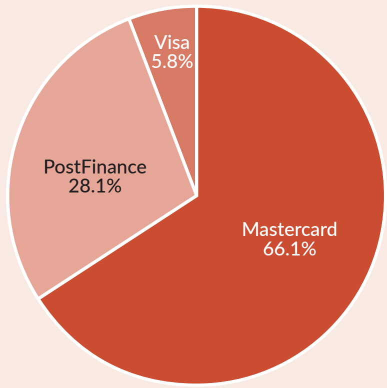
High-income customers remain a key focus area for Swiss banks, which offer bespoke credit and charge cards with exclusive value-added services for this market segment.

DEBIT CARD SHARES BY ISSUER



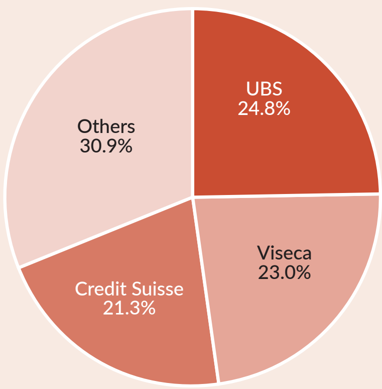
Source: GlobalData

DEBIT CARD SHARES BY SCHEME



Source: GlobalData

PAY LATER SHARES BY ISSUER



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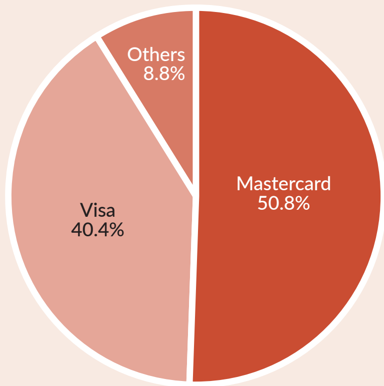
PAY LATER SHARES BY SCHEME



Source: GlobalData

ROBUST E-COMMERCE

The e-commerce market in Switzerland leaped in value from CHF9.1bn ($9.3bn) in 2015 to $15.3bn in 2019, recording a CAGR of 13.5%.

This strong rate of growth was supported by rising internet penetration, growing consumer preference for online shopping, and e-retailer initiatives such as discounts and online shopping festivals including Black Friday, Cyber Monday and Singles' Day.

The increased availability and consumer uptake of alternative payment solutions such as PayPal, Masterpass, Apple Pay, Samsung Pay and Google Pay will provide yet further stimulus to the Swiss e-commerce market.

PREPAID CARDS

Prepaid card transaction value grew from $1.6bn in 2015 to $3.2bn in 2019 at a CAGR of 19.5%.

To benefit from this trend, prepaid card issuers tend to target specific consumer segments, including travellers and young individuals.

Swiss Bankers Prepaid Services, for example, offers the Mastercard-branded Travel Cash card in US dollars, euros, and Swiss francs for no annual fee. The card can be loaded with a maximum of CHF10,000 ($10,000) and can be used at over 40 million merchants.

IMPROVED INFRASTRUCTURE

The number of POS terminals recorded a CAGR of 4.0% between 2015 and 2019. To make POS installation more attractive for merchants, some payment service providers are offering low-cost packages.

Six Payment Services, for example, offers the Terminal package, the Mobile Terminal package and the E-commerce package for monthly fees of $64.07, $20.24 and $42.71 respectively. In each case, the set-up fee is waived. ■

SCALE-UP BUSINESSES: KEY FACTORS FOR SUCCESS

For businesses outgrowing the start-up phase, scaling up can be both daunting and exciting in equal measure. *Maria Shaw,* director of small business at Barclaycard Payment Solutions, looks at how to achieve a successful transition

Though an indication of hard work and real success, the period of scale-up transition can come with its own unique challenges.

These cover everything from establishing new corporate processes and occupying a larger office space, to considering international expansion and, crucially, upgrading payments infrastructure to facilitate a growing number of transactions.

There are 37,000 scale-up businesses in the UK, contributing a staggering £1.3trn ($1.68trn) to the economy annually. To put this in context, the UK's 5.7 million SMEs contribute about £1.9trn. Scale-ups are defined as those that have seen average annualised growth of at least 20% a year over the last three years.

Undoubtedly, scale-ups are good for the UK, so how can we make it easier for them to succeed? A recent Barclaycard study conducted by the Centre for Economics and Business Research has shed fresh light on some of the success factors for companies looking to grow.

IMPORTS FACILITATE GROWTH

Access to imports is an important factor in encouraging scale-up success. Our analysis demonstrated that a 1% growth in imports is associated with a 2.4% increase in the number of scale-ups over a 12-month period. Comparing this with the much lower 0.5% growth associated with a 1% increase in exports, it seems that an environment that facilitates access to products and services from abroad best encourages scale-up success.

Despite the study revealing that exports have a more muted impact on growth than imports, access to international markets is still highly valued by business leaders.

Additional research we conducted revealed that six in 10 (62%) believe scale-up companies need to trade with markets outside the UK to secure business success, while a similar proportion (63%) say companies in this phase of the business lifecycle should expand their operations to markets outside the UK in order to grow.

STAYING CONNECTED

We have seen that the wider environment can have a big impact on the success of a scale up business. During a time of physical expansion, one of the most important success factors concerns access to a good public transport network.

Our study found that public transport is a key factor affecting the number of businesses reaching the scale-up phase. In fact, an increase in public transport use is associated with 1,400 more businesses being able to scale up over a 12-month period.

Having a good public transport system means businesses can access talent based further away from their company's offices, so they have a broader pool of people to choose from and can pick the very best candidates available for every role.

When it comes to working patterns themselves, if there is good Wi-Fi on the train, it enables staff to use that time to be more productive and flexible in the way they approach their workload.

UPGRADING INFRASTRUCTURE

As businesses grow, it is essential to have a developed and robust payments system that can accept a high number of transactions from the UK and overseas, in a fast, efficient and customer-friendly fashion.

While six in 10 (61%) business leaders believe the UK is a good place to be a scale-up, being able to process an increased volume of transactions and accept various payments methods is a key consideration for those looking to expand internationally and open up into new markets. And to do this, business leaders will need to not only upgrade their payments system, but must also build a deeper understanding of the international payments landscape to make the most of their increased reach.

Being proactive and getting the right advice is essential. Whether from a local chamber of commerce or by speaking to your payment provider, knowing your options is important to get the right support to help you grow.

TIME TO FLOURISH

Scaling up can certainly be challenging, but it is also one of the most exciting times in the business lifecycle. It is also crucially important to the UK economy, with scale-ups contributing a disproportionate amount compared to SMEs generally.

It is vital that growing businesses are provided with the right support to give them the best opportunity to reach the scale-up phase and flourish – for their own as well as the UK's benefit. ■