

Q2

Capitalizing on the Top-of-Wallet Opportunity

Webinar | November 2017



Key Takeaways

Being top of wallet can help FIs create revenue, generate engagement, and be a bigger part of their account holders' financial lives.

Q2 is dedicated to creating top-of-wallet opportunities for FIs.

Q2 Biller Direct and CardSwap are parts of our strategy for helping FIs get ahead of fintech trends, stay top of wallet, and increase engagement.

Top-of-wallet strategies can drive engagement and create interchange revenue opportunities.

Sixty-four percent of American households are Amazon Prime members.² A similar number subscribe to Netflix.³ This is a huge number—representing a big opportunity for FIs to generate interchange revenue by making their cards the preferred purchase/subscription renewal payment method.

The average spend per Amazon customer in 2016 was \$1,500.⁴ Assuming a 1.2% interchange rate, an FI could average \$18.25 per customer per year on Amazon purchases alone. When other online purchases and subscriptions are added—and multiplied by the FI's number of card-using account holders—the interchange revenue can add up significantly.

Eighty-five percent of this webinar's participants reported that their FIs are having active conversations around making their payment cards top of wallet in order to take advantage of this opportunity. Incentivizing the use of your FI's payment cards is key to securing this interchange revenue.

Introduction

Approximately two-thirds of American households are Amazon Prime and Netflix subscribers.¹ The purchases and membership renewals of these and other providers represent a big opportunity for financial institutions (FIs) to earn interchange revenue—if they can ensure their payment cards are the ones regularly used. Q2 is actively creating opportunities for FIs to make their cards top of wallet, to generate engagement and increase revenue.

The webinar outlined here highlights our innovations and strategies in this area and includes a demonstration of Q2 CardSwap™—a product that reduces friction around updating payment card information for digital vendors and encourages consumers to make your FI's card their go-to recurring payment method.

Context

Q2's Steve Bone describes our approach to helping FIs keep their payment cards top of wallet, offers a demonstration of CardSwap, and answers questions.

¹ <https://www.forbes.com/sites/shephyken/2017/06/17/sixty-four-percent-of-u-s-households-have-amazon-prime/#18cd771b4586>

² <http://time.com/money/4754105/amazon-prime-members-total-cost-price/>

³ <https://www.forbes.com/sites/danafeldman/2017/04/13/netflix-remains-ahead-of-amazon-and-hulu-with-128m-viewers-expected-this-year/#c50968e216c8>

⁴ <https://www.geekwire.com/2015/amazons-40-million-prime-members-spending-1500-year-average/>

Offering incentives and reducing friction around updating payment card information online can help drive card usage.

Loyalty/rewards programs can help drive card usage, but lost or compromised cards—or even the need to periodically update cards—can compel consumers to simply dip deeper into their wallets to choose another payment option when renewing services or making purchases.

CardSwap makes it faster and easier for consumers to update their payment card information for online retailers and subscription services—helping FIs make their cards top of wallet to drive interchange revenue.

CardSwap is housed within FIs' online and mobile banking experiences and only allows users to enter the FI's card—giving the FI exclusive access to the interchange revenue generated by CardSwap's supported vendors.

Typically, once payment information is entered, the "card swap" occurs within seconds.

Because it's deployed through Q2's new software development kit, Q2 Caliper SDK™, CardSwap is fast and easy to implement.

For FIs using the Q2 Platform, CardSwap is usually up and running in the FI's environment within just a few days of contract signing.

Even FIs not currently on the Q2 Platform can use our SDK to rollout CardSwap quickly and easily. Did you know?

CardSwap supports more than 55 vendors, including:

- Amazon
- Netflix
- Hulu
- iTunes
- Spotify
- Pandora
- Lyft
- Blue Apron
- Uber
- Playstation

...and other top brands.

A built-in ROI calculator and reporting capabilities help you track the number of swaps your account holders make using CardSwap, as well as which vendors' payment methods they've updated.



When I change financial institutions or even get a new card, these are all transitional phases. And that opportunity, if you can capitalize on it, is a great chance to prove that your FI is different.

—Steve Bone,
VP of Business Strategy for Q2 Open



Biography



Steve Bone

Vice President, Business Strategy
Q2 Open

With more than twenty-five years in fintech, including over fifteen years in executive roles at FIS and CAPCO, Steve Bone is a passionate change agent known for building high-performing teams. In his current role as VP of Business Strategy for Q2 Open, Steve is leading efforts to help FIs, retail brands, and fintechs transform and expand their business models through agile, cloud-based, compliant technology.

For more information go to Q2.com or call (833) 444-3469.