



Financial Card Instant Issuance Whitepaper

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1. Introduction

Many financial institutions in the USA and Canada are implementing systems to provide for the instant issuance of card products in branch locations. There are many benefits derived from instant issuance. This paper provides information and considerations to help you with your decision and planning.

Customers are switching financial institutions more often, and are making decisions on whom to do business with based on convenience and customer service. The competition for customers is fierce. Financial institutions are not only implementing instant issuance systems, but they are strongly marketing the new capability. Instant Issuance systems not only help you in the battle for customers, but also provide other benefits, including cost savings.

2. Benefits of Financial Card Instant Issuance

- **Cost Savings.** The cost to issue and mail financial cards is very high. By instantly issuing cards, you save these costs. In addition to the flat cost per card you are charged, other setup and emergency card replacement fees are saved.
- **Emergency Card Replacement.** Customers are thrilled to have the ability to visit a branch location for emergency card replacement. In addition, the cost for emergency cards from your service bureau can be quite high.
- **Increased Revenue.** The combination of instant issuance, customer selected PIN's, and scenic marketing cards make your card the customer's favorite. The result is called "top of wallet", which leads to greater usage.
- **Customer Satisfaction.** Your valued customers do not have to wait days or weeks to receive their card. Use of personalized images, co-branding, and other creative programs provides additional satisfaction.
- **Enhanced Security.** Instant issuance reduces the cards lost or stolen in the mail. Customer selected PIN's eliminated PIN Mailers and the possible interception.
- **Customer Selected PIN's.** Assigned PIN's are forgotten and cards not used. Studies show that customer selected PIN's result in greater card usage.
- **Competitive Necessity.** Instant issuance has proven to be a competitive advantage. It is now becoming a competitive necessity. Your competition has implemented or is considering implementation.

3. What does an Instant Issuance System include, and how does it work?

The process to issue financial cards in the branch is quite easy. The components of a system include instant issuance software, PIN pad hardware, and card embosser/printer hardware. Of course, a complete solution includes local support in the form of installation, training and ongoing maintenance.

The instant issuance software is typically connected to the host database. Additional interfaces may also be used for updating an outside processor of the card that was issued, so that it is active right away.

The process of issuing a card is to recall the customer data, have the customer select their PIN, select or import a unique photo image, and then print the card. The card number is automatically assigned and the Card Verification Number (CVN) is automatically calculated and printed.

4. Card Details

Security & Process Requirements

Visa and MasterCard have developed complete security requirements for instant financial card issuance. If you are considering the implementation of instant issuance, please contact your Visa or MasterCard representative to discuss these requirements.

PIN's

You are familiar with the Personal Identification Number (PIN). When a PIN is mailed to a customer, it is a "natural PIN", which is generated through a formula that uses a secret key and the card number.

Customer selected PIN's are popular and necessary because cardholders often forget assigned PIN's. PIN's are never stored in the host computer or on the card.

When a customer selects their own PIN, an additional step in the formula is performed that creates a PIN offset number. This offset number is typically stored in the network host system and not on the magnetic stripe, however in EMV compliant cards the pin could be stored in the magnetic stripe or in the smart chip.

PIN Pad

An advantage of instant issuance is the ability for the customer to select their own PIN on the spot. By entering their PIN into the PIN pad, the offset number is created and stored in the host (and/or on the card magnetic stripe). If the customer forgets their PIN, or wishes to change the PIN, they can do this at the branch location where cards are issued.



5. Considerations

Preprinted card types

Financial cards are manufactured at a secure plastic card factory. Financial institutions order preprinted cards from a secure card manufacturer or their card issuing service bureau. Traditionally, each card product has a design that is the same for all card holders.

Scenic or Photo Cards

The issuance of scenic or photo cards has grown in popularity. Financial institutions offer a selection of cards with images, such as area landmarks or beautiful sceneries. Or, customers can provide a photo image of something important to them, such as a dog, car, boat, or family members, etc. This direct 1:1 marketing strengthens customer loyalty and makes your card their favorite. They will want to show everyone they know their beautiful card.

For scenic cards, the cards are still preprinted by the secure card manufacturer with all required and constant information and design. An area is left white for the printing of the unique image.



Printer or Embosser

Traditional financial cards have been embossed with raised letters. Over the past few years, many financial institutions with instant issuance systems utilize flat card graphic printers. These printers are used to print the scenic image or photo and to personalize the card with card number, name, expiration date, and Card Verification Number. Flat card printers are less expensive than embossers.

Today, new hardware is available that combines both embossing and flat graphics printing. This allows the issuance of card with both scenic images and raised letter embossing. Many people feel that cards with embossed characters look more authentic and secure. There are even embossers available with multiple input card hoppers.



On-site Support

Your branch staff's time is valuable and they need to concentrate on your customers. The ability to support your instant issuance system with local service personnel is vital. This support should include software and hardware. You do not want your staff to spend time on the phone with technical support or to box and ship a heavy broken secure card printer. Shipment of the printer/emboosser entails a lot of work. First, you must save the original box for future shipping. And, all cards and ribbon must be removed from the printer for security reasons. The bottom line is you really need local service to simply come to your location and fix the problem!

EMV Influences

While you may be interested in implementing an instant card issuance solution, be careful to consider the future. Is the system you are considering able to work with the coming changes in the payment card industry? EMV (Europay, MasterCard, Visa) is here. The published liability shift date from MasterCard and Visa are both October 2015. It is clear that financial institutions will need to issue EMV compliant cards soon. EMV cards are smart chip cards and require a sophisticated and secure programming. Can your instant card issuance system be upgraded quickly and easily, and at what cost? For more EMV information, visit www.EMVco.com.

6. Working with Identification Systems Group (ISG) Dealers

There are many benefits to working with your local ISG dealer.

- A. Offers the Complete Solution. We provide complete solutions, not just pieces. Included are software, hardware, integration, and local on-site installation and training.
- B. EMV Ready. The system can issue EMV compliant smart cards, either now or in the future.
- C. Choice of Card Issuing Hardware. We offer a variety of card printers and embossers. These include various flat card printers, embossers, printers & embossers, and multiple card input hoppers. Your local ISG dealer will consult with you to determine your preference.
- D. Integration with Processors. Interfaces are available with most processors.
- E. On-site Local Support. ISG Dealers provide on-site pre-sale consultation, as well as on-site installation and ongoing maintenance. We find that financial institutions dislike having to spend time talking to a remote help desk, diagnosing the problem and ultimately shipping the defective printer or embosser back to a depot repair center. It is a colossal waste of time for your staff, and the system is not available to serve your customers.
- F. Plastic Cards. ISG dealers can provide the preprinted financial blank cards and may save you money. The on-site consultation is important as you discuss design changes and movement to EMV compliant cards.

7. About Identification Systems Group (ISG)

A good source for your solution is a local dealer that is part of the Identification Systems Group (ISG). The ISG includes 32 members that cover the USA and Canada. They are your local experts for identification technology. Strong local sales and technical support is provided by all dealers, and they share common products, knowledge and practices.

ISG members are very unique in the industry. They provide local support, vast expertise and cost effective solutions. Your local ISG member can assist you in determining the best and most cost effective solutions to meet your needs. They are available for on-site presentations and consultation.

To find your local ISG member, go to www.IdentificationSystemsGroup.com and enter your zip code in the Dealer Locator.

About the author:

Tom Stiles is the Executive Director of Identifications Group. He has 37 years of experience in the identification industry, including extensive work with the financial market.

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