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Your card, their wallet:
Increasing debit card usage

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Let's be honest.

If your consumers do not have or use your financial institution's debit card, you are not their primary financial institution.

It's not rocket science, it's logic.

When money is not coming into or out of your customers' or members' accounts, it is being stored and spent at another bank or credit union.

Today's consumers have an average of

5.3 **different accounts** across **financial institutions**

Meaning the competition to earn top-of-wallet status is fierce.

Complicating the matter further is the **Federal Reserve Board**'s looming proposal to lower the cap on debit card interchange fees from 21 cents to 14.4 cents — which has many banks and credit unions backing off debit card offerings.

But now's *not* the time to pump the breaks on debit card offerings.

It's time to level up and take advantage of huge opportunities in the financial services market.

What you need to know about debit cards

Despite the different payment options and innovations in point-of-sale technology, debit cards are still one of consumers' favorite payment methods.

This trend is not expected to change anytime soon — especially as **Millennials' and Gen Zs' spending power rises** and their purchasing habits shape the market.
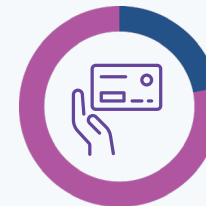
90% vs. **82%**

of adults have a debit card
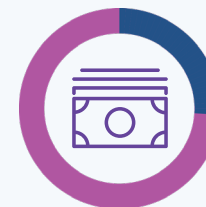
of adults have a credit card

Cash or credit?
How consumers make purchases

78% debit card

74% cash

66% credit card

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Why debit cards are so popular

As the generational tides turn and Millennials and Gen Zers edge out Baby Boomers as the largest living adult generations, **there has been a shift toward higher debit card usage.**

69% **of Gen Zers** report daily or weekly debit card usage

Millennials and Gen Zers grew up in a completely different world than their parents. They experienced the tragedy of 9-11, the financial collapse of the Great Recession, and most recently, a worldwide pandemic. Millennials and Gen Zers come to the table with needs and wants unlike previous generations — and financial institutions must take notice.

3 REASONS

Consumers avoid credit cards

1. Don't understand credit card offerings
2. Lack of credit
3. Fear of debt

Consumers use debit cards

1. Speed of transaction
2. Ability to track purchases
3. Easier to manage finances

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How to make your debit card stand out

90% **of consumers** **prefer to manage their finances all in one place**.
Therefore, banks and credit unions must provide a wide array of services for all of their financial needs, including debit cards.

However, not all debit card programs are the same — and that's why it's important to create one that serves your customers' and members' needs, provides benefits, and, ultimately, grows the relationship.
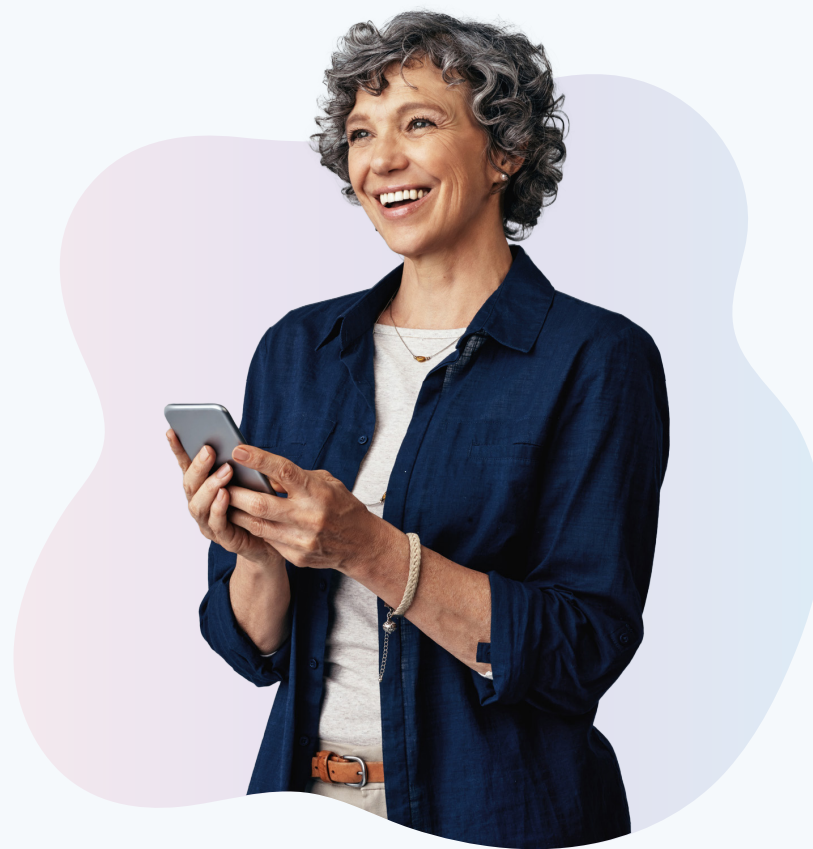
Engage from the get-go

Communicating the value and benefits of using a debit card is essential to drive customers and members to do so.

Timing is everything — the lines of communication should start immediately and continue throughout the relationship.

Cardholders who activate their cards within the first 90 days have:

up to

3X

greater long-term
customer value

30%

higher spend than those who activate later

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Follow the playbook for debit card engagement

From the moment a debit card is issued, **it's go time**. There is no time to waste when it comes to engaging consumers and making the most of every opportunity.
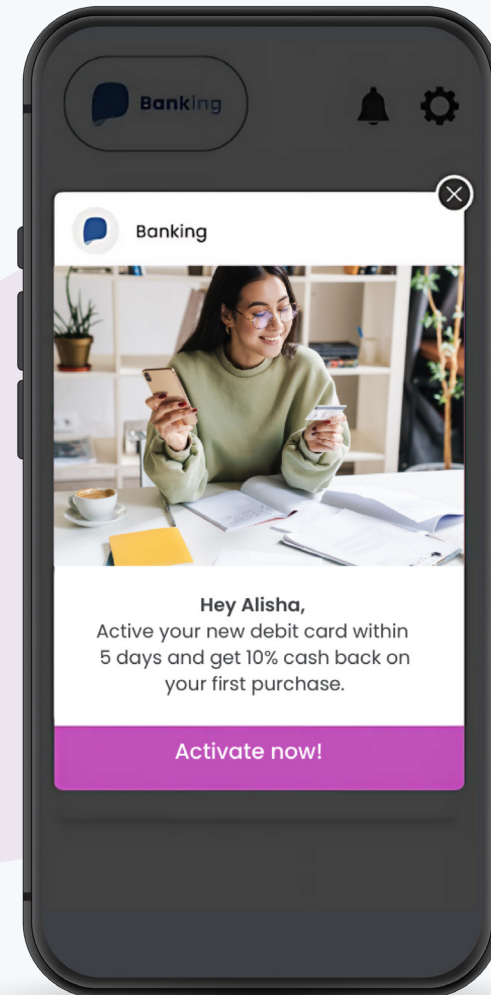
Pre-activation:

- **Card status notification:** Send a message 3-5 days after a card has been newly issued or reissued, excluding cards that haven't had any activity in the past nine months or those flagged for return mail.

- **Offer incentives for activation:** Offer a small bonus or reward for cardholders who activate their cards within a specific timeframe and start spending.

- **Feature interactive tutorials:** If a card is not activated within 14 days of issuance or reissuance, send a notification with step-by-step instructions on how to activate the card.

Activation:

- **Incentivize new cardholders:** Offer a small cashback reward (e.g., $5) for their first purchase within 7 days.

- **Ease their mind:** Promote benefits like fraud protection, rewards, or cashback to build confidence in using the card.

- **Set them up for future usage:** Provide step-by-step guidance on adding the card to mobile wallets for quick and seamless payments.

Banking

Hey Alisha,
Active your new debit card within 5 days and get 10% cash back on your first purchase.
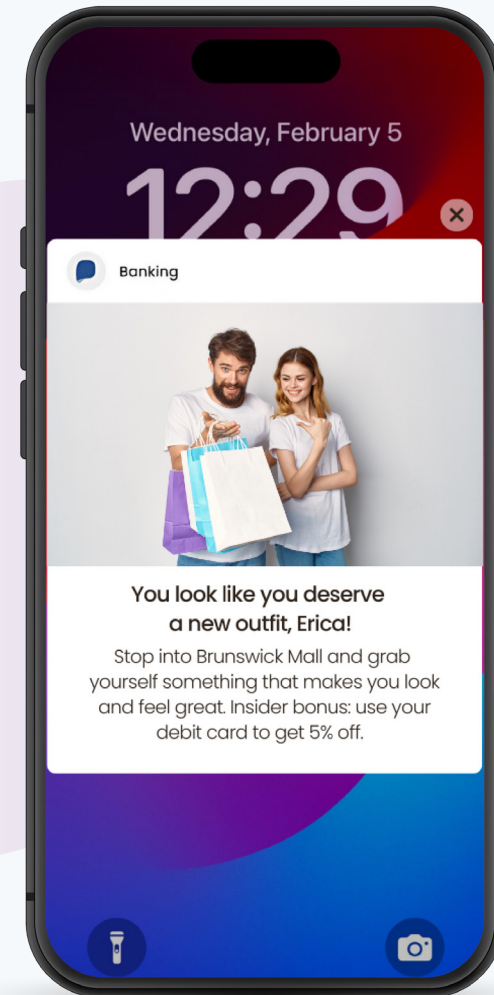
Activate now!

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Usage:

- **Promote high interchange merchant category codes (MCCs):** Encourage spending at merchant categories (MCCs) with higher interchange rates, such as restaurants compared to retail outlets like Walmart.

- **Data-driven outreach:** Use location and behavior-based insights to promote card usage when consumers are in a certain location, such as a shopping center or near a branch, to deliver timely and relevant deals.

- **Partner promotions:** Partner with local or popular businesses to offer exclusive discounts or deals.
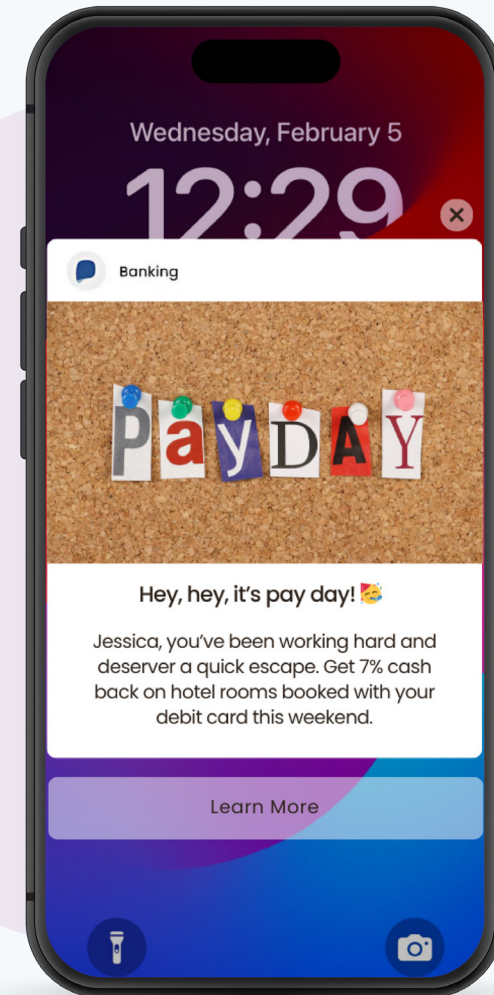
Renewal:

- **Reissue reminders:** Send notifications as the card's expiration date approaches.

- **Renewal offers:** Provide special promotions or bonus rewards for cardholders who activate their reissued card.

Wednesday, February 5

12:29

Banking

You look like you deserve a new outfit, Erica!

Stop into Brunswick Mall and grab yourself something that makes you look and feel great. Insider bonus: use your debit card to get 5% off.

Lifecycle analytics:

- **Segmentation strategies:** Categorize cardholders based on their behaviors (active, inactive, high spenders, etc.) and develop targeted campaigns tailored to each group.

- **Leverage insights:** Utilize demographic and other intent data to target messaging to consumers at their moment of need.

Wednesday, February 5

12:29

Banking

Hey, hey, it's pay day! 🥳

Jessica, you've been working hard and deserve a quick escape. Get 7% cash back on hotel rooms booked with your debit card this weekend.

Learn More

Personalize the experience

Financial institutions have access to a treasure trove of data that they can use to provide customers and members with products and services tailored to their needs. By using existing data, banks and credit unions can segment demographics and data-driven, personalized, localized, and relevant communications and offers.

Personalizing the experience is a surefire way to:

- ✓ **boost engagement**
- ✓ **increase share of the wallet**
- ✓ **grow deposit and loan balances**
- ✓ **earn higher consumer satisfaction scores**
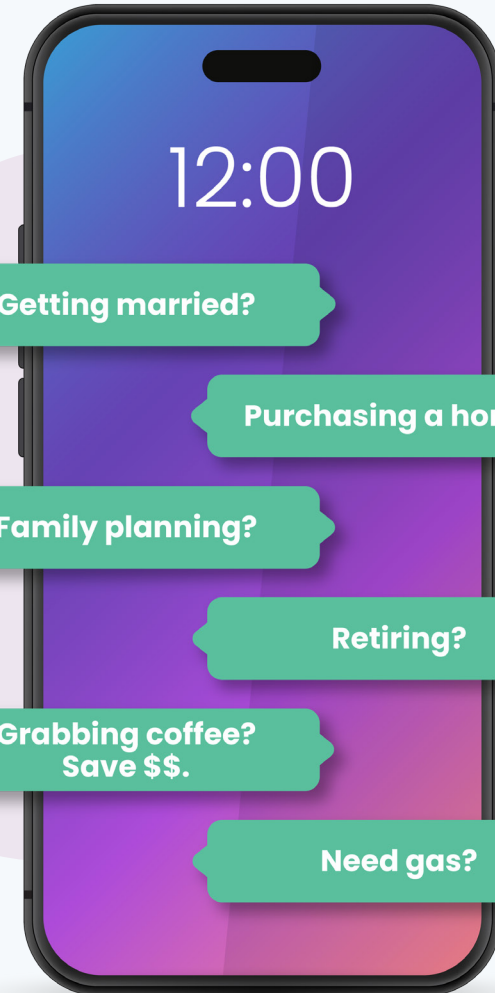
Keep customers and members engaged

When engaging with consumers, efforts should be ongoing and powered by relationship-driven engagement tactics, such as push notifications and geofencing, to support long-term financial well-being, and guide consumers on a path to success.

Solutions to Strengthen Relationships

Push notifications
Keep consumers engaged with on-point, relevant updates in their moment of need.

9X **higher open rate** **compared to emails**

Scrollable, dynamic feed
Financial decisions are not always made in a moment. Let consumers return to important info and offers within your mobile banking app.

25% **increase in click rates with rich media content (images, GIFs and videos)**

In-app notifications
Greet customers and members with tailored offers and communications as soon as they log in to your mobile app or online banking.

4X **higher reaction rate with personalized notifications (e.g., name)**

Actionable insights
Effortlessly identify, engage, and retarget consumers using real-time intent data.

up to 3X **increase in retention rates with advanced targeting (e.g., based on preferences, behavior, location)**

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Digital engagement in action

In the words of our clients...

Meritrust Credit Union's story:

Meritrust Credit Union tapped Pulsate for a geofencing campaign that sent personalized communications to members with relevant offers.

"As soon as members pulled out their phone to mobile order or to walk into a local coffee shop, they saw a really great offer of 5% cash back to use the Meritrust debit card. We were really pleased with how well it worked."

— Emily Stewart,
Meritrust's director of digital marketing and analytics
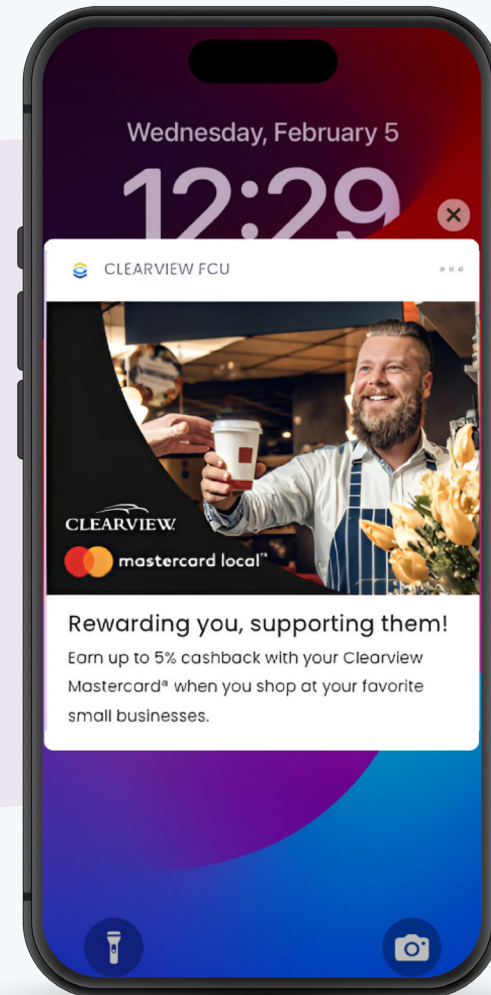
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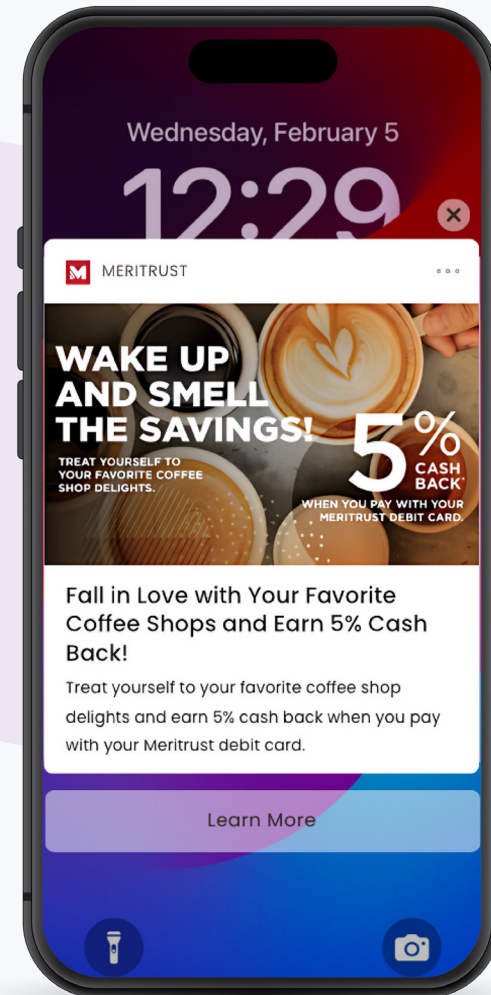
Clearview Federal Credit Union's story:

By leveraging geolocation and push notifications, Clearview has significantly enhanced member engagement, supported local businesses, and driven revenue growth.

"We're seeing increases of spikes between 38% to 68% in weekly volume of transactions at merchants participating in our Mastercard Shop Local program. It's a win-win for our members and local businesses."

— Stephanie Yakovich,
Director of Marketing Communications at Clearview

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CLEARVIEW FCU

Rewarding you, supporting them!
Earn up to 5% cashback with your Clearview Mastercard® when you shop at your favorite small businesses.
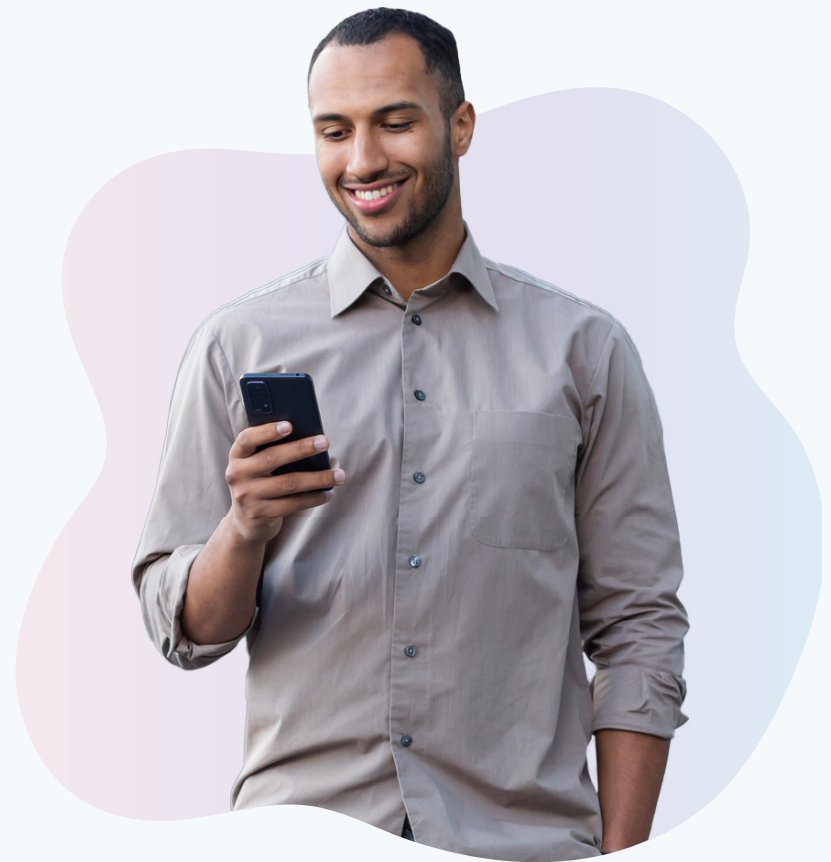
Staying top-of-wallet

Debit cards are not going anywhere — and neither should your pursuit to develop the most robust program to stay top-of-wallet by staying top-of-mind.

Pulsate can help increase loyalty, growth, and retention with digital engagement tactics designed for financial institutions to make the most of every opportunity.

Schedule a demo and see how we can help your bank or credit union achieve meaningful growth.