

Strategic Benefits Are in the Cards: Credit Cards, That Is

By James Hudson

Unlike playing the card tables in Las Vegas, the strategic benefits of a well-managed agent credit card program are proven and time-tested.

Community banks gain bottom-line revenue, stronger customer relationships, and a way to expand a bank's brand. Community bankers are able to realize these benefits by offering competitive credit card products.

There are two primary types of card programs: agent and direct. With an agent bank credit card program, the bank selects a card-issuing partner who handles all marketing and operations, and absorbs all the risks. The bank earns revenue based on results. In a direct card program, the bank is a direct issuer and is responsible for all marketing, operations, and credit decisions. The bank earns all revenue, but in turn absorbs all the risk.

In 2002, ACB Card Services selected InfiCorp Holdings, Inc. to offer the ACB-InfiCorp Agent Bankcard Alliance as a turnkey agent bank credit card solution. Since that time, a number of ACB members have seen significant results.

"We have partnered with the great folks at InfiCorp for the past 18 months to offer personal credit cards to our customers," said Dennis Floyd, sales and communications manager for banking customer support at ACB member HomeStreet Bank. HomeStreet is a community bank based in Seattle with 20 bank branches and \$1.75 billion in assets.

"Within six months of initiating the

agent bank program with InfiCorp, we had over 1,500 credit card relationships. Previously, we had relied on one of the country's top volume credit card companies. In that five-year relationship, we had only 1,200 credit card relationships," he said.

"The folks at InfiCorp offer a competi-

tive product and back it up with marketing sophistication and operational excellence," Floyd said. "They work with us as partners and are constantly suggesting ways for us to increase customer satisfaction and credit card usage. In 25 years of banking, I have used four agent bank credit card programs. No one can match InfiCorp for bottom-line results and client service," he added.

For many ACB members, now is the time to make a decision regarding the credit card program. Selecting the best strategic partner is critical—both in the short and long term. The decision is not just about the credit card program. It's about protecting your most valuable asset—your customer relationships.

InfiCorp is well positioned to support banks that plan to start an agent relationship, or those banks that want to upgrade their existing agent program. Competitive fee income is derived from a combination of new account originations and earnings from the portfolio. At the same time, InfiCorp is interested in purchasing quality credit card portfolios, enabling banks to sell their portfolio without selling their customer relationships.

The alliance is a partnership of mutual respect and support. ACB members maintain rights as brand owner with the authority to approve brand usage. Banks also retain control over access to customers. At the same time, ACB members have a relationship manager within InfiCorp who serves as an internal advocate.



InfiCorp Director James Hudson (standing) and Managing Director Andrew Matthieson (seated) provide tips on agent credit card programs for community banks.

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InfiCorp provides non-compete protections and a contractual promise not to market other products and services to customers. Unlike so many other issuers, InfiCorp does not have a competing proprietary brand, nor does it support any other type of loan or deposit products.

Most cardholders use credit cards as a convenient lending vehicle, so they are focused on getting the lowest interest rate possible. Other cardholders are looking for more from their credit card—for instance, the opportunity to earn travel rewards or a cash rebate based on their spending.

“The InfiCorp Visa credit card program has allowed us to expand our product line within a turnkey program that is seamless to bank personnel,” said Roland Bunnell II, a senior vice president at Framingham Co-

operative Bank, an ACB member based in Framingham, Mass., with \$302 million in assets.

“We searched for years to find a competitive credit card that we would be proud to put the Framingham Co-operative Bank name on. This program allows our customers to choose from a super low-rate program, a cash-back rebate program where they earn cash back on purchases, or the Rewards Passport program where they earn points redeemable for travel and merchandise with every purchase they make,” Bunnell said.

Regularly scheduled mailings keep the credit card option in front of customers. For customers who already have a card, ongoing marketing presents promotional offers to attract clients who may wish to switch, Bunnell said.

Framingham Co-operative has a link on its Web site (www.framinghamcoop.com) for customers to apply for a card online or access information on their account through a Web site branded with the bank's name and logo.

“We are pleased with the results of being involved with this ACB-sponsored program,” Bunnell added.

The ACB-InfiCorp Agent Bankcard Alliance helps institutions expand their franchise base, making it an attractive option for community banks. **15**

James Hudson is director of client development and retention at InfiCorp. For information on the ACB-InfiCorp Bankcard Alliance, call (800) 631-9229, or call Janice Queen, manager, ACB Card Services at (888) 872-0275, ext. 5092.

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- View from the Top:** "Talking With Fannie Mae's Franklin Raines" by John Cope. This feature includes a photo of Franklin Raines and discusses his perspective on the mortgage market and Fannie Mae's role.