



## Rewards Cards? Cost of Acceptance vs Spend Lift

With the increased issuance of high rewards credit cards, consumers have more options than ever for how to maximize their purchasing power at the point of sale. Come listen to a panel of merchants discuss how they balance the high cost of accepting rewards cards vs the increased levels of spend potential these cards promise. Verizon-led panel representative of merchants across POS, bill-pay, and online purchases.

John Agliandolo – Verizon

Monica Dabaghi - Sony

Robert Podlesni – Experian

# Overview

## 1. Benefits of Rewards Cards

Customer, Issuer, Merchant Views

## 2. The Promise of Rewards Cards

How do merchants determine whether the costs are worth it?

## 3. Challenges of Rewards Cards

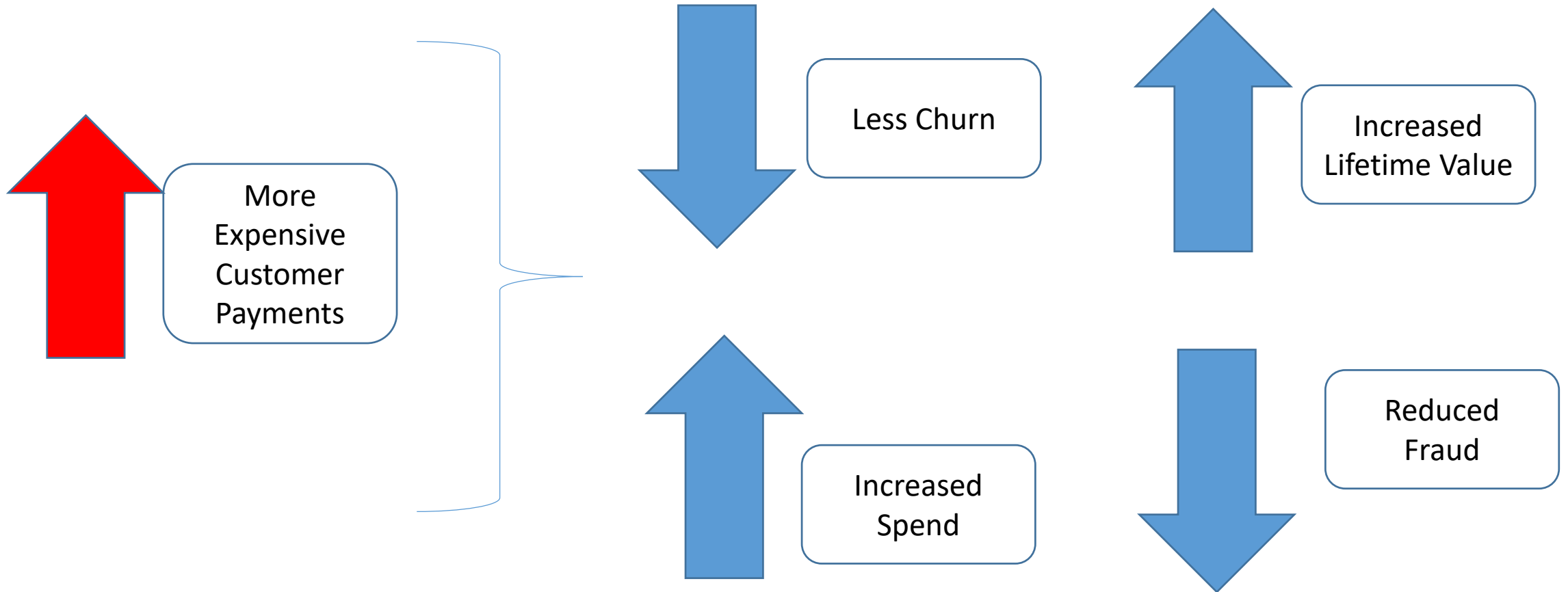
## 4. Opportunities Going Forward

## 5. Q&A

# Benefits of Rewards Cards

- Customer View
  - Rewards, Miles, Points, Cash Back, MR
  - Premium Card Benefits
  - Prestige & VIP treatment
- Issuing Bank View
  - Higher Spenders
    - Personal Income Requirements
    - Annual Household Income
    - Propensity to Spend
- Merchant View
  - Higher Spenders?
  - > Loyalty & Less Churn
  - > Lifetime Value & ARPU

# The Promise of Rewards Cards

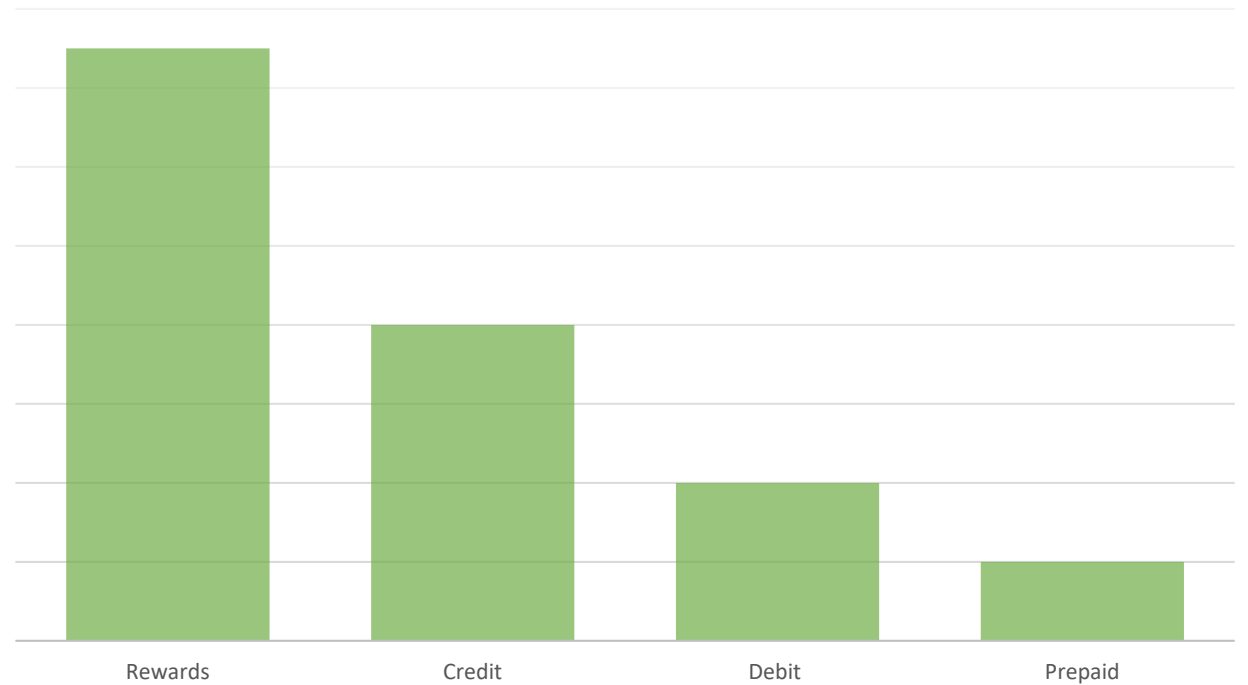


# Reward Card Return – Specific to Your Business

## ACCOUNT UPDATER BY CARD TYPE



## BILLINGS BY CARD TYPE



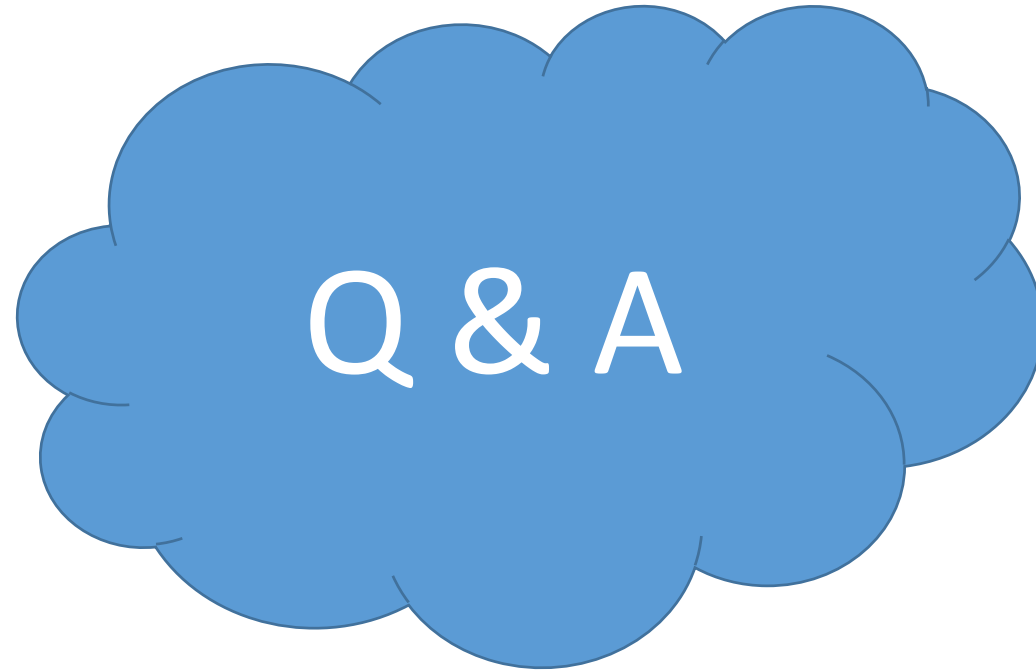
# Challenges of Rewards Cards

Payment Type	Avg Spend - retail	Avg Spend - Bill Pay	Cost of Payment	Avg Spend - retail	Avg Spend - Bill Pay
Cash	50	150	0.05%	\$ 0.03	\$ 0.08
ACH	50	150	0.10%	\$ 0.05	\$ 0.15
Debit	50	150	0.50%	\$ 0.25	\$ 0.75
Credit	50	150	3.00%	\$ 1.50	\$ 4.50

Payment Type	Retail - Var to Cash	Bill Pay - Var to Cash	Margin	Retail - Lift Required	Bill Pay - Lift Required
Cash	\$ -	\$ -	30%	\$ -	\$ -
ACH	\$ (0.03)	\$ (0.08)	30%	\$ (0.08)	\$ (0.25)
Debit	\$ (0.23)	\$ (0.68)	30%	\$ (0.75)	\$ (2.25)
Credit	\$ (1.48)	\$ (4.43)	30%	\$ (4.92)	\$ (14.75)

# Opportunities Going Forward

- Analyze your Average Spend Trends
- Card Network Recurring Rates
- Enterprise Affinity Cards
- Customer Discounts for Preferred Payments
- Customer Loyalty Points for Preferred Payments
- Know your Customer Impacts







### Verizon – Director of Payments Strategy & Partnerships

Responsible for developing the multi-year payments merchant strategy roadmap for Verizon and managing the Payments P&L and relationships for 50+ payments partners including card association networks and processors.



### Robert Podlesni – Senior Billing Architect (Billing Ninja)

Responsible for managing billing and payment processing acquirers, services, network relationships , and technical roadmap with a focus on optimizing Experian’s revenue collection and associated cost.



### Monica Dabaghi – Head of Product, Global Payments and Fraud

Oversees development of the Global Payment and fraud Platform, formulates Payment and Fraud strategy and mid-range plan for 80 markets, 36 currencies, and over 90 million customers.



If you have any questions about the presentation, go to our LinkedIn Group (the [Payments Education Forum](#)) and request an invitation (this is a closed group specifically for the payments industry).