



Spearheading Consumer and Business Debit Programs

April 2024



Agenda

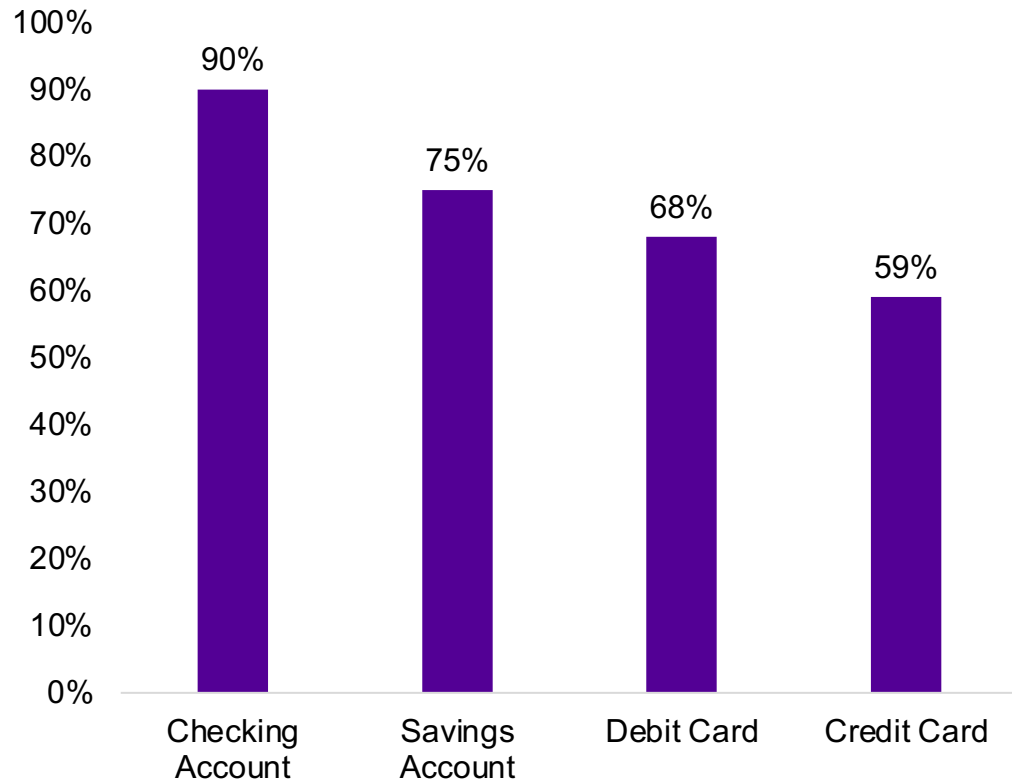
- Consumer Debit
 - How to Win Top of Wallet
- Business Debit
 - A Critical Product Offering
 - Interchange Overview
- How to Effectively Compete Against Large FIs
- Building a Successful Debit Product Strategy
- Q&A

Consumer Debit

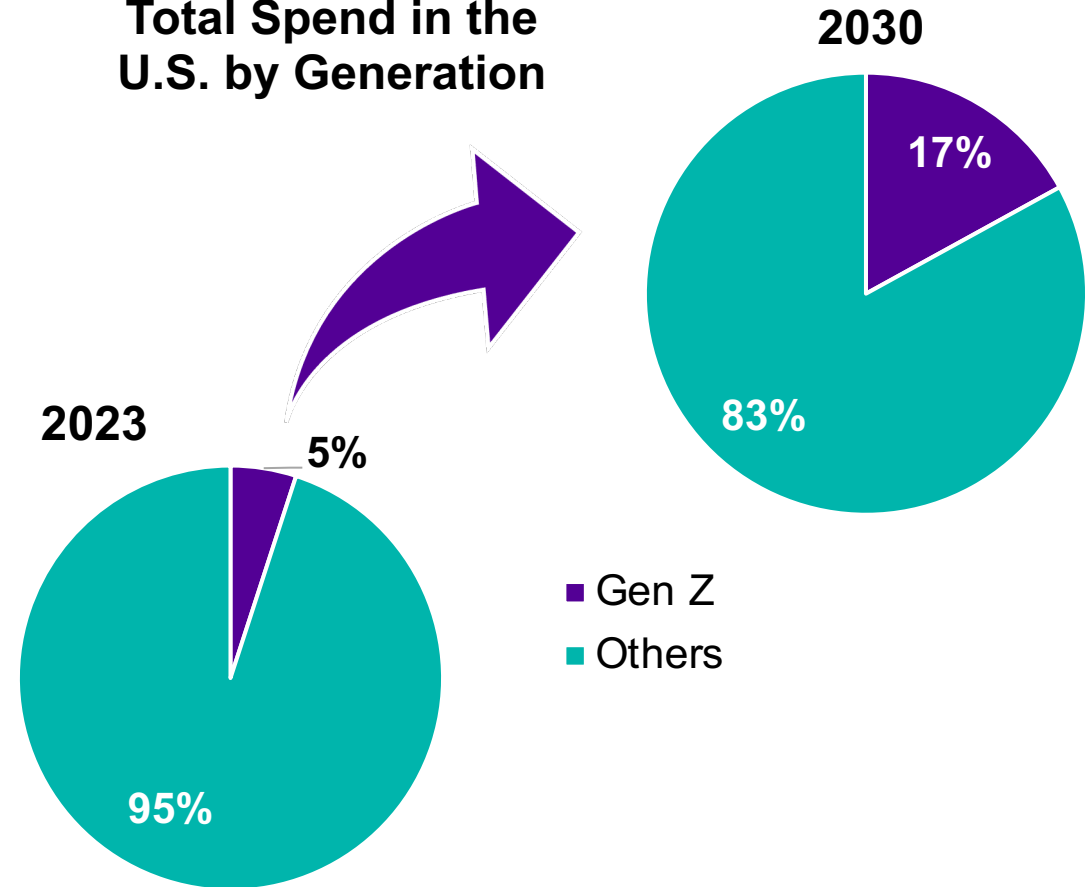
How to Win Top of Wallet

Gen Zers Are a Prime Target to Grow Customer Base

Gen Z Banking Products



Total Spend in the U.S. by Generation



Younger Generations are Amplifying Digital Trends in Payments

100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%



Over 60% of **Millennials** and **Gen Z** stated they would switch financial institutions for a better mobile app/digital experience

100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%



67% of **Baby Boomers** agree that **Gen Z** influences how they buy online and through apps

Customer Segmentation Boosts Customer Satisfaction and Revenue



Hi Alex

It's been 20 years since we first opened our hangar doors – how #timeflies. And now it's time to celebrate your journey with us.

Remember your first ever trip? It was 8th July when you left Luton behind and stepped off the plane in Faro

And you've come so far. 96,066 kms to be precise – that's more than the distance twice round the world!

All in all you've been on 12

Recommended for You Based on Kindle Paperwhite, 6" High Resolution Display w...

Page 1 of 5

<
>

MoKo Case for Kindle Paperwhite, Premium Thinnest and Lightest Leather Cover with...

★★★★☆ 898

\$9.99 **Prime**

Sweets Ultra Slim Leather Case Cover for Amazon All-New Kindle Paperwhite (Both 2012...

★★★★☆ 273

\$3.99 **Prime**

Fintie SmartShell Case for Kindle Paperwhite - The Thinnest and Lightest Leather Cover for...

★★★★☆ 7,015

\$14.99 **Prime**

Kindle Paperwhite, 6" High Resolution Display (212 ppi) with Built-in Light, Free 3G...

★★★★☆ 45,265

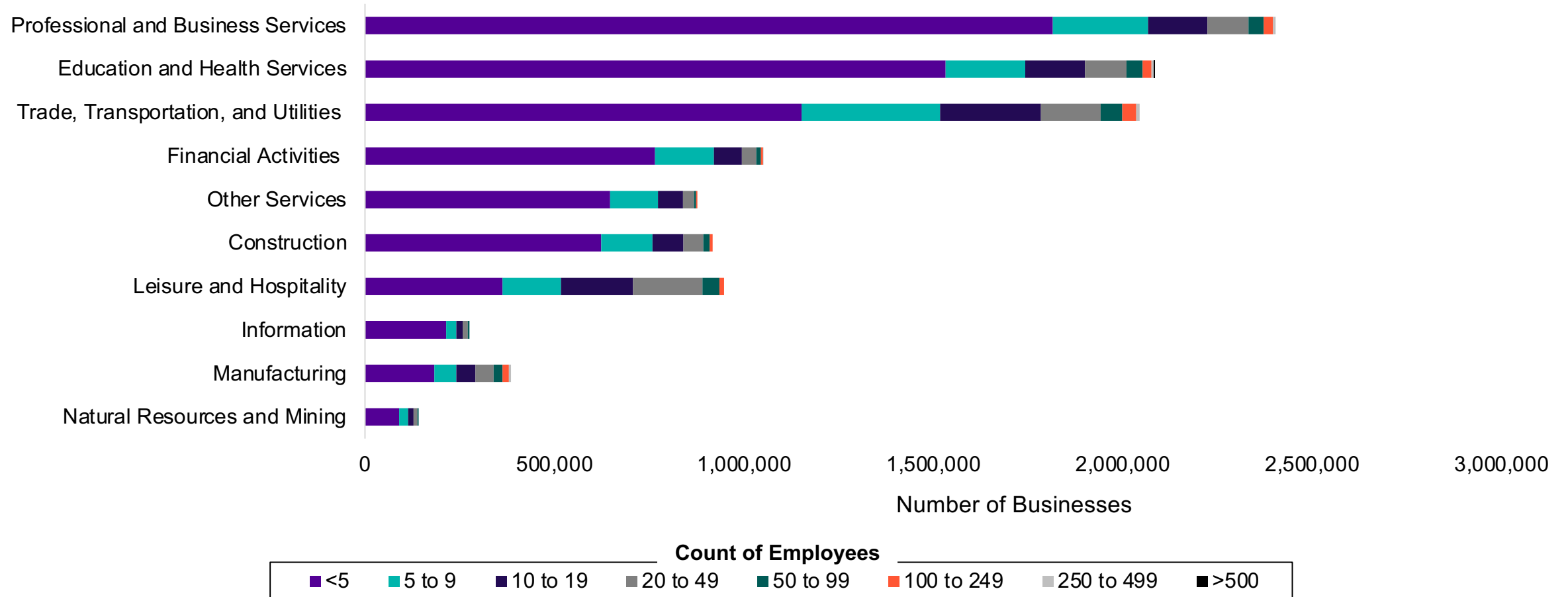
\$159.99 **Prime**

Business Debit

If you can do consumer debit,
you can (and should) do
business debit

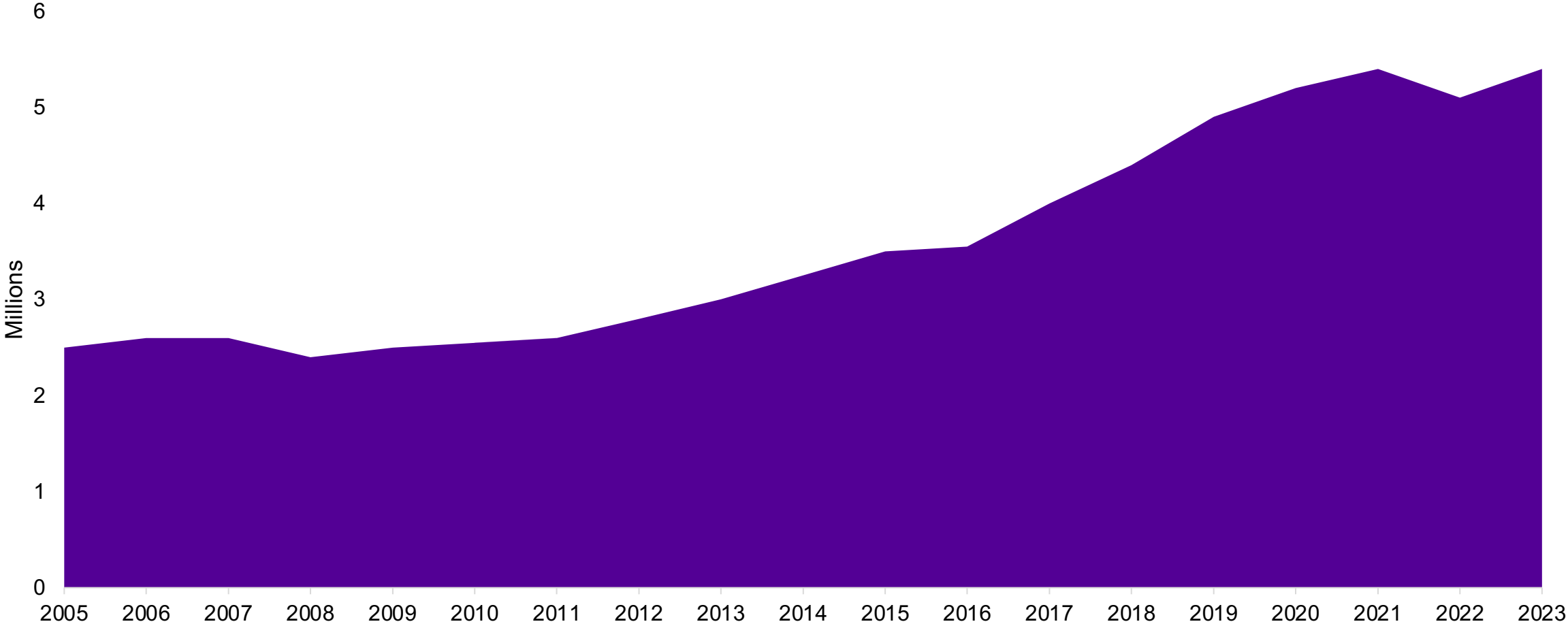
Most Businesses Have <5 Employees

Number of Businesses by Employee Count in Select Private Industries



Prevalence of Small Businesses in the U.S.

Number of New Small Business Applications Over Time



Interchange Rates for Consumer vs. Business Debit

VISA published interchange rates

as of October 2023

<i>Card Not Present Fee Program</i>	<i>Exempt Visa Check Card Card Not Present Transactions</i>
CPS/Retail 2 – Card Not Present, Debit	0.65% + \$0.15 (\$2.00 Cap)
CPS/Debt Repayment 2	0.65% + \$0.15 (\$2.00 Cap)
CPS/Debt Repayment (No Fee)	0.65% + \$0.15 (\$0.65 Cap)
CPS/Utility Recurring Bill Payment, Debit	\$0.45
CPS/Utility, Debit	\$0.65
CPS/Government	0.65% + \$0.15 (\$2.00 Cap)
Consumer Bill Payment Service Consumer Debit	1.65% + \$0.15
CPS/Card Not Present, Debit	1.65% + \$0.15
CPS/e-Commerce Basic, Debit	1.65% + \$0.15
CPS/e-Commerce Preferred Retail, Debit	1.60% + \$0.15
CPS/e-Commerce Preferred Hotel and Car Rental, Debit	1.70% + \$0.15
CPS/e-Commerce Preferred Passenger Transport, Debit	1.70% + \$0.15
CPS/Hotel and Car Rental Card Not Present, Debit	1.70% + \$0.15
CPS/Passenger Transport Card Not Present, Debit	1.70% + \$0.15
CPS/Account Funding, Debit	1.75% + \$0.20
Electronic Interchange Reimbursement Fee (EIRF), Debit ³	1.75% + \$0.20
Standard Interchange Reimbursement Fee, Debit	1.90% + \$0.25

<i>Card Present Fee Program</i>	<i>Exempt Visa Check Card Card Present Transactions</i>
CPS/Supermarket, Debit	\$0.30
CPS/Retail, Debit	0.80% + \$0.15
CPS/Automated Fuel Dispenser (AFD), Debit	0.80% + \$0.15 (\$0.95 Cap)
CPS/Service Station, Debit	0.80% + \$0.15 (\$0.95 Cap)
CPS/Small Ticket, Debit	1.55% + \$0.04 ¹
CPS/Restaurant, Debit	1.19% + \$0.10
CPS/Hotel and Car Rental Card Present, Debit	1.19% + \$0.10
CPS/Passenger Transport Card Present, Debit	1.19% + \$0.10
Travel Service, Debit	1.19% + \$0.10
CPS/Retail Key Entry, Debit ²	1.65% + \$0.15

<i>Business Debit Fee Program</i>	<i>EXEMPT Business Debit</i>
Business Debit, Card Present	1.70% + \$0.10
Business Debit, Card Not Present	2.45% + \$0.10
Consumer Bill Payment Service, Business Debit	2.45% + \$0.10
Business Debit, Non-Qualified	2.95% + \$0.10
Business Utility Program, Recurring Bill Payment	\$0.75
Business Utility Program, Card Not Present Only	\$1.50

Example: Utility Transaction on Consumer vs. Business Debit Card

Consumer Debit

<i>Card Not Present Fee Program</i>	<i>Exempt Visa Check Card Card Not Present Transactions</i>
CPS/Utility, Debit	\$0.65

Business Debit

<i>Business Debit Fee Program</i>	<i>EXEMPT Business Debit</i>
Business Utility Program, Recurring Bill Payment	\$0.75
Business Utility Program, Card Not Present Only	\$1.50

Just by migrating a consumer debit utility transaction over to a business debit card, there is a minimum of **\$0.10** more to be made in interchange

Example: \$500 CNP Transaction on Consumer vs. Business Debit Card

Consumer Debit

Card Not Present Fee Program	Exempt Visa Check Card Card Not Present Transactions
CPS/Card Not Present, Debit	1.65% + \$0.15

(Rate varies by CPS qualification, ticket size, MCC, and Merchant)



INTERCHANGE:

$$\$500 \times 1.65\% + \$0.15 = \mathbf{\$8.40}$$

EFFECTIVE RATE:

$$\$8.40 / \$500 = \mathbf{1.68\%}$$

Business Debit

Business Debit Fee Program	EXEMPT Business Debit
Business Debit, Card Not Present	2.45% + \$0.10



INTERCHANGE:

$$\$500 \times 2.45\% + \$0.10 = \mathbf{\$12.35}$$

EFFECTIVE RATE:

$$\$12.35 / \$500 = \mathbf{2.47\%}$$

Business Debit Products Help to Clarify Expenses

SMALL BUSINESS MONTHLY EXPENSES

\$ 44,930.00 YTD EXPENSES User to enter expenses on individual tabs per month, the report below will populate automatically.

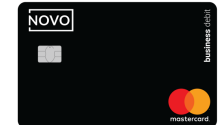
EXPENSE CATEGORY	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	YTD TO DATE
Housing	\$ 13,750.00	\$ 17,950.00	\$ 13,230.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,930.00
Rent / Mortgage	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,500.00
Property Taxes	\$ -	\$ 4,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500.00
School Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Renter / Home Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ 1,250.00	\$ 950.00	\$ 730.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,930.00
Home Phone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power	\$ 500.00	\$ 450.00	\$ 380.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,330.00
Gas	\$ 750.00	\$ 500.00	\$ 350.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,600.00
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Trash Removal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cell Phone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gym Membership	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Clothing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

JANUARY												
\$ 44,930.00 YTD EXPENSES												
CATEGORY	1	2	3	4	5	6	7	8	9	10	11	12
Food	\$ 12,500.00	\$ -	\$ 500.00	\$ 750.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Groceries	\$ 12,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restaurants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Garden Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lease / Car Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transit Pass	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charitable Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gifts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Events	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FEBRUARY												
\$ 44,930.00 YTD EXPENSES												
CATEGORY	1	2	3	4	5	6	7	8	9	10	11	12
Housing	\$ 12,500.00	\$ -	\$ 450.00	\$ 500.00	\$ -	\$ -	\$ -	\$ 4,500.00	\$ -	\$ -	\$ -	\$ -
Rent / Mortgage	\$ 12,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500.00	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Renter / Home Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ 12,500.00	\$ -	\$ 380.00	\$ 350.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Home Phone	\$ 12,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Trash Removal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cell Phone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MARCH												
\$ 44,930.00 YTD EXPENSES												
CATEGORY	1	2	3	4	5	6	7	8	9	10	11	12
Housing	\$ 12,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent / Mortgage	\$ 12,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Renter / Home Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ 12,500.00	\$ -	\$ 380.00	\$ 350.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Home Phone	\$ 12,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewage	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Trash Removal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cell Phone	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Product Examples:



Competitive Features:

- Seamless Sync to business services:
 - Stripe/Square/Shopify
 - QuickBooks
- Spend Control Limits for Authorized Users
- Automated Expense Reports to ease Bookkeeping and Taxes

¹ CBNA Expense tracking provided by VISA® IntelliLink

² Regulated Bank

³ Novo Debit cards provided by Patriot Bank (\$1B bank)

Benefits of Offering Business Debit Product

1. 

Higher Interchange

Business debit earns more interchange revenue than consumer debit

2. 

Protect Customer Base

Become a one-stop-shop for your customers' banking needs

3. 

Serve Your Community

Know and support the businesses around you

4. 

Attract More Deposits

Gaining Business Deposits would boost your liquidity

5. 

Opportunity to Cross Sell

Relationship with customer can expand into other banking products

Challenges to Community Banks



Liquidity, Fast Money Movement

Faster Payment Technologies enable cash to be withdrawn all at once



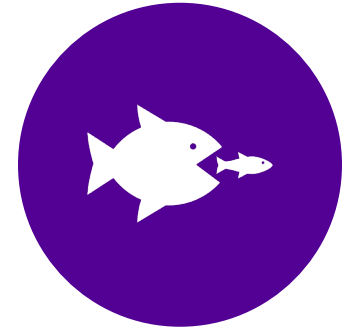
Growing Customer Base

How to become attractive against flashy big banks



Losing Top of Wallet Status

The card products just are not as compelling as the competitors'



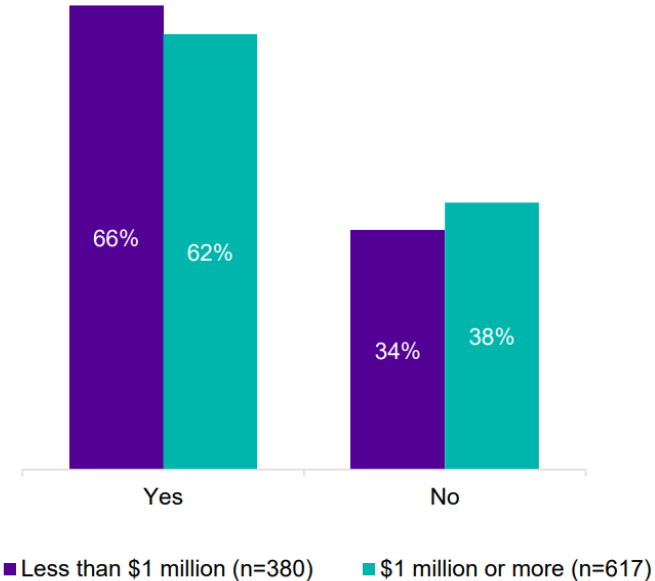
Competing on Unlevel Playing Field

How to gain traction when resources are limited

Customer Loyalty vs. Bank Preference

Most Small Businesses Prefer having Personal and Business Accounts with the Same FI

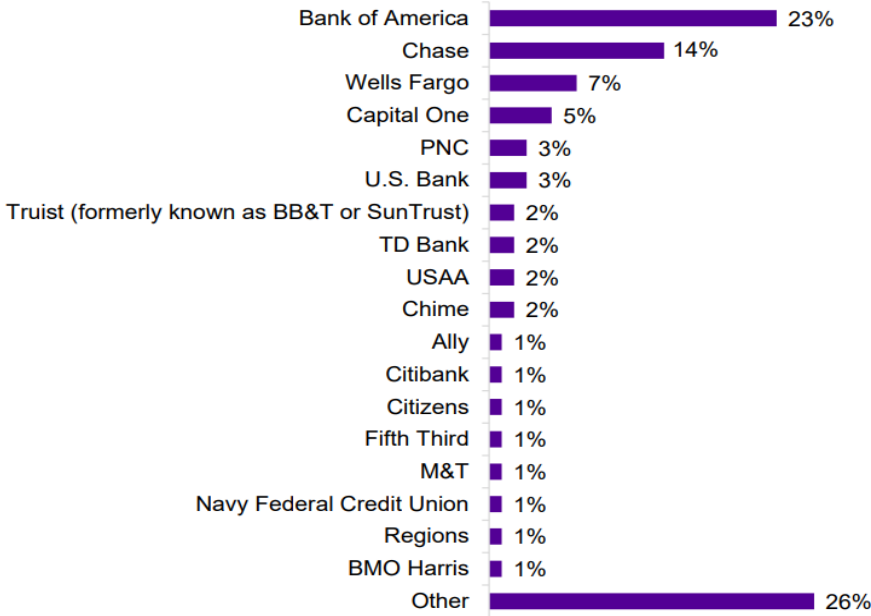
Personal and Business Banking with the Same FI by Company Size



129c. Do you have a personal banking relationship with the institution that issued your business card?

Together, Community Banks are Just as Popular as Large FIs

Primary Place of Banking



QB4_US. Of these banks or credit unions listed below, which would you consider to be the primary place you bank? (Including any digital- only banks) (n=2879)

Community Banks are Integral to the Communities They Serve

*“Community banks serve rural, small town, and suburban customers and markets that are not comprehensively served by large banks. Our business is based on **longstanding relationships in the communities in which we live**. We make loans often passed over by the large banks because a community banker’s personal knowledge of the community and the borrower provides firsthand insight into the true credit quality of a loan, in stark contrast to the statistical models used by large banks located in other states and regions. These localized credit decisions, made one-by-one by thousands of community bankers, **support small businesses, economic growth, and job creation.**”*

- Marty Reinhart, Former President of Heritage Bank (Spencer, WI, \$100M bank formed in 1908)

Community Banks Play a Vital Role



Fill a Necessary Market Need for Smaller FIs

Big Banks can be a turn off.

People question if they can trust such enormous entities.

This distrust dates to the origination of banks in the U.S. when Alexander Hamilton wanted a national centralized bank and Thomas Jefferson advocated for state-centered systems.



Solve Geographic Limitations and Support the Local Economy

Serve rural areas that would otherwise go without banking access.

Counties with fewer than 10,000 in population contribute 4.4% of U.S. real economic output.

Counties with populations between 10,000 and 50,000 contribute another 7.9%.

Together, these nonmetropolitan areas contribute over 12% of U.S. economic activity.



Big Banks Come with Big Problems

Larger targets for theft and fraud, pose higher credit risks, lack human element (transactional banking over relationship banking).

Regulators focus on big banks.

Looming proposed changes to Durbin Amendment (lowering interchange cap, regulating credit).

Strategy for Building a Successful Debit Product



Revive Consumer Debit Programs

Excite customers, don't just issue another standard debit card

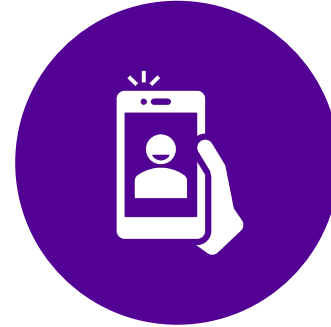
Look for competitive perks outside of rewards, such as mobile wallet capabilities



Address Small Business Debit Market

Leaving out business debit leaves money (interchange) on the table

Strengthens relationships with your customers



Keep Up with Innovation

Younger generations are especially sensitive to innovative products

To grow your customer base, you need to consider the maturing population



Really Know Your Members

Utilize CSI IQ to address your members' specific needs

Act like a friendly neighbor you are known to be

Q&A