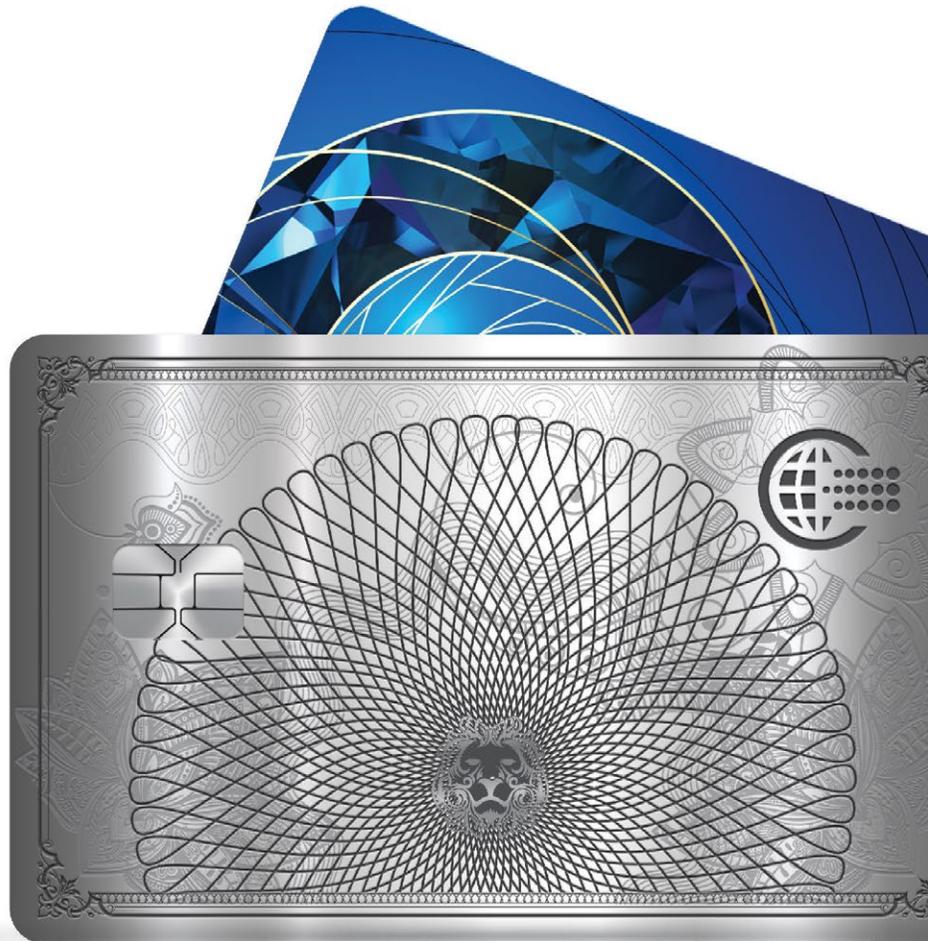


Built to Shine

3 Ingredients for a Differentiated

Metal Card Program



cpi card group[®]

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Abstract

The consumer credit card market is poised to see metal cards become the new sensation, with metal programs offering financial institutions the opportunity to win high value cardholders and fuel business growth. For both issuers currently offering metal cards and those considering adding metal to their portfolio, ensuring their programs provide the necessary features for sustainable success in the long-term will be key. This white paper from CPI Card Group will explore how and why the areas of design, manufacturing materials and functionality are instrumental in unlocking the greater potential of a financial institution's metal card program.



Background

Over the last few years, metal cards have quickly caught the eye of consumers, with many flocking to issuers with metal offerings in hopes of adding the coveted plunk factor to their shopping experience.

Today, the momentum behind metal is increasing, driven by the feeling of exclusivity, luxury and sophistication that these cards provide for consumers.

The rising popularity of metal cards has understandably created an eagerness among financial institutions to capitalize on the surging consumer demand and develop their own offering for high value cardholders. The opportunity is hard to ignore - CPI Card Group estimates the target audience for metal cards is nearly 40 million-strong in the U.S. alone. Additionally, beyond the prospect of adding new, high-end cardholders, metal cards bring the promise of **stronger member retention**¹ and top-of-wallet status potential, a boon for lifetime value and interchange revenues.

As financial institutions evaluate their current metal card program or consider launching a premium, metal card portfolio, they must keep in mind that their peers, competitors and industry-at-large are looking in the same direction. Additionally, the investment required for a metal card program - stemming from higher costs for manufacturing metal vs. plastic cards - is not insignificant. Therefore, financial institutions will need to find ways to make their products appear distinct and rise above the rest to effectively attract high value cardholders.



innovative designs,
unique materials
and enhanced
functionality

For those that allocate funds towards metal cards, it is critical they do all they can to strengthen their likelihood of achieving returns. Whether they wish to enhance an existing program or develop one for the first time, financial institutions can look to strategic partnerships for support. Working with a proven partner like CPI Card Group enables financial institutions to tap into expertise and key ingredients including innovative designs, unique materials and enhanced functionality to create competitive differentiation and seamlessly integrate innovative metal cards into their offerings.

¹"Costlier metal EMV cards may be worth their weight in retention," Kate Fitzgerald, PaymentsSource, July 2017.
(<https://www.paymentsource.com/news/costlier-metal-emv-cards-may-be-worth-their-weight-in-retention>)

Three Key Ingredients for Better Metal (Look, Feel, Value)

The key to understanding the demand for metal cards is consumer perception. Metal cards have become a status symbol or a reflection of a high-end lifestyle. Deconstructing what has created this association shows that it boils down to look, feel and value. By exploring and innovating what can be done within those aspects of a card, financial institutions can forge a path to a metal card program that is uniquely reflective of their brand and the image their high value cardholders want to project.

There are three primary ingredients that can enable financial institutions to create a versatile, cost-efficient metal card program that shines.

> Ingredient 1: **More than Metal; Innovating the Look**

Elaborate design and personalization features make up a new and emerging world of possibility for metal, making this area ripe for financial institutions to differentiate their programs and offer cardholders something unique. Creating a differentiated program requires that financial institutions see metal as a starting point – a blank canvas or launch pad to take design aspects to the next level.

However, there is a perception that, due to the materials contributing to the tangible allure, financial institutions don't have the same design latitudes that they do with plastic. But many of the treatments available on plastic are available on metal.

Today, financial institutions can take advantage of high-definition printing capabilities on metal, as well as the ability to incorporate printing and manufacturing

techniques like silkscreen treatments, to further enhance design. Printing capabilities can be leveraged to produce high resolution designs and styles on metal cards akin to those available on plastic cards. Furthermore, laser personalization offers an additional complement to metal cards, allowing engravings on the front and back of cards and providing a sleek and long-lasting effect, while Drop-on-Demand (DOD) personalization can provide a brighter complement to the background design.

Various packaging options provide a luxurious accompaniment to the look-and-feel of the metal card, and create an exclusive cardholder experience from the moment the card arrives. High-end gift boxes make a strong first impression

and allow space for additional card program information. Upscale trifold carriers are a sturdy option for metal card delivery. Metal cards may also be fulfilled in the traditional fashion using an automated process with a sophisticated design or finishing options to make the carrier stand out.

For financial institutions to remain on the forefront of consumer taste and expectations, they should not only provide the products their cardholders want but also innovate and proactively provide the things their cardholders don't know they want. Disrupting the status quo by showing them the possibility of a metal card that also features stunning designs, styles, colors, and further enhancements like custom EMV chips or magnetic stripes can redefine cardholder preferences.



> Ingredient 2: Cooler Touch, Heavier Metal; Capitalizing on Feel



Tungsten

TUNGSTEN: **20 GRAMS**

STEEL: **12 GRAMS**

PVC: **5 GRAMS**



Steel

The Encased Tungsten product and production technology is protected by the following patents of CPI Card Group - Colorado, Inc. :

*U.S. Patent Nos. 8,857,722, 9,117,155 , 9,430,724
Canadian Patent No. 2,879,639
United Kingdom Patent No. GB2519046*

"Chase" is trademark of JPMorgan Chase Bank, N.A. JPMorgan Chase Bank, N.A. is a wholly-owned subsidiary of JPMorgan Chase & Co.

²"The New Chase Sapphire Reserve Is So Popular, They Ran Out of Cards," Brooke Niemeyer, Credit.com, September 2016. (<http://blog.credit.com/2016/09/the-new-chase-sapphire-reserve-is-so-popular-they-ran-out-of-cards-156700/>)

One particular appeal of metal cards is how they feel and sound when dropped - the "plunk" factor.

The satisfaction metal cards provide cardholders when removed from a wallet and dropped on a counter - can be difficult to put into words. While attractive rewards and benefits often drive demand for the product, the card's physical form can come to symbolize everything a program represents. It's one of the many reasons Chase [burned through its inventory²](#) of premium metal cards after launching its Sapphire Reserve program last year. It's why Chase had to reassure new customers with temporary plastic cards that their new metal cards would be on the way. The feel of metal makes a big difference - and two factors create this sensation: touch and weight.

Those interested in building upon traditional metal card offerings can utilize a hybrid stainless steel card. Placed between layers of PVC, the stainless steel - paired with ink layers and special print techniques - can enhance the depth and dimension in its design, elevating the quality of the card's feel. The printing process can also bring a sleek texture to the card, while an exposed metal edge delivers the shine of sophistication and top-of-wallet status. Combined, these features make for an exceptional 'touch' - significantly raising a card's coolness factor beyond consumer expectations and making a financial institution's metal program more attractive.

Beyond touch, weight is equally important in contributing to the feel and superiority of metal cards. By zoning in on weight, financial institutions can amplify the perception of value for consumers. Utilizing different metals, financial institutions can literally double down on weight with an encased tungsten card nearly twice the weight of stainless steel cards, complemented by unique design and personalization features. Furthermore, keeping with the theme of constantly raising the bar for their products, financial institutions can take advantage of custom colored-edge options for encased cards - adding another differentiating, visual layer of luxury to a heavier metal card.

> Ingredient 3:

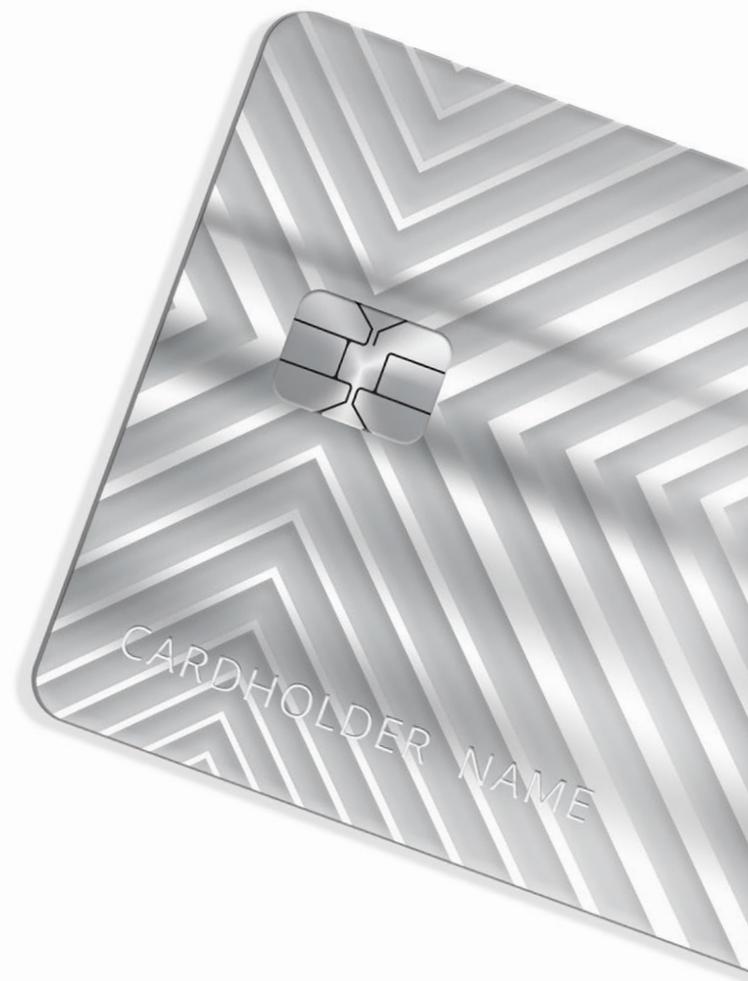
A Precious Metal; Exceeding Expected Value

The third ingredient for a differentiated metal card program is to push the holistic attractiveness of the metal program out of the 'nice-to-have' territory and into the 'must-have' domain.

With many consumers adopting a variety of payment methods in their everyday commerce, it will be important for financial institutions to ensure that any metal card program can accommodate new and emerging trends. At a bare minimum, metal cards will have to be EMV capable, given chip cards have effectively become a standard for security and the new norm across American wallets.

Exceeding cardholder expectations comes with anticipating the new norms for metal card usage - an approach that extends the life of a financial institution's investment in metal, while keeping their card in top-of-wallet position. Contactless payments, for example, may soon have their day - merchants traditionally requiring a card swipe or insertion are gradually beginning to allow customers to simply wave their card over a terminal to complete a transaction. The sheer simplicity and convenience this allows add to the likelihood that contactless transactions become commonplace someday.

For financial institutions, this means their metal card program must not only include metal cards with eye-catching designs, and a weight that conveys luxury but also provide capabilities like dual interface EMV, enabling speed in a contactless environment. These types of add-ons deliver an extra level of value today but are necessary tomorrow, and serve the longevity of a financial institution's metal card offering.



A Metal Program That's Bulletproof

As financial institutions bolster their metal card programs, the cards that will rise to the top will be those that can easily be distinguished from the rest – visually, physically and meaningfully. Raising the bar in these areas is key and financial institutions must be prepared to maintain that commitment to excellence with a heightened standard of quality and aesthetic throughout the process. Metal card programs should reflect keen attention to detail – right down to the specialized and elegant gift packaging of the cards delivered to cardholders.

Building a metal card program with an experienced partner like CPI Card Group enables financial institutions to seamlessly integrate metal cards into their offerings through a team of dedicated client services and research and development specialists. A strong partner can free issuers of the heavy lifting and bring valuable experience and fortitude to the design, printing, manufacturing, personalization, packaging, and implementation aspects of the process. A program that balances impact and cost-effectiveness is possible through a collaborative relationship – one that asks

financial institutions to bring their branding desires and ideas to the table, and a partner who enables and brings their vision to life. Through the right partnerships, financial institutions can introduce a metal card program that shines.

Learn more about CPI Card Group's full suite of end-to-end solutions for metal cards here: <https://www.cpicardgroup.com/our-solutions/emv/metal-cards/>



About CPI Card Group

CPI Card Group is a leading provider in payment card production and related services, offering a single source for credit, debit and prepaid debit cards including EMV chip, personalization, instant issuance, fulfillment and mobile payment services. With more than 20 years of experience in the payments market and as a trusted partner to financial institutions, CPI's solid reputation of product consistency, quality and outstanding customer service supports our position as a leader in the market. Serving our customers from ten locations throughout the United States, Canada and the United Kingdom, we have the largest network of high security facilities in North America, each of which is certified by one or more of the payment brands: Visa, MasterCard, American Express, Discover and Interac in Canada. Learn more at www.cpicardgroup.com.

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