



# 5 WAYS ISSUERS MUST RESPOND TO CHANGING PRESSURES IN 2021

Decreased revenue, increased regulation, direct competition and emerging payments innovation were familiar challenges to Issuers before the pandemic. But the impact on the global economy and cardholder behavior have raised the bar for when and how far Issuers must go to exceed expectations.

## Here are five ways Issuers must respond to stay competitive in 2021 and beyond.

### 1 DIVERSIFY TO OFFSET LOST INCOME.

FIS global research conducted in June 2020 revealed that 55 percent of consumers now prefer to pay using digital and contactless methods. Issuers can offset lost income and attract new audiences by offering a breadth of digital payment options, including debit, prepaid and credit cards. Now that many businesses have pivoted to remote operations, digital debit and prepaid cards are increasingly being used to issue digital payroll and employee expense reimbursement. Government agencies also use prepaid cards to provide pandemic and disaster relief, tax refunds and the like.

Rewards programs should reflect current consumer spending patterns and payment choices, and allow for earning and redemption flexibility. Many Issuers are also competing by adjusting rates and minimum payment requirements, offering aggressive promotional balance transfer rates and terms, and experimenting with short-term flexible credit offers.

### 2 MAKE CARD USE SEAMLESS EVERYWHERE.

E-commerce sales increased nearly 37 percent in Q3 2020 compared to the year prior, according to Mercator Advisory Group. Because e-commerce sales now account for 14 percent of total retail sales, Issuers must ensure their card is easy to use in *any* channel, including point-of-sale, online, in-app and in all varieties of digital wallets. To accomplish this, Issuers need to use technology to effectively tokenize and safeguard data, while maintaining security across a variety of channels and in any region in the world.

### 3 OPTIMIZE AUTHORIZATION PROCESSES.

Modern fraud prevention technology uses artificial intelligence that can detect data patterns to counteract the increased risk of card not present (CNP) fraud. At the same time, this technology reduces false positive fraud detection rates. Issuers must balance the needs of secure card products with customer experience, ensuring fraud prevention seamlessly integrates into the overall customer experience.

### 4 GET A PIECE OF BUY NOW, PAY LATER POPULARITY.

According to Mercator Advisory's projections, Buy Now Pay Later (BNPL) lending by non-bank fintechs will create \$39 billion in spending this year. Issuers who use their immense customer data securely to provide targeted and relevant services can compete with this trend. Offering BNPL-like options that apply to the B2B space can also help to grow a commercial card portfolio.

### 5 PREPARE FOR AN UNCERTAIN FUTURE.

Most major Issuers saw relatively stable charge-offs and delinquency rates in the past year, but the duration and severity of the pandemic's economic impact will vary by region. For example, experts at [The Brookings Institution predict](#) economic recovery in Mexico and most of the Middle East could take five or more years, but expect to see consumer spending in India, most of Europe and much of Southeast Asia begin to recover by the end of 2021. Issuers must determine how to accommodate a global customer base that could present very different challenges, opportunities and needs based on where the customer lives and works.

## Let's reimagine card payments.

To learn more about how you can respond to changing pressures with a single platform, [visit FIS' Payments One Cards site.](#)