

The Importance of Digital Issuance and What Questions to Ask if Considering a Card Processor Change

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The pandemic has been a business boon for digital payment solutions, including digital card issuance for financial institutions. Although it has generated quite the buzz lately, Apple first introduced issuing digital cards with the launch of their Apple Card in 2019. This technology allows a provider to issue a card by loading it directly into a consumer's mobile wallet or mobile banking application. The consumer can pick up the physical plastic card at a local branch, or it can be sent to them through the mail.

Lost and stolen cards are a major inconvenience to accountholders. In today's world, they are forced to wait for a replacement card to arrive in the mail, and the financial institution can experience a decrease in transaction volume. However, when a digital card is virtually loaded to their wallet or mobile banking application, cardholders may begin using their accounts instantly online and at any merchant that accepts mobile wallet transactions. This eliminates the need for the consumer to select another issuer's card from their wallet.

Benefits and Features of Digital Issuance to the Consumer

- Push provisioning—Cardholders can push active card and/or new card information after a lost or stolen incident directly from the financial institution's app to any of the three major digital wallets: Apple Pay, Google Pay, and Samsung Pay. This enables purchases wherever digital wallet payments are accepted.
- Automation—Digital issuance allows the cardholder the capability to automatically associate a card that is newly generated with the older card that was either lost or stolen. The benefit here is that it can be replaced without requiring the cardholder to manually add or authenticate the card.
- Credential access—The cardholder has access to view the full card number, expiration date, and CVV information after completing the multi-factor authentication process.

The Right Type of Digital Issuance for Your Financial Institution

Digital issuance is one of the most requested features by both consumers and financial institutions, but not all types are created equal. Financial institutions should clearly understand how their processor's digital virtual issuance solution works and confirm it aligns with their fraud and re-issue internal risk policies.

Understanding the different digital issuance options is important. Identify the solution that matches the desired intent of what your financial institution is looking to accomplish. Processor integration capabilities for those using a full-service outsourced card processing solution should be carefully considered.

Flexible Virtual Card APIs for Custom Payment Solutions

The right partnership can streamline the process for implementing digital virtual card issuance:

Functionality questions for processing providers include:

1. Are virtually issued digital cards only provisioned to the processor's mobile application?
2. Is the provider's digital card provision API available to mobile banking providers to alleviate the need for accountholders to utilize platforms outside of the financial institution's ecosystem?
3. If yes, has the financial institution's mobile banking provider already written the code to utilize the API for successful virtual card issuance within their mobile banking application?
4. Are there any other financial institutions utilizing the API today and if so, what issues have they run into?

Mobile banking providers have numerous card processor platforms to which they'll need to code to make the functionality available within their mobile application. Consider the time it will take for your mobile banking provider to deliver the functionality in your ecosystem. If their delivery time frame is too long, consider implementing digital issuance within your full-service outsourced credit card processor's mobile application.

Debit Card and In-house Processing are Different

Delivery of digital card issuance for your debit and in-house processed credit card programs depend on tight integration between your core and digital banking platforms. Card programs for which the system of record is the core platform must implement digital issuance functionality within their environment using tools provided by their card processing providers.

Debit and in-house credit card processing financial institutions should consider the following when identifying your plan for rolling out digital card issuance:

1. Has your processor developed the digital card issuance functionality, and is it available for use by the financial institution's mobile banking provider?
2. Has the financial institution's mobile banking provider already written to that code?
 - a. If no, ask the mobile banking provider (not card processor) whether the project is already underway on the roadmap? In either case, ask when the project is slated to be delivered.
 - b. If the processor's delivery time frame for delivery is beyond your desired date, does the financial institution have the staff to code a custom solution for digital card issuance?
 - c. When a financial institution's internal resources are not available, consider using a third party to develop the digital card issuance functionality.

Debit and in-house credit card processing provide financial institutions more control over their processing environment but aligning internal resources and third-party providers are crucial to a successful digital first payments strategy.

The changes brought about by the pandemic have taught us many things, and digital payment solutions are table stakes both today and into the future. Consider the impact implementing digital virtual issuance will have on your financial institution and the benefits it can have to keep your financial institution's card top of wallet.

Jennifer Kerry is a payments consultant and an advocate for banks and credit unions. She leverages her experience and knowledge to guide financial institutions through the complex process of making vendor decisions. She works on RFPs for Credit, Debit, ATM, and Loyalty solutions. Jennifer is responsible for requirements gathering, managing multiple vendors, and negotiating price and contract terms on behalf of her clients.

To learn more about how engage fi can help you navigate digital virtual issuance, visit www.engagefi.com