



Capitalizing On Debit's Appeal



Mimi Van Nortwick

Consumers are increasingly turning to electronic payments—most notably debit and credit—and forgoing checks and cash at the point of sale, according to the most recent Federal Reserve study. Convenience is one likely factor, according to the 2007 Fed study, but security features (such as limited liability in the case of fraud), associated rewards programs, and account management features, particularly as consumers keep a closer eye on their bottom line could also be at play, say industry experts.

Community bankers, consequently, are moving quickly to ensure their debit and credit services more than meet the needs of their customers. Debit cards were considered the most important payments product or service for community banks, according to the 2009 ICBA Payments Survey. And credit cards ranked in the top five, according to the report.

The transition from cash and checks to debit and credit cards comes as no surprise to Mimi Van Nortwick, senior vice president at East Carolina Bank in Engelhard, NC. “ECB realized the rising use of credit and debit cards early on and in turn made a concentrated effort to meet the needs of their customers,” says Van Nortwick.

Since partnering with ICBA Bancard and MasterCard in June 2008 has witnessed its debit portfolio increase by nearly 27 percent—from 11,618 to 15,900. Even more impressive is the fact that a majority of this increase is from new accounts. Their commercial card base has increased by over 600 percent from 95 cards in June 08’ to 600 commercial cardholders in March 2010. The number of customer cards has also risen considerably from 11,523 in 08’ to 15,300 in March of 2010, an increase of over 30 percent.

ECB’s continued success—even in a struggling economy—can be attributed in part to their marketing initiatives. “Our best marketers are our employees,” says Van Nortwick. “All of ECB’s employees as well as its board of directors are issued an ECB debit

card. This allows our employees to better understand the benefits of our card, so in turn they can better explain the benefits to our customers.”

East Carolina Bank’s marketing initiatives do not end there. “We inform our customers of our debit solutions every time we come in contact with them whether it’s at branch locations, monthly statements, www.myeccb.com, or direct mailings,” explains Van Nortwick.

East Carolina’s new card program strategy has helped to transform the dynamic of debit cards within their bank, both for their customers and their employees.

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“A recent study found that ECB’s average card holder was nearly 47 years old,” notes Van Nortwick. “This obviously does not bode well for the future of our debit portfolio. We had to adjust our strategy to ensure our programs and bank would remain sustainable as these customers age and begin to spend less,” says Van Nortwick. “Our strategy is a new Rewards Checking program to attract younger customers who frequently make debit transactions. Users, who make ten debit purchases a month, pay at least one bill online monthly and sign up to receive e-statements will qualify for rewards. Qualifying customers will receive a 4.01 percent APY and nationwide ATM fee refunds,” explains Van Nortwick.

Ms. Van Nortwick’s advice for banks looking to increase their debit portfolios: Get buy in at every level—from top management down. This will ensure the necessary internal support and don’t forget to tap outside support as well.