

Getting the Most Out of Your Networks

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We all know your PIN/POS networks are an important aspect of your debit card program. However, it often becomes an overlooked element and not a part of your overall debit strategy. Here are some tips when evaluating your networks:

- **Don't be "over-networked."** It is important to limit the choices that merchants have at the point of sale. The merchant's intent is to send that transaction via the route that incurs the lowest fee, therefore you receive lower interchange. If you're currently carrying more than one network (i.e. STAR, Pulse, NYCE), establish a plan now to trim down –only one network is necessary. Doing so not only has the potential to increase your interchange income, but may also reduce expense at the ATM.
 - **At the point of sale**, merchants establish the path an authorization will take; and it's their intent to route the transaction through their least expensive network. Keep in mind, if the cost is low on the merchant side, so too is the interchange income on the issuer side. By having only one network, your credit union controls the authorization path and thereby the interchange earned at the point of sale.
 - **At the ATM**, think of this in reverse: the ATM owner seeks to earn the highest interchange, and issuers need to minimize this expense. Here the same principle of limiting network choice applies—with only one network to route through, the issuer establishes the ATM transaction costs they will incur.
 - If you are unsure about network interchange see the [Federal Reserve Interchange Study](#).
- **Learn your members behaviors.** Find ways to encourage your members to use their cards. Promotions to establish recurring payments; like utilities, insurance premiums and streaming services. E-commerce transactions earn higher interchange, so try to become the card attached to the Buy Now button. Review reports to see which members are using your cards for DoorDash and Uber Eats. Quick Service Restaurants (QSR) transactions are up significantly since last year.
- **Educate your members.** Some of your membership may not be aware of all the key features of your debit program. For example, are your members aware that they can prevent fees for ATM withdrawals. A member can request cash back at the register when conducting Point of Sale transactions. The nice part about this is that your credit union receives interchange on the entire dollar amount. In addition, many credit unions participate in surcharge free networks but often fail to continually promote this to their membership. One thing that should continually be reinforced is the safety and security of pinned transactions. Your members card has specific features designed to avoid fraud; the EMV chip, unique CVV code, and member created PIN are all assisting with preventing fraudulent transactions.
- **Keep an eye towards the future.** Person to Person (P2P) payments are becoming more popular especially amongst your younger members. Some of the P2P methods use specialized rails and are not a part of your debit network, these transactions would not receive interchange income. Evaluate reports and keep an eye on pin-less transaction, these transactions will show up on reports as PAVD. Your interchange could vary each month as merchants increasing select this method of transaction routing. Also, your processors will start providing card-less ATM withdrawals using their mobile app. It is important to stay up with how your debit processor, core, and the local ATM terminal are keeping up with this new technology.

Your Envisant Team of experts are available to answer any questions you might have about our debit networks, contact your team at Envisant.