





Cash Back Feature

In the simulation you have the ability to offer cash back to your credit card customers. You decide the percentage of customer card spending you want to return to your customers.

Cash Back Rebate	Revenue	Retention Rate	Response Rate
			
As you raise your Cash Back Rebate...	...your revenue will fall as higher cash rebates to customers lowers your revenue...	...but your retention rate will increase....	...as will your response rate from new customers

As you raise this percentage, you will increase the amount of cash rebates you pay to customers, which will lower your overall card fees revenue. At the same time, as you raise the amount of cash you pay to customers, you become more attractive to customers and prospects, leading to:

- Higher retention rates on existing customers
- Higher response rates from prospects

As you lower the amount of cash you pay to customers, you will decrease the cash rebates you pay to customers (increasing your overall card fees revenue). However, you do become less attractive to customers and prospects, leading to:

- Lower retention rates on existing customers
- Lower response rates from prospects

More specifically:

- If your Cash Back Rebate is within +/- 10% of the market average, there is no impact on your response rates
- If your Cash Back Rebate is outside this +/- 10% range, your response rates will be adjusted by 40% of the difference between your Cash Back Rebate and the market average
- If your Cash Back Feature is within +/- 15% of the market average, there is no impact on your retention rates
- If your Cash Back Feature is outside this +/- 15% range, your retention rates will be adjusted by 20% of the difference between your Cash Back Feature and the market average