



Consumer Debit Top of Wallet Strategy Report

Visa Consulting & Analytics

Data through Q1-2024



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Exec summary & Recommendations



Executive Summary



Project Overview



Issuers seek to achieve higher engagement and drive top of wallet status within their consumer portfolios. To help you achieve this, VCA has produced this customized report to:

- 1) **Identify cardholders who are top-of-wallet**
- 2) **Develop a go-to-market strategy to improve cardholder engagement**
- 3) **Size the revenue opportunity of improving engagement**

VCA leveraged a proprietary scoring model to understand Top-of-Wallet behavior



Findings



- **The Top of Wallet (TOW) model** identified ~ 675K TOW accounts that could generate \$324M (~12%) in annual payment volume. Your top-of-wallet cardholders have an annual spend of ~\$6712 on average vs. non-top of wallet cardholders where the average is \$4523 annually. Due to the interchange opportunities, top-of-wallet cardholders represent a population that should be prioritized for retention.

Based on the analysis, you have an opportunity to **capture an additional \$453K** in debit interchange revenue by driving top of wallet spend and penetration, relative to peers.

VCA has developed recommendations around these three themes, with a focus on improving customer engagement:



Recommendations



“Defend”

Defend payment volume from existing top of wallet cardholders



“Grow”

Convert existing average spenders to top of wallet



“Acquire”

Encourage top of wallet behavior in new accounts



Revenue can be increased by boosting TOW penetration & TOW spend, while reducing TOW attrition

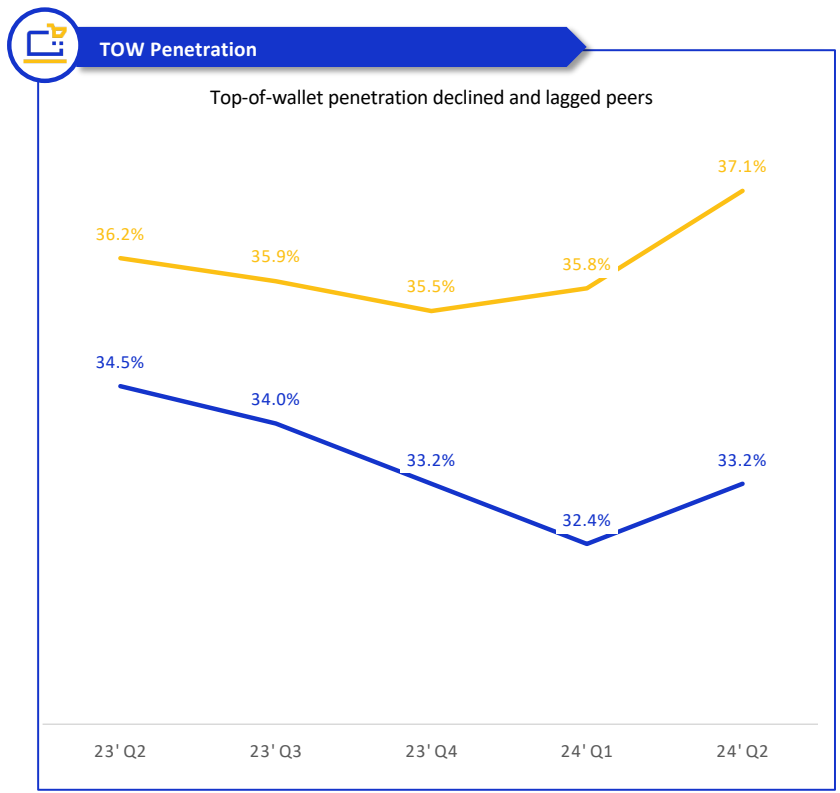
DIRECTIONAL

	Consumer Debit
Annual Interchange	\$56M
Opportunity Sizing	
1. Increase TOW Penetration Convert Non-Top-of-Wallet accounts to Top-of-Wallet status	\$1233K
Total Annual Opportunity	\$56K

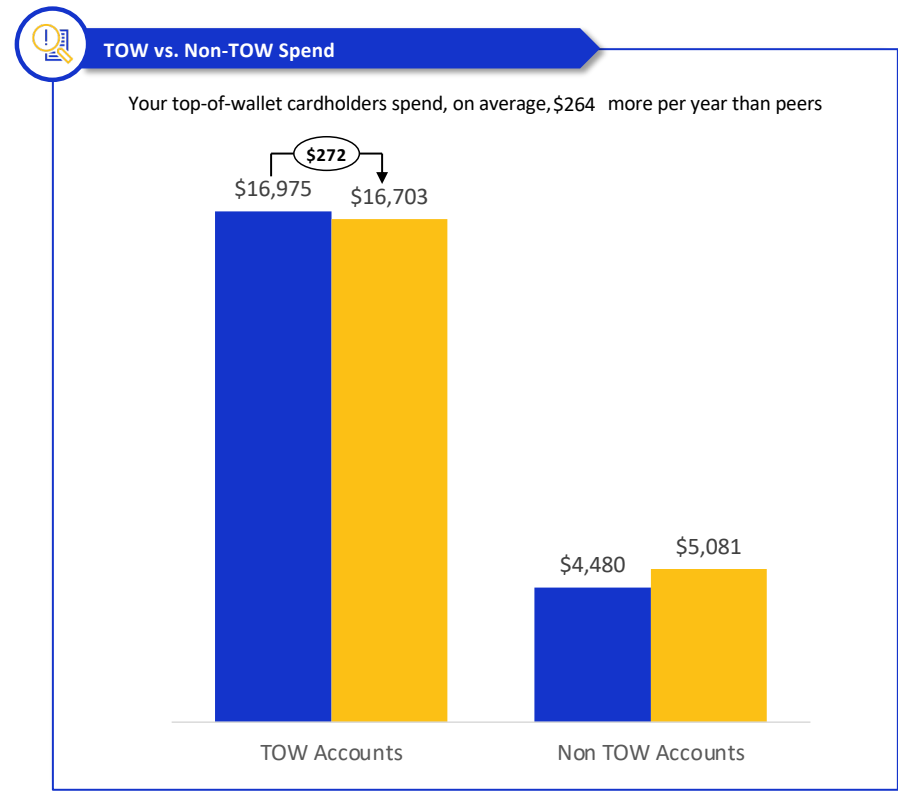
Analysis



Payment volume growth was similar relative to peers



Source: VisaNet, Q1 2024 - Q2 2024

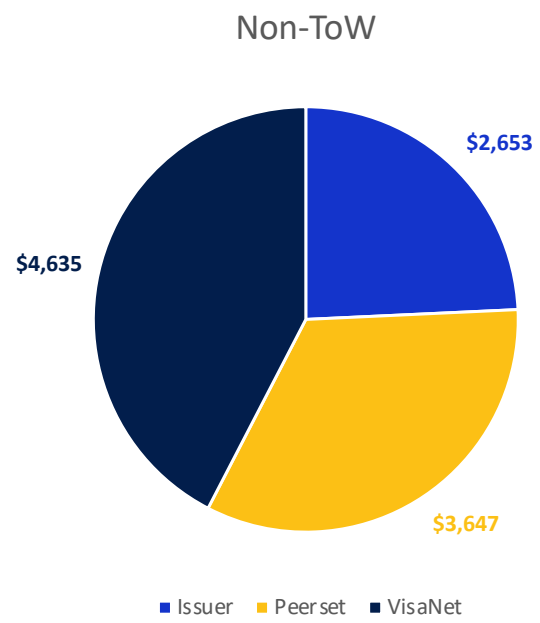
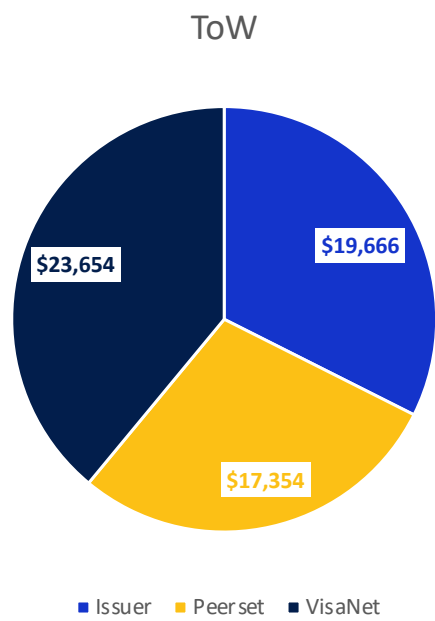


Millennial and Gen-Z spend is similar to peers for top-of-wallet cardholders



Spend per active account for Millennials

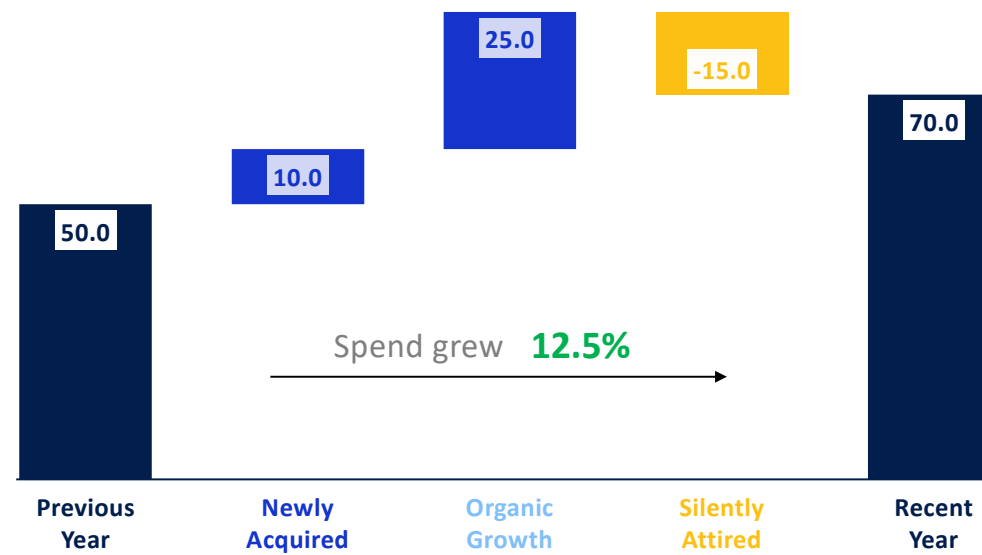
Using our proprietary behavioral model, we can identify likely Millennial/Gen-Z cardholders; younger cardholders are a key growth segment in both the short- and long-term



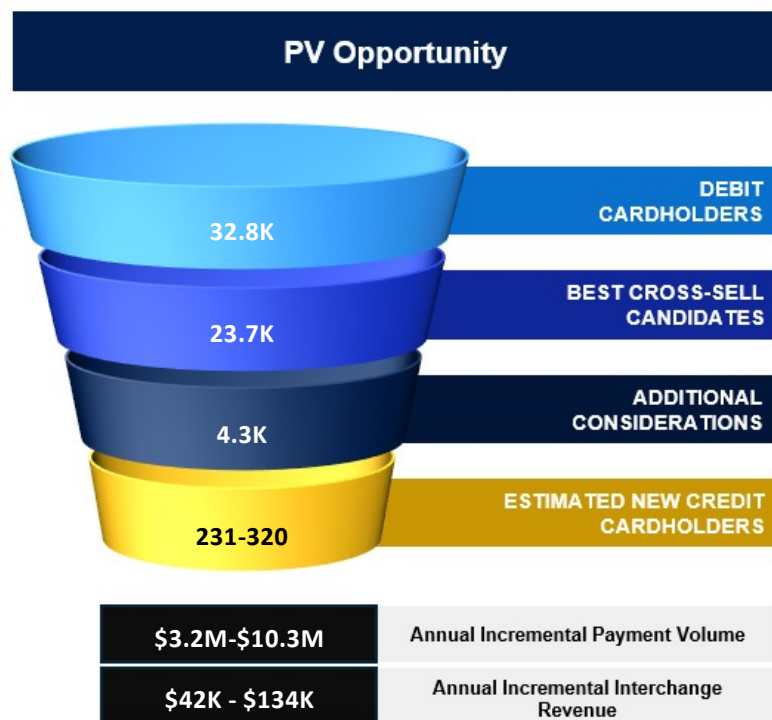
Source: VisaNet, Q1 2024 - Q2 2024

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Payment volume growth was similar relative to peers



Client has an opportunity to gain up to \$10.3M in incremental payment volume by running a well-targeted campaign



START WITH THOSE LIKELY TO ACT

As an illustrative example, the **top 3 deciles** contain **11.9K** cardholders who are most likely to open a card.

BUILD ON TOP OF DXP SCORING

We encourage Client to layer in other factors in arriving at your target audience. **DXP does not consider underwriting** nor recency of the previous contract, etc.

RUN A HIGH YIELD CAMPAIGN

There are many subjective factors that will drive the ultimate outcome.

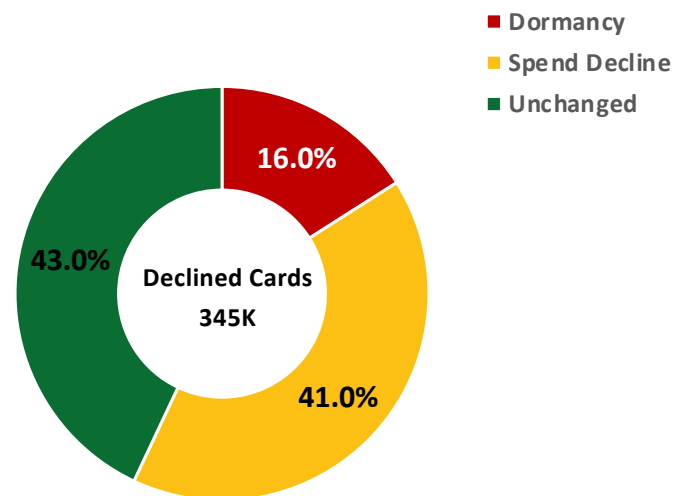
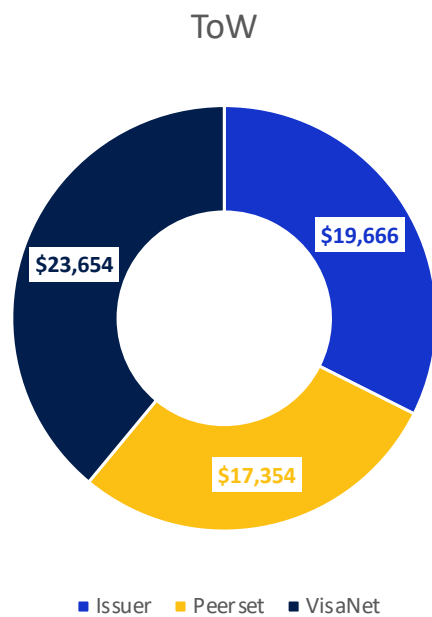
Assuming **2.5%-5.0% response rate** of a campaign, we could **expect 149-477 new credit cardholders from the existing debit portfolio**.

Millennial and Gen-Z spend is similar to peers for top-of-wallet cardholders



Spend per active account for Millennials

Using our proprietary behavioral model, we can identify likely Millennial/Gen-Z cardholders; younger cardholders are a key growth segment in both the short- and long-term



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