



» Ebook

5 secrets of a successful card issuing program



Payments are ubiquitous across all industries — from reimbursing employees to paying suppliers and marketplace vendors.

While different types of bank transfers as well as direct debits are still popular options, innovative companies are starting to overhaul their existing payment infrastructure, replacing inflexible systems with modern card issuing platforms. Businesses are streamlining and simplifying payment processes using cards — virtual, physical, or tokenized — and building card programs with the following five facets to improve their chance of success.

- 1 Virtual cards for flexible programs
- 2 Open APIs to create custom experiences
- 3 Dynamic controls to help reduce the risk of fraud
- 4 Frictionless payments to facilitate spending
- 5 Real-time transaction data for improved performance

Incorporating these five facets into your own program can provide the flexibility needed to create tailored payment experiences as well as increase the speed of payment and help reduce the risk of fraud.

1. Virtual cards

Bringing a new card product to market or re-building your payment process with new and more modern forms of payment can be a competitive differentiator.

By using virtual cards, you are able to deliver control, flexibility and new business opportunities to card programme owners. By deploying spend control functionality, users can build lucrative relationships with defined merchants and prevent purchases of unauthorised items. Typical use cases include staff expenses, as a single-use virtual card can help employees avoid having to claim expenses for activities such as attending conferences or training courses. Transaction details can be viewed in real-time by accounts teams, with receipts photographed and submitted digitally at the point of purchase, streamlining bookkeeping processes.

From a lending perspective, Consumers who find themselves without sufficient funds to purchase that must-have item of clothing or latest gadget can take advantage of credit funded straight on to a virtual card at the point of sale.

While POS lending is available at both physical and online retail outlets, it has truly come into its own with e-commerce sites in recent years, thanks to brands like Klarna and Zilch giving digital shoppers a range of convenient payment options, with virtual cards facilitating this flexibility.

Virtual cards can be more efficient and secure than physical plastic cards (and more environmentally friendly).



The Marqeta advantage

We have built-in integrations with major networks to jumpstart your card issuing program.

At Marqeta we've done the groundwork for you. Using our technology you're able to issue virtual cards to your customer base in real time, deploying dynamic spend controls to ensure a personalised and highly configurable experience for the cardholder, and putting you in full control.

Virtual cards offer unparalleled security and account holder protection and with coronavirus leading to a decline in cash use and an increase in contactless limits, mobile payment security has never been more important. Virtual cards are extremely secure. By combining biometric controls and pin technology with algorithm-informed authorisations, card programme owners are helping consumers and business customers to make safe online or contactless payments.

Additionally, virtual cards are hard to copy because there's no magnetic strip or chip to clone, and they can be customised with dynamic spend controls to ensure payments reach the intended recipient.

Virtual cards offer significant mutual benefits to card programme owners and their customers.

- A virtual card removes the need to design and post a costly welcome pack to each customer.
- Virtual cards are impossible to lose or steal and expired card replacement hassles become a thing of the past.
- In this environmentally conscious age, virtual cards play an important role in the fight against plastic pollution.



2. Open APIs

A cookie-cutter approach to card issuing programs can be faster initially, but may soon hit its limits. For example, in creating a loyalty program, you can design a debit card that is only available at certain merchants. But if you want to customize card transactions to work only during certain business hours or days of the week, or associate a higher card value for certain merchants and a lower value for others, you will need an open API platform to accelerate delivery of your program.

Having a card issuer processing platform with open APIs enables you to develop your own card solution, tailored to your consumer needs and with your business logic. When your needs expand to new use cases, open APIs allow you to change your business logic with very little development.

A platform with a complete suite of APIs will allow you to issue and process cards, administer them at scale, authorise transactions in real-time and have the ability to manage transaction-based fraud in real-time.

The last thing you want is to work with multiple vendors, each offering you partial functionality, constraining you to build integrations and piecemeal a full solution together on your own. Having a single, integrated, card issuer processing platform offers you one central point for creating your card programs, providing you with the tools to build in our explorer sandbox, where all core API functionality is available to test, launch quickly and continue to iterate your program once live. By providing you with fully open APIs we provide you with the tools to create innovative and highly personalised card programs at pace.

While you may not foresee every future possibility for your payment needs, betting on a platform that gives you flexibility down the road can be key to success.



The Marqeta advantage

You can use Marqeta's open APIs to customize your card experience through authorization controls, spend limits, accepted merchants and countries, time and frequency of use, and more.

For example:

- **In on-demand delivery use cases, you can design your cards to be authorized only at specific merchants.**
- **In e-commerce use cases, you can set specific spend limits to pay suppliers an exact amount.**
- **In loyalty and rewards use cases, you can define the exact merchant ID or zip code where the loyalty card can be used.**

You can set controls to apply to only a group of users or all users. You can also create different card products, where each product offers a different experience. For example, you can differentiate between a new customer rewards program and recurring customer loyalty program.

Marqeta's API platform, coupled with years of experience and integrations with the networks, enables you to be creative by using a variety of program constructs already approved by Visa and Mastercard. This enables you to quickly start building a program and launch your cards in no time.

With over 300 million cards issued through our platform to date, Marqeta has weathered the challenges of supporting large card programs.

We also bring deep experience to reviews and certifications of integrations with networks and banking partners, to ensure reliability and trust before launching your program. And once launched, our production support team offers you a single point of response for your live transactions.





3. Dynamic controls

Creating new products and services or developing new pricing strategies always involves some risk. To a degree, your success depends on factors beyond your control. One area where you may be able to shift the risk/reward balance in your favour is by incorporating dynamic controls into your payment solution.

By setting spending limits by merchant, amount, or time of use, you can specify exactly when, where, and how cards will be used. By restricting card authorizations and applying business rules in real time, you may be able to reduce the risk of fraud, prevent unauthorized or excess spending, and protect your margins.

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Spending control examples:

- In an on-demand delivery case, you can issue virtual cards for the couriers with predefined controls — such as the exact amount of the purchase and the merchant ID — to reduce misuse of the card at other merchants or fraudulent add-ons.
- In the disbursement of insurance payouts, you can specify the exact auto repair shop.
- In managing employee expenses, you can bind cards by time (e.g., only work during weekdays, geography, and expense type).

The Marqeta advantage

Marqeta's dynamic spend controls help you create unique consumer experiences and limit spending by imposing the following constraints:

- Merchant / group of merchants
- Merchant category
- Single user / group of users
- Amount
- Frequency of use
- Time of use
- Start and end dates / times
- Types of currency
- Country

You also have the ability to mix and match these controls. For example, you can create loyalty cards that have a higher value if redeemed in your stores and a lower value if redeemed elsewhere.

You can also change these controls to reduce the risk of fraud or misuse. For example, in online travel, you can limit your spend to an exact amount to block unauthorized upgrades on hotels, flights, or car rentals. In expense management, you can continuously reject event expenses charged at casinos or only accept them for a specific period of time — such as during weekdays.

Dynamic controls combined with another Marqeta differentiator — Just-in-Time (JIT) Funding—gives you unprecedented control over your spend and, more importantly, your cash flow. With JIT Funding, your cards maintain a 0 balance until you approve the transaction in real time.

Upon approval, Marqeta automatically moves funds from your funding source into the appropriate account at transaction time — helping you free up capital and gain better cash flow.



4. Frictionless payments

Customer experience has become a major consideration in payments. For many industries, such as e-commerce, digital banking, or on-demand services, experience is a prime competitive differentiator.

Today, many consumers, suppliers, and business providers are asking for invisible, frictionless payments.

As part of your card program, consider how easily you can integrate your cards with digital wallets to provide cardholders with a convenient-yet-secure way of storing and using their cards.

By 2023 it is predicted that 63 million Europeans will have used a digital wallet. The United Kingdom leads the charge and it's expected that the UK market will reach a \$14.9 billion transaction value in 2020. Statistics show transaction values in the European mobile wallet market increased by 175% in the last three years.*

Card tokenization enables you to provision (equip) cards to digital wallets and protect sensitive data (i.e., the PAN, CVV2, and expiration date) by replacing it with secure surrogate data called a token. Tokenized cards are valid at any merchant who accepts that digital wallet — such as Apple Pay and Google Pay. Tokenized cards can also benefit you, as they ensure business continuity if a physical card is lost or stolen.

As you choose your card issuing program, make sure you look at the integrations and certifications that your provider has established with both the card networks and digital wallets, to accelerate your tokenization. Remember that while you need the networks to issue the tokens, you need to programmatically integrate the tokens with your mobile app. By choosing a card issuing platform that has already done the legwork, you can easily request, store, and provision tokens in your digital wallets.

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* Source: <https://www.paymentscardsandmobile.com/european-mobile-wallets-market-to-hit-111-4-billion-by-2023/>



The Marqeta advantage

Marqeta's integrations, and certifications with card networks and digital wallet providers can accelerate your tokenization.

Your mobile app will use Marqeta APIs to request, store, and provision tokens in digital wallets, including Apple Pay and Google Pay.

Marqeta supports various provisioning options, including manual entry and in-app provisioning. In manual entry, a cardholder enters the card data directly into the digital wallet, typically either by typing in the data or by taking a photo of the card. This method is preferred for physical cards. It also includes scenarios in which the card is on file — for example, when the card is already stored in the digital wallet on a phone and the cardholder is adding the card to a watch.

Marqeta also provides in-app-provisioning for instant issuance, where the mobile application dynamically initiates the provisioning request to create a new virtual card. The virtual card is tokenized and added to the digital wallet for instant availability of funds.

Marqeta's administration tools give you visibility into your cards and let you manage the lifecycle of your digital wallet tokens, including seeing the cards

That are tokenized, your authorized users, token status, cardholder activity, balances, and declines.



Accelerate your tokenization process via Marqeta's integrations and certifications with digital wallets and card networks.

5. Real-time transaction data

You would never fly an aeroplane blind, or drive a car without full visibility of your surroundings. The same way your car informs you of events happening in your vehicle through a dashboard that monitors fuel usage, air pressure etc., so should your card program. Having access to transaction data can allow you to optimize and improve your payment solution.

The insights you gain can help in multiple ways. Having reliable, real-time notifications about events as they happen — such as card activation, PIN changes, and funding authorization — will help you decide to approve or deny authorization requests.

Card issuing platforms that can push notifications via webhooks to inform you or help you inform your consumers about their spend.

You can receive these real-time notifications if your card issuer processing platform offers webhooks. Card issuer processing platforms that can push notifications via webhooks can save you time and resources otherwise spent on dispute management and chargebacks.

You can also use webhooks for communication with your customers. For example, if your cardholder's account is associated with a loan, real-time notifications of available funds can alert you to prequalify the borrower for additional funds, and you can communicate that to the borrower via email.

Beyond real-time notification messages, a wealth of knowledge resides in card transaction data, including valuable information on spending behavior. For example, if a card is used for expense management, you can easily pinpoint which departments or teams are spending more than others, or how much is spent on events or travel versus other expense items.

The Marqeta advantage

Marqeta webhooks push real-time notifications to an endpoint hosted on your environment.

Implementing these webhooks helps you receive and process events on cards involving activation or use, users, digital wallets, transactions, cases, and chargebacks. Marqeta uses Hash-based Message Authentication Code (HMAC) to secure the exchange.

Marqeta also provides you with data to facilitate your operations, reporting, and analytics.

Operations data helps you answer important questions: getting the name and cardholder information about your authorized users, cardholder activity, balances, declines, and everything else you need to know to monitor the health of your card program.

On the reporting side, you can access your transaction data — via APIs or CSV extracts — to create your own custom visualizations and scheduled reports, or use settlement data for regulatory and compliance reporting.

On the analytics side, out-of-the-box reports provide you full visibility into your consumers' spending patterns, merchants, merchant categories, location, purchase amount, refunds, date, time, and currency — as well as custom fields and data dimensions you have added — at the time of transaction, with Marqeta's unique JIT Funding feature, to gain a full picture of your consumers' behavior.



Closing thoughts

Cards are a powerful way for companies to pay their suppliers, employees, and consumers. A successful card program easily scales across large numbers of payees, consumers, and providers while meeting the needs of various use cases and business scenarios without increasing risk. Such programs can be achieved without extensive upfront investments in technology when you build your program on a modern card issuing platform.

About Marqeta

Marqeta is the modern card issuing platform empowering builders to bring the most innovative products to the world. Marqeta provides developers advanced infrastructure and tools for building highly configurable payment cards. With its open APIs, the Marqeta platform is designed for businesses who want to easily build tailored payment solutions to create best-in-class experiences and power new modes of money movement. Marqeta is headquartered in Oakland, California.

For more information, visit www.marqeta.com, [Twitter](https://twitter.com/marqeta), and [LinkedIn](https://www.linkedin.com/company/marqeta-inc).