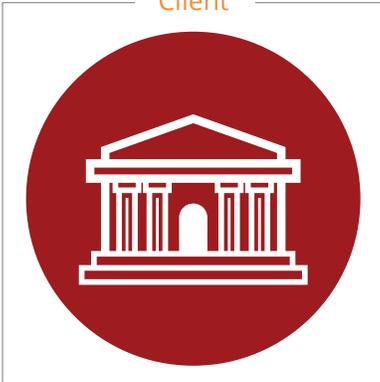


## Case Study

# Major Bank Unveils Unique Payment Platform that Encourages Customer Loyalty

*Alacriti helps bring innovative payment solution to market quickly, giving one of the world's top financial services organizations a competitive advantage.*

### Client



### Background

As debit cards with rewards and loyalty programs continue to gain in popularity, one of the world's largest banking and financial services organizations decided to develop an innovative payment solution for its merchant customers. These merchants know that consumers who receive rewards through simple, everyday purchases tend to return more often, spend more money per visit, and buy more items.



### Business Challenge

Retailers typically offer both merchant-branded credit cards and a variety of loyalty programs. Consumers, however, find it inconvenient to carry separate credit cards, rewards certificates, loyalty cards, and coupons from each retailer. This market-leading bank wanted to develop an innovative solution that would enable merchants to offer more convenient payment and rewards solutions to customers.

### In Brief

**Challenge:** Retailers typically offer both merchant-branded credit cards and a variety of loyalty programs. Consumers, however, find it inconvenient to carry separate credit cards, rewards certificates, loyalty cards, and coupons from each retailer. This market-leading bank wanted to develop an innovative solution that would enable merchants to offer more convenient payment and rewards solutions to customers.

**Solution:** Alacriti developed a new type of payment platform that combines the best functions of credit, debit, stored-value, and loyalty/rewards cards into a versatile merchant solution called OptiPaySM. With OptiPay, retailers can give their customers a single card to accumulate rewards and pay for purchases however they choose—via credit, debit, or stored-value.

**Results:** In September 2007, the bank and CVS Pharmacy began testing the new card at 141 CVS stores in the Indianapolis area. The pilot was a success and CVS extended the card program to more than 200,000 locations in 2008. The bank now has a powerful solution that enables merchant retailers to accept payments in a variety of forms and to directly link those payments with their loyalty/rewards programs.



### How We Helped

Alacriti responded by helping to develop a new type of payment platform that combines the best functions of credit, debit, stored-value, and loyalty/rewards cards into a versatile merchant solution called OptiPaySM.

With OptiPay, retailers can give their customers a single card to accumulate rewards and pay for purchases however they choose—via credit, debit, or stored-value. Customers can use their OptiPay cards as PIN-based debit cards, resulting in lower transaction fees for merchants. OptiPay boosts customer loyalty by making it easy to accrue rewards, and it increases in-store sales by leveraging individualized purchase histories and shopping preferences so that retailers can offer personalized rewards to their cardholders.

OptiPay continually accesses loyalty-earned balances and includes a web-based interface so customers can view balances, review transaction histories, and initiate funds transfers from their stored-value accounts into their bank accounts. Retailers can create or enhance loyalty/rewards programs without making changes to front-end point-of-sale systems or back-end payment processes.

Alacriti spearheaded the design, development, and implementation of the stored-value platform, a core component of OptiPay. To do so, Alacriti worked closely with the bank's internal technology and business teams, as well as with Tempo Payments and Concept Shopping.

The solution's core components include:

- A PCI-compliant PIN management module
- Stored-value transaction processing engine
- Fraud and risk management engine
- Framework that supports customer-centric features such as the ability to view stored-value balances and transaction histories, as well as the ability to transfer funds from stored-value accounts to bank accounts or designated charities
- Accounting, settlement, fee, and reconciliation module
- A Web-based customer service application that enables customer service representatives to look up customer profiles, view account balances, and edit or cancel transactions on customers' behalf
- A reporting module that generates a variety of daily, monthly, and weekly reports



## Results

In September 2007, the bank and CVS Pharmacy, the second-largest pharmacy chain in the U.S., began testing the new card at 141 CVS stores in the Indianapolis area. OptiPay links CVS customers' checking accounts to their CVS ExtraCare accounts, a CVS-loyalty program. Thanks to the pilot's success, CVS extended the card program to more than 200,000 locations in 2008.

In October 2007, another corporate customer of the bank, a major supermarket chain in the New York region, began using OptiPay to create a new loyalty offering. The store decided to link participating customers' checking accounts to the chain's existing "Advantage Club" card to create a store-branded, PIN-based debit card. These customers can now earn additional rewards by using the card, thus increasing their loyalty to the store.

The bank now has a powerful solution that enables merchant retailers to accept payments in a variety of forms and to directly link those payments with their loyalty/rewards programs. To early adopters, the solution's top benefits have been the ability to offer new incentives to end-customers and the significant cost savings they gain from processing debit card transactions rather than credit transactions.

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