



## 16 WAYS IN WHICH ANY COMPANY CAN BENEFIT FROM ITS OWN PAYMENTS CARD PROGRAMME

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### Introduction

You may think that issuing payment cards (credit, debit cards, etc.) is something that only banks do. But this is far from being the case.

Card issuance and its supporting technology is one of the most active and innovative areas in finance and **thousands of companies around the world reap many benefits from setting up their own card programmes**. Some of these are giant corporations with household names (like McDonald's) and some are innovative start-ups (like. PollenPay). Most are somewhere in-between.

In this paper we will explain 16 ways in which financial and non-financial companies, early-stage companies and established behemoths, can all benefit from having their own payment card programme.

These ideas are not mutually exclusive. In other words, they can often be combined to increase the benefits your company derives from its own card programme.

The list is not exhaustive – reading it will probably help you generate your own ideas about how you could benefit.

If you want to discuss anything on this list or your own ideas, please [get in touch](#).

The ideas discussed in this paper are based on Pre-Paid Payment Cards and the technology behind them. So, before going into the 16 ideas, let's take a quick look at pre-paid payment cards.

### Pre-Paid Cards

For the holder, pre-paid cards work just like a credit or debit cards, except that expenditure is limited to money that has been pre-loaded on the card. Loading can be done instantly and easily through an app, a desktop application, or a connection to another system.

This means pre-paid cards are more secure, convenient and flexible. But they can also be issued and managed much more easily and quickly than credit cards, debit cards and bank accounts. For these reasons, many people use them in flexible and innovative ways – to run their own programmes and to integrate with other activities.

Here are 16 ways in which many other companies currently benefit from having their own pre-paid card programmes.

## 1. Generate New Revenue

The simplest and most straightforward of these 16 ideas is simply to launch your own pre-paid card to generate additional revenue for your company.

All payment card providers charge significant service fees, interchange fees and sizeable margins on foreign exchange transactions.

By having your own payments card you can transform these charges, from an economic friction deterring customers from spending, into a new source of revenue for your company.

Some of our clients benefit their customers by undercutting established providers – and they still create a new source of profit for themselves. Furthermore, being seen to be fair, clear and transparent enhances their reputation.

Best of all, you can have the additional revenue described here **and** many of the other benefits described below. So, read on.

## 2. Enhance Your Products

Pre-paid cards are often the simplest way to move money from one entity to another and to make payments. Many of our customers have increased the value

they deliver to their clients by incorporating *pre-paid* into their existing or fledgling product.

Take PollenPay, for example. Their main business is providing loans to consumers at the point of purchase. They rightly decided that the simplest way to execute this idea was to incorporate Lerex's virtual cards into their BNPL (Buy Now Pay Later) app, and thus, a great product was born.

### 3. Develop Complementary Products

Launching complementary products is a great way to grow your business. A complementary product creates value by generating its own revenues *and* by enhancing your existing products.

Take crypto exchange Coinmotion; their core business is to act as an exchange for people and companies to trade crypto and fiat currencies. They have a successful €400m business from this.

But recently, Coinmotion introduced their own payments card, making the money in trading accounts more accessible to their owners – which in turn makes the accounts more convenient and part of everyday life.

By doing this, Coinmotion has made their core product more valuable to their clients, created more income and generated some of the other benefits mentioned in this paper.

#### 4. Benefit From Foreign Exchange Fees

When people travel abroad, you can bet they will require foreign currency. Exchange rates and transaction fees from traditional sources for these are notoriously high.

If you are a travel-related company you are in a great position to sell clients foreign exchange, when they are preparing for their trip, or once they've arrived.

As mentioned above, you can save money for your clients *and* generate additional income for yourself by under-cutting existing players. And you can add value to existing products.

#### 5. Provide Credit To Your Customers (Or To Others)

Many companies help to increase their sales by providing credit to their customers and potential customers. Even Amazon does it through their own credit card.

By accessing credit, your clients have one less reason not to buy your product. One of the most flexible and dynamic ways to do this is through pre-paid technology, where you can use real or virtual cards.

Of course, credit providers don't just stimulate sales of their other products, they make money from charges and interest rates associated with the money they are providing.

A couple of caveats.

First, providing credit opens up a new source of risk for your company – the risk that your borrowers will not pay you back. There are, however, several ways to manage this risk.

The second caveat is that credit is an area that can be heavily regulated. There are some ways of doing it that will bring more regulatory burden than others.

If you are interested in providing credit to your clients, we'd be happy to provide you with the benefit of our experience and some pointers. Feel free to [contact us](#) for an informal conversation.

### 6. Incorporate Crypto Into Your Business

Many businesses are using crypto currencies to enhance their client proposition.

However, legacy banking services don't make it easy for this to happen.

By partnering with Lerex, you could bypass a lot of antiquated thinking and legacy technology to bring your crypto-idea to life.

If you want to read how Lerex helped cryptocurrency exchange Coinmotion to enhance their client offering, read their case study [here](#).

### 7. Reward Your Customers With A Loyalty Scheme

Partnering with Lerex to create your own pre-paid card programme opens a variety of opportunities to improve customer retention and generate repeat

sales; including promotions, rebates and VIP programs. And this can be done in combination with many of the other benefits listed in this paper.

Research shows that more flexible rewards lead to increased customer satisfaction – and how much more flexible can you get than real money that customers are free to spend on whatever they want.

Having said that, if it is appropriate, having your own program means you can restrict how this additional money gets spent.

## **8. Implement a Referral Scheme**

A great way to enhance your reputation and to get new customers is to get your existing clients or business partners to recommend you to potential customers.

In life, you get what you reward. So, why not reward those referrals to generate more of them?

In fact, you could add referral rewards to more general customer loyalty schemes.

## **9. Provide Restricted Money**

There are many situations in which it is be useful to give money to individuals but also to restrict and/or monitor where the money gets spent. Funding fuel for drivers, medicines for carers, or books for students are just three examples.

With Lerex's pre-paid card programmes this is, not just possible, but simple and straightforward. Expenditure can be restricted by merchant, product type or in other ways. And it can be done permanently, or dynamically.

In addition, Lerex's reporting tools, allow you to monitor your customer activity in real-time and, potentially, adjust the rules for customer expenditure.

If you have a requirement that falls into this category, feel free to talk to us in more detail about what is and isn't possible.

## 10. Increase Your Brand Equity

Very few things will improve your company's image as much as having your own physical or virtual payments card.

Branded in your company's own colours, the card can be a permanent reminder of your company that customers carry with them in their wallets; visible every time they want to spend. What better place to be?

Not only that but distinctively branded cards also attract attention from cashiers and others nearby; acting as a small advert for your company.

## 11. Collect Valuable Customer Data

Information is the "new oil"; that is, a very valuable commodity.

Running your own card programme can help you collect valuable customer data, which you can go on to use in order to improve your product offerings and refine customer offers. This, in turn can help you increase revenues or cut costs.

Technology and data protection rules are two reasons why it is worth discussing what you are planning to do, to make sure you set off in the right direction.

If you have some ideas in this area, we would be happy to [have a chat](#) and point you in the right direction.

### 12. Simplify and Secure Your Payroll

Do you work in an environment where cash is the normal way to pay your employees, casual workers or contractors?

Replacing cash with your own card programme can help you automate processes, reduce paperwork and save time – and minimise errors and *leakages*.

Using your own cards to handle payroll also helps workers who, for whatever reason, find it difficult to open a regular bank account.

### 13. Reward Your Employees

Rewarding your employees for extraordinary efforts and outstanding results will get you more extraordinary efforts and outstanding results.

And what better way to reward employees than providing them with real money they can spend on whatever they want.

Having a separate physical manifestation of the reward (your card with your company's logo) means the reward will not be diluted by being subsumed into day-to-day spending – and, thus, quickly forgotten. Rather, the card itself can act as a reminder of past achievements, even after the money has been spent.

Our technology makes it simple for the rewards to go, not just to employees, but to their partners, spouses and children. Card programmes can be set up to restrict where the money is being spent, such as flower shops, book stores or clothes shops. What better way to demonstrate you are a thoughtful employer who values their employees and their close ones?

### **14. Improve Processing of Employee Expenses**

Providing your employees with pre-paid cards for authorised expenses can reduce risks and help improve the processing of this expenditure – increasing automation that will save you time and money – and also allowing greater control and auditability.

Our system will also be able to provide you real-time control on how the money is being spent.

How about your CFO, or financial controller, receiving instant notification of any expenditure over a certain size? It's possible if you have your own card programme.

### **15. Improve Your Cost Control in Purchasing**

Replacing cash with pre-paid cards allows your business to improve controls and reduce cash leakages.

Cards can be pre-programmed to only work with certain vendors, or for certain items – or to exclude some specific types of expenditure – improving controls and making all expenditure more auditable.

### 16. Manage Your Budget And Reduce Your Risk

Whilst budget allocations are usually agreed on a yearly basis, businesses still require control on how the money is being spent.

How about loading a card with the yearly budget, but only authorising expenditure as required; a 12<sup>th</sup> of the allocation every month for example?

### Conclusion

As you can see, issuing payment cards is not just for banks, it is something that can benefit most companies in many different ways.

If you want to discuss how some of these ideas could work for you, or if reading this has sparked your own entrepreneurial ideas, we at Lerex would love to speak.

## CONTACT US

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