



CASE STUDY

A WINNING COMBINATION: FIS' PREMIUM PAYBACK AND PAYPAL'S PAY WITH REWARDS

Differentiating real-time rewards without impacting cost

Financial institutions of all sizes need to establish a competitive advantage that drives customer engagement and builds loyalty, without adding to rewards program costs. Innovative reward redemption options like FIS' Premium Payback have already proven to be an effective tool that builds and deepens cardholder relationships, differentiates the financial institution's loyalty program and encourages greater spend and use.

Introduced to market as a real-time point redemption option at fuel pumps operated by Shell, BP/Amoco and Citgo, FIS Premium Payback has since expanded to include major retailers like Walgreens and CVS (soon to launch). To expand how, when and where financial institution's consumers can use real-time rewards for immediate redemption, FIS' Premium Payback partnered with PayPal's Pay with Rewards program in early 2020. The partnership gives participating financial institution's cardholders real-time rewards redemption options at the 22 million merchants who use PayPal while empowering financial institutions to extend Premium Payback redemption options into e-commerce channels. As importantly, the program gives financial institutions a way to compete with other PayPal partners like American Express, Chase, Citi, Discover, and Capital One.

The partnership program between FIS Premium Payback and PayPal Pay with Rewards launched in June 2020, using a phased approach with a test group of a few clients in the first phase of June, followed by a milestone release at the end of July 2020.

FIS measured payment card and redemption activity from June 1, 2020 through September 27, 2020 to understand how the partnership was received by consumers.

Here's a look at just how significantly this innovative real-time redemption option has already proven to be.

The results

Double-Digit Spend Increases

Compared to the same time period in the year prior, overall card spend increased by 16 percent once the program rolled out; debit card spending increased by 20.2 percent, while credit card spend increased 10.8 percent. Among the first consumer groups to receive the new rewards feature, the overall increase eventually leveled out to about 12 percent.

Following the larger late July release, overall spend increased to 16.9 percent during the first week of launch. It later settled into a trend of consistent increases, averaging about 14 percent overall.

CARD SPEND INCREASES

Overall → **16%**
Debit card → **20.2%**
Credit card → **10.8%**

Driving Card Transactions

Credit card transactions increased by 11.9 percent following program launch compared to the same time period in the previous year, while debit card transactions increased 9.9 percent. Overall, card usage increased 10.5 percent.

Following the larger consumer release in late July, card transactions increased during August and September 2020, to 10.6 percent and 11 percent, respectively.

CARD TRANSACTION INCREASES

Overall → **10.5%**
Debit card → **9.9%**
Credit card → **11.9%**

Lift PayPal Merchant Spend and Redemption

The addition of PayPal's Pay with Rewards feature to FIS Premium Payback increased how much cardholders spent, when given a real-time redemption option. Overall, the average PayPal transaction was \$52.73 across all card types when the real-time redemption option was used, compared to \$34.70 without reward redemption.

LIFT IN PAYPAL MERCHANT TICKET SIZE WITH REDEMPTION

Debit card → **46.5%**
\$42.98 with redemption vs \$29.33 without
Credit card → **40.3%**
\$63.17 with redemption vs \$45.03 without

This program also revealed that while consumers are consistently willing to redeem about 40 percent of their available points when given the option to apply real-time rewards, they are unlikely to redeem more than half of their points.

While PayPal's Pay with Rewards redemption feature in FIS' Premium Payback has a high perceived value among consumers, it will not negatively impact a financial institution's loyalty program costs. Instead, consumers will continue to conservatively use points, and in such a way that maintains and strengthens their relationship with their issuer.

To learn more about how you can use FIS' Premium Payback with PayPal's Pay with Rewards feature to drive cardholder engagement, spend and loyalty [visit fisglobal.com](https://www.fisglobal.com).