



White Paper

Confessions of a card innovator

Table of Contents

“The future belongs to those who can rise above the technology and master it.”

– Jamie Dimon, CEO of JPMorgan Chase

01

Payment cards -
the transaction
tech titan that
never stands still

Pages 3-5

02

The Confessions -
revealing the highs and
lows of card programme
innovation

Pages 6-22

03

Merging virtual with
physical: what the future
holds for payment card
innovation

Page 23

04

Payments
innovator bios

Pages 24-25

Payment cards - the transaction tech titan that never stands still

If there's one piece of financial technology that has shown an ability to shapeshift and evolve with changing customer demands, it has got to be the payment card.

Just some of the amazing card innovations over the last decade



Teens prepaid card

Young people are learning financial literacy thanks to card programmes that enable safe participation in the financial system - overseen by parents or carers. Innovators have used gaming techniques to make the learning process engaging, in addition to adding functions such as rewards for the completion of household chores.



Expense management

Modern issuer processor technology is enabling businesses large and small to better manage accounting processes. For example, employee cards with a digital backend are removing paperwork for expense claims and enabling spending controlled by merchant category, location and time.



Travel spend cards

Both business and leisure travellers have never experienced such attractive FX rates, thanks to card innovators using cloud-based payment technology to facilitate seamless transactions in dozens of countries. Expats and migrants benefit too, with instant cross-border transactions at a fraction of the cost of traditional overseas transfers.

The complex, simplified

There's much more to cards than meets the eye.

For example, in many modern payment moments, card technology is 'spun up in the background' to facilitate a transaction and transfer funds between buyer, platform and merchant.

As far as the end user is concerned, the process is seamless and instant, and the merchant gets paid quickly too.

Today's API-powered payment cards have also allowed the unbanked or underbanked to build a vital credit history, and they've given parents a set of effective tools to teach children financial literacy from a young age.

Another powerful advantage of payment cards is their ability to act as a rich data source, providing financial institutions and businesses with the information needed to better understand their customers or employees.

Indeed, (and make an important mental note here) modern card technology is widening access to financial innovation, meaning you no longer have to be a bank to offer a payment experience.

That said, launching a payment card proposition - be it debit, credit, prepaid or single use - is no mean feat. It's complex and demanding, and those who have built one or more successful products will likely bear the scars.

"Many of the challenges and stresses associated with building a card programme can be minimised or avoided altogether with a little bit of knowledge and the right partners."

To provide novice and veteran innovators alike with insights into the development process, Marqeta has spoken to a panel of nine industry experts who know the landscape inside out, either as a result of having built a card proposition or supported someone else's project.

Our crack team of payments gurus, which we introduce on page 7, include Scott Lucas of card programme management specialist Monavate, Victoria Martin, previously of modern banking platform 10X, Chris Holmes, of the strategic advisory firm KAE, and Daniel Belda, from Openpayd, an embedded finance provider to the digital economy.

Following extensive interviews, we've established a set of major themes that span the course of the end-to-end innovation journey. And within each of these sits a series of sub themes that are essential to overall success.

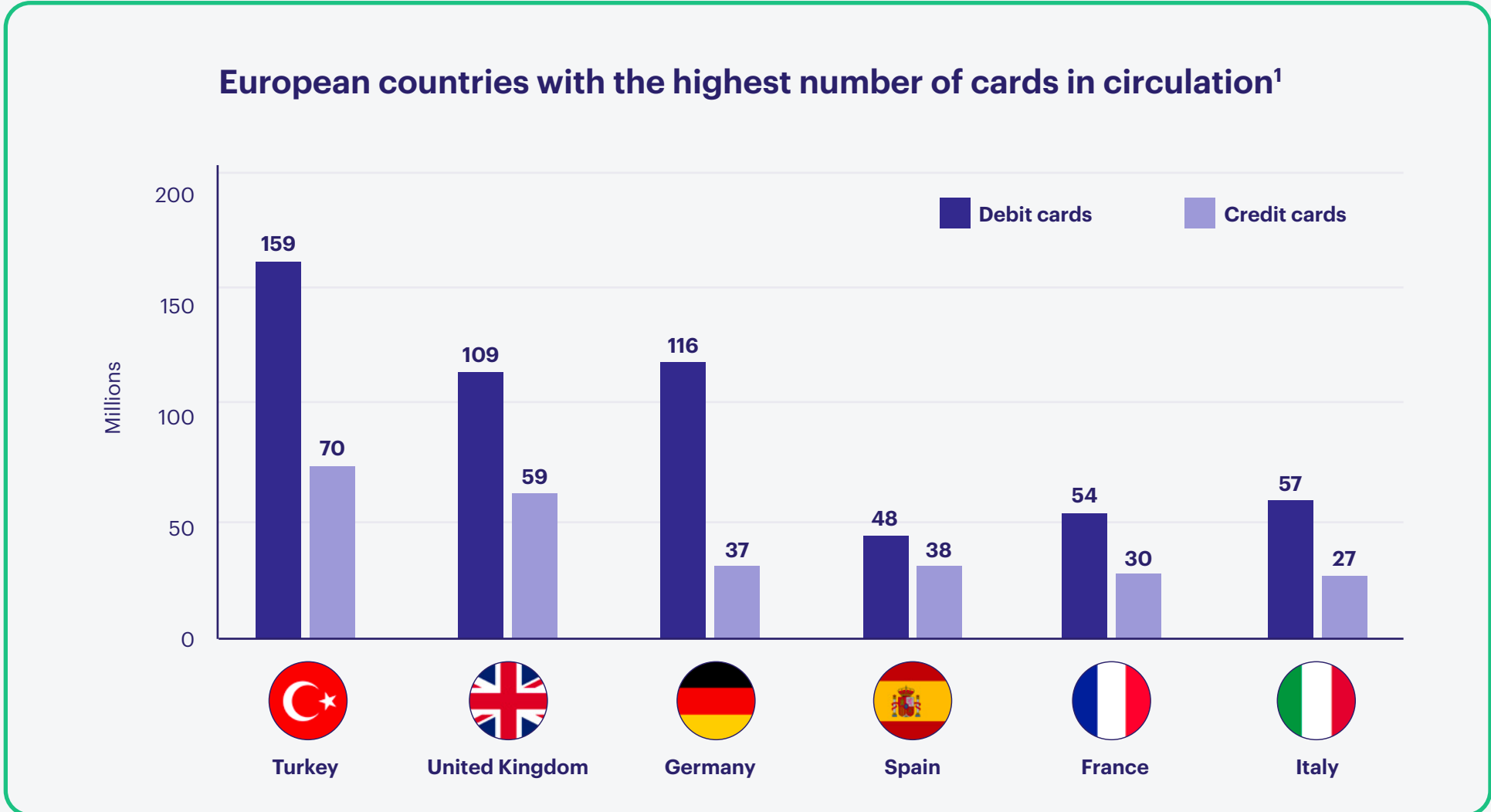
In the coming pages we reveal the confessions of modern innovators in a bid to ensure your experience of building a payment card is as frictionless as the experience you're attempting to create for your users.



Nick Holt
Director, Solutions Engineering and onboarding, Marqeta

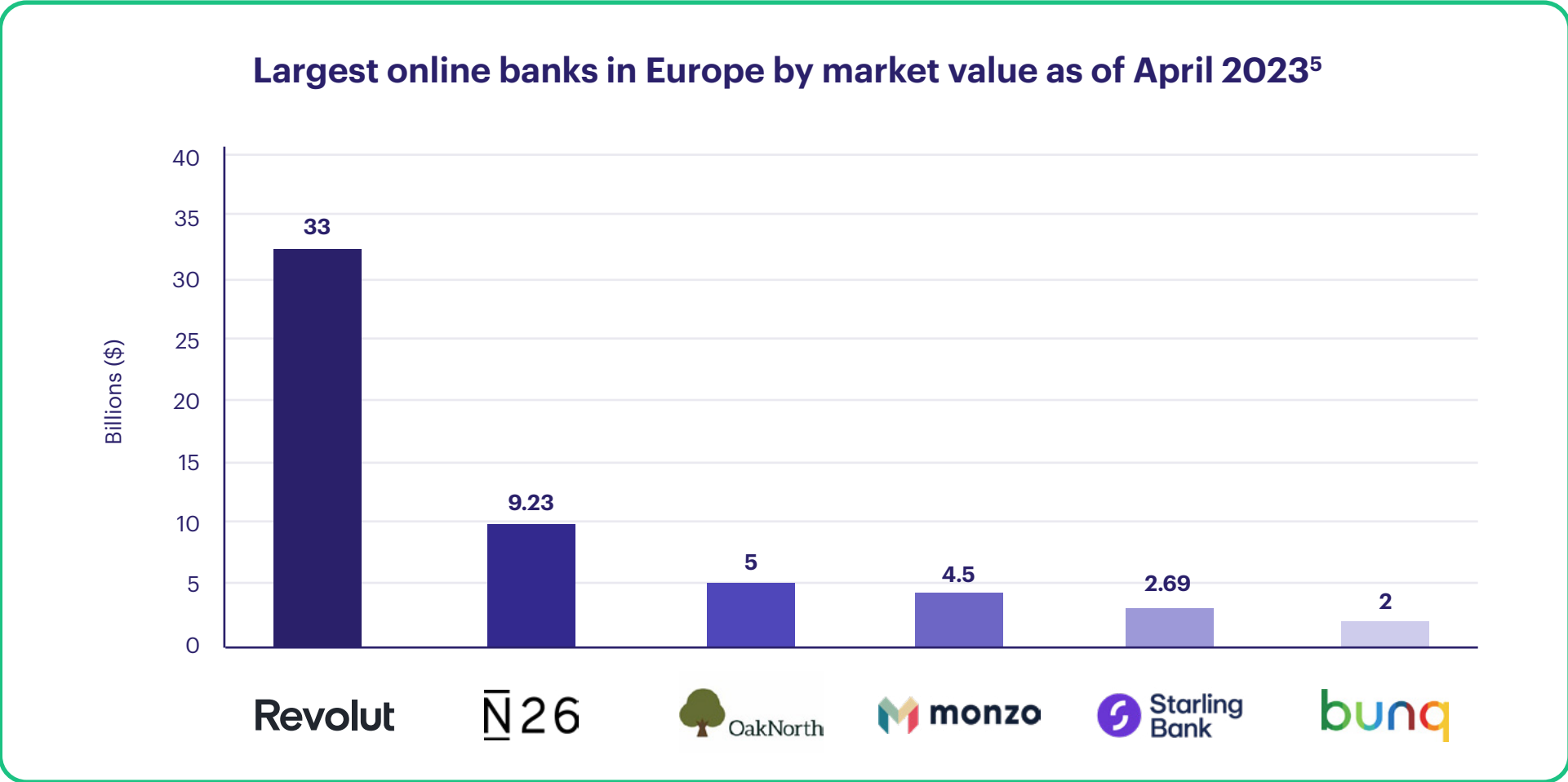
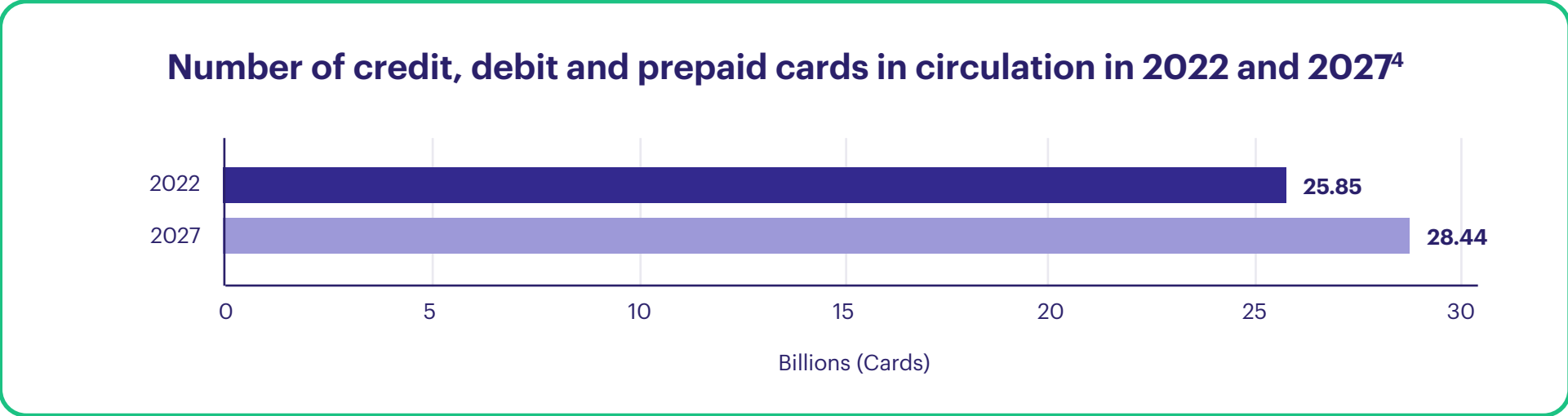
A huge and growing market across Europe

Payment card use across European nations from Switzerland to Sweden is expanding as businesses and consumers continue their march away from cash-based transactions.



Card payments accounted for 54 percent of the total number of non-cash payments in the euro area during the second half of 2022.

The number of payment cards issued during the final six months of 2022 rose by 3.8 percent to 704.8 million, when compared with the previous half-year period.



On average there are two payment cards per person in the euro area.

The average value of each card transaction stands at around €41.

The number of non-cash payments in the euro area in the second half of 2022 hit 65.9 billion, representing an 8.8 percent rise when compared with the previous six-month period. The total value was €118.8 trillion - a 2.8 percent increase.

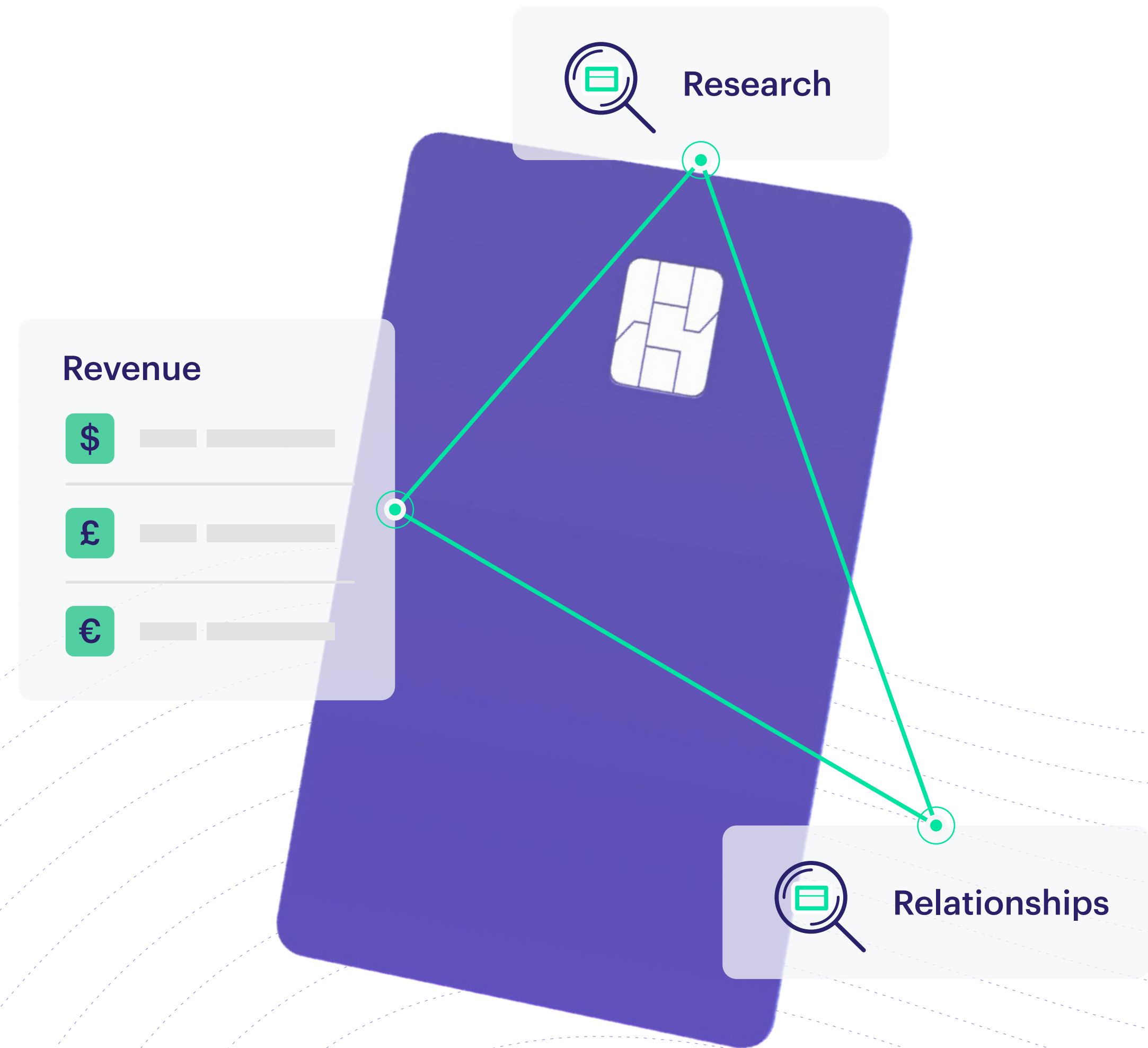
The Confessions - revealing the highs and lows of card programme innovation

The three key ingredients of card programme success:

Research

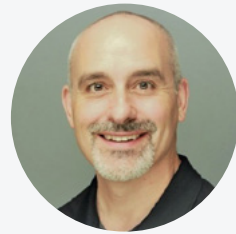
Relationships

Revenue



After speaking to a wide range of experienced card programme innovators, it's clear that there are three overarching areas that businesses must get right if they want to build a successful product.

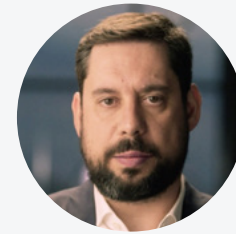
Our Experts



Dante Siracusa
CEO, DS Payment
Advisors, LLC



Victoria Martin
Independent
Compliance Specialist



Daniel Belda
Head of Product
Strategy, OpenPayd



Ömer Düzyol
CTO,
Algebra



Scott Lucas
Co-founder &
CCO, Monavate



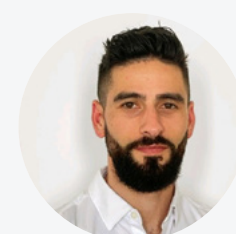
Amit Sharma
CEO & Senior Prepaid
Consultant, Emotion
Associates Limited



Simon Bradley
Board Member,
Accomplish



Chris Holmes
Senior Vice
President, KAE



Aaron Gladman
CEO,
Intercash

Collectively, our panel has more than a century of experience in payments and innovative technologies and can claim credit for enabling the launch of dozens of card products.

Within the three areas of Research, Relationships and Revenue there are multiple considerations such as how innovators should define the problem they're trying to solve, what building an effective user journey involves and understanding a prospective tech partner's capabilities.

In the following pages, our experts explain why this matters so much. They describe how getting research right will speed up time to market, why a focus on people-to-people relationships can be infinitely more powerful than the clauses in an SLA, and what steps programme owners need to consider to deliver revenue.

Research - the foundation of success

In this section, payment experts Scott Lucas, Daniel Belda, Ömer Düzyol, Amit Sharma, Simon Bradley, Aaron Gladman and Dante Siracusa confess about the importance of research and why innovators often need to rein in their eagerness to launch. Here's what they had to say:

Defining the problem

Monavate Co-founder Scott Lucas's advice for anyone starting a card programme is to take your time at the beginning. Work out the problem, what it is you're trying to solve and then speak to the right people in the industry to work out whether your idea is possible with available functionality in the ecosystem.

Daniel Belda, of Openpayd, expands on this by explaining how new entrants' lack of knowledge can cause problems.

He says businesses really need to:

“Understand how your target customer sees the problem that you’re trying to solve and that you’re solving the problem in a way that they like.”



Daniel Belda
Head of Product Strategy, OpenPayd

He adds: “The analogy I make is this: my problem is that I need to have my wall covered and I’m thinking I want it to be painted. I call someone who only does wallpaper, who says ‘I can solve your problem, I can cover it with wallpaper’. Yes it solves the problem and makes it look pretty but I was looking for paint. When I see card programmes in the market today, a lot of what happens is that. It’s basically, ‘I solved your problem for you but not in the way you wanted’.”

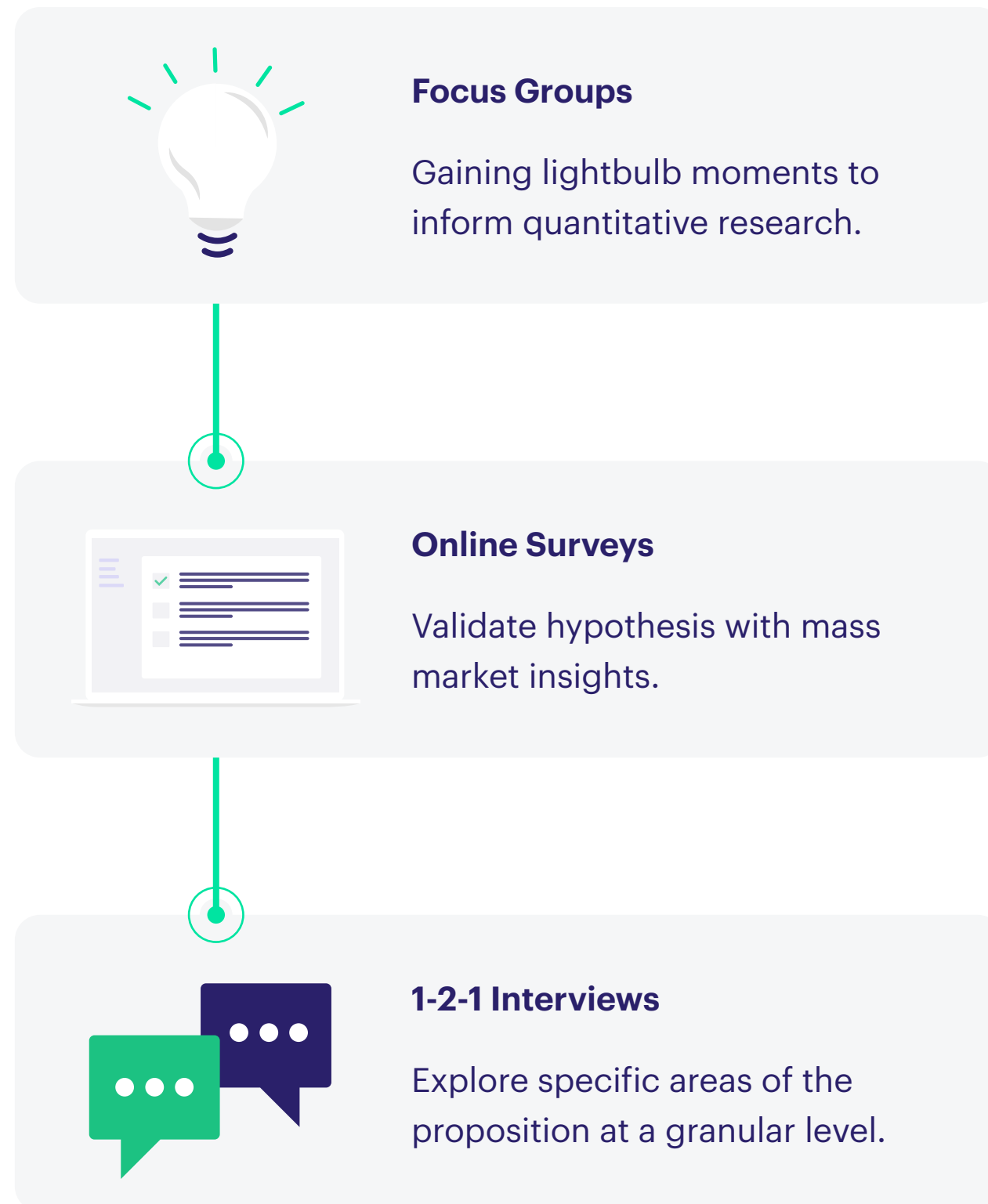
Simon Bradley at Accomplish says the way founders approach research is critical too. “There are two or three key mistakes that people make. One is that they have this God-given belief that people have been sitting around waiting for their product since time began. They haven’t. As a result, the research that they do lends itself to a huge amount of bias.

“I want to provide my elderly mother with a card but have control of her spend.”

“Why don’t I earn great interest on my current account balance?”



Research Framework



“It’s not biased from a malicious perspective; it’s biased from the perspective of I want my feelings that everybody has been waiting for my glow-in-the-dark-card to come out because people have been losing cards in the dark. All these years, they’ve been waiting for me. And in reality, they haven’t,” Simon explained.

Emphasising the importance of independent research, he said: “Don’t as a founder be taken in by the idea of being one of those phenomenal multicurrency apps that lets you sell futures in your grandmother and buy them back at whatever rate and convert into 9,000 currencies.

“Sure, that’s amazing for fintech geeks like me who will test it to the nth degree and marvel at the limits of financial technology engineering. But to the average consumer who gets paid in a currency and maybe goes on one to three foreign trips a year mainly to the Eurozone - they’re not interested in what your unbelievable rates in the Japanese yen looks like. It’s massively overcomplicated.”

According to KAE’s Chris Holmes, in “an ideal world” innovators would deploy a “qual-quant-qual research programme, which allows data and insight to be continually collected and tested”.

“We find running consumer focus groups (qualitative) prior to any data-led surveys helps with the collection of key insights that can be used to inform the survey design.

“An online survey (quantitative) can then be deployed to deliver key insights quickly and provide the data perspective. We then find a programme of 1-2-1 in-depth interviews (qualitative) with a number of select potential users adds immense value, as you can explore specific areas at a very granular level,” he explained.

We leave the last word on defining the problem to Amit Sharma, who advises businesses to balance intuition with data.

“Don’t try to shoehorn a proposition into the market. Do your research, have your business case. If your gut instinct tells you it’s not going to work don’t ignore it.”



Amit Sharma
CEO & Senior Prepaid Consultant,
Emotion Associates Limited

“That said, whilst you focus on your gut, do not ignore the numbers. Do not try to make the numbers fit what you want to present. You’ve got to get the numbers right too,” Amit said.

As a financial services proposition, compliance with rules governing your target market is non-negotiable. Understanding what that means for you is an essential part of research.

Selling suitable products at a fair price, providing good standards of customer service and communications people can understand shouldn't be controversial."

– Sheldon Mills, Executive Director, Consumers and Competition at the Financial Conduct Authority



Regulations - need to know

A key component of any research into launching a payments proposition in the UK is Consumer Duty, the rules governing how financial institutions protect customers.

"Consumer Duty is about making sure that customers get the banking that they need."



Victoria Martin
Independent Compliance Specialist

And on this Victoria Martin, previously of 10X, is clear. "Consumer Duty is about making sure that customers get the banking that they need. So you need to know exactly what your target market is, and if there is a need for the market.

"You need to have evidence of a thought process on how you're building out your proposition. And from a regulatory perspective you need to make sure that you've got the right permissions and what the requirements are for the whole end-to-end customer journey," she said.

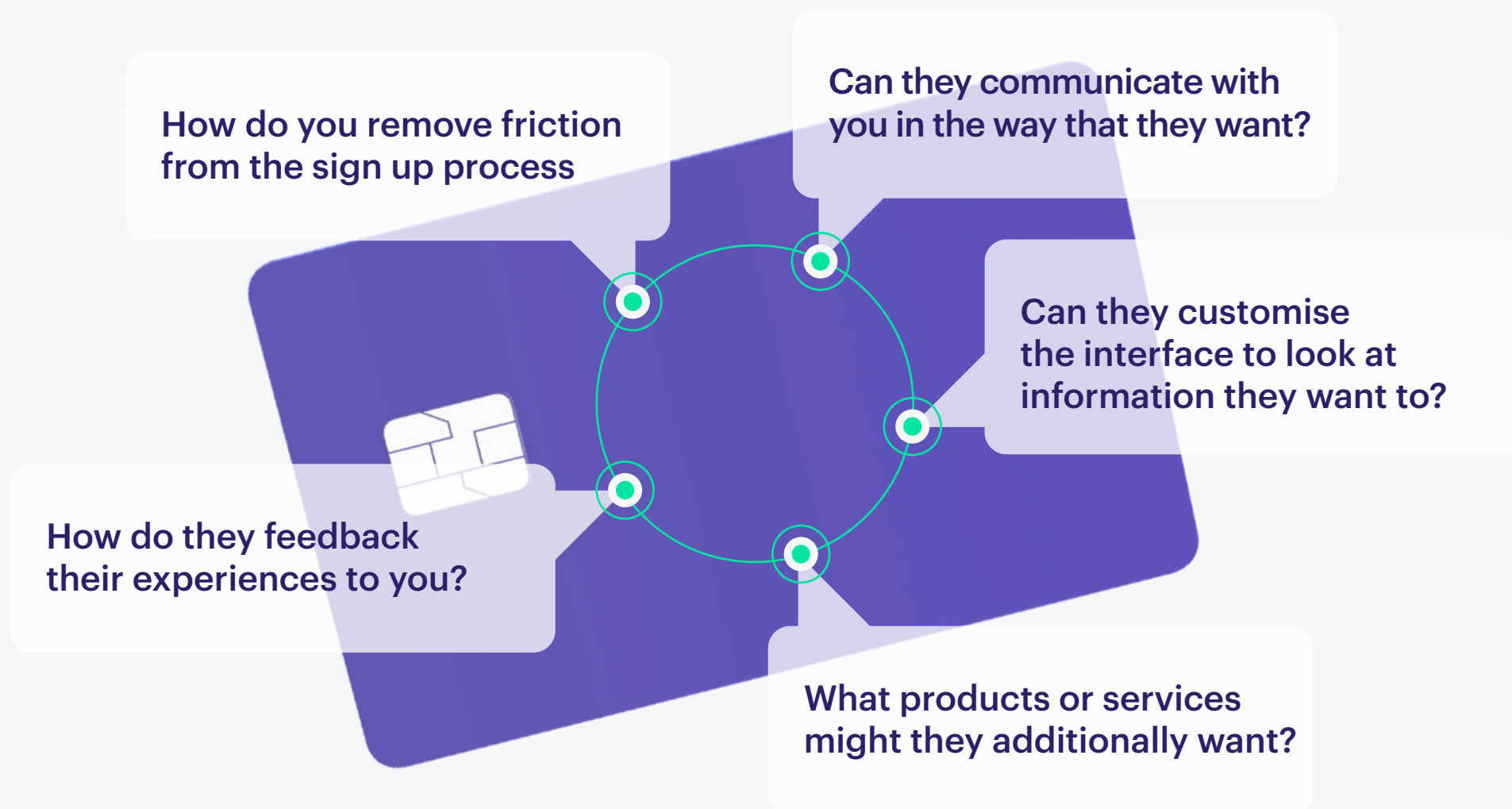
Chris Holmes agreed, adding: "In the case of the UK, having a system in place for the ongoing monitoring, testing and reviewing of your proposition will help you maintain a high level of service to customers and provide evidence of the outcomes that your customers are receiving. This will support your compliance with the recently introduced Consumer Duty rules.

"However, the first step in compliance is to demonstrate that you've taken the necessary time to understand your customers and their needs."

Amit Sharma warned that regulation considerations can affect launch timescales when establishing in new markets. He said: "Post Brexit, understanding and aligning with local regulations can feel a bit like you're treading sludge rather than water. For example you might need to work with the EU, another local regulator and an issuer regulator. It's a lot to think about. Reassuringly, that's not the case in mature markets where you've launched card programmes before. It tends to be challenges relating to other parts of the ecosystem rather than regulators that slow down launches."

When building a card programme for the first time, it's easy to get bogged down in technical and regulatory considerations. This thought leads us to Aaron Gladman's sage advice about asking the right questions for.

Questions, question, questions



Building a winning user journey

Aaron said: "It is all about really listening to your clients, and that means not just listening to what they have to say, but also asking a lot of questions to really understand what your target audience is looking for in any user journey.

"Because when we think about card products, we think about processors, the scheme setup, product setup, configurations, usage criteria, but when your customer thinks of the card product, they're coming at it from a user journey perspective. 'How's it going to get into my pocket? What am I going to be able to do with it at the end? What is it going to look like? How's it gonna feel? What happens if I go to this or do that?'

"And I think that sometimes we industry experts can leave the user journey or user flow till the end, once the card product is built. But if you do it that way you will have a configuration that's much harder to mould. "



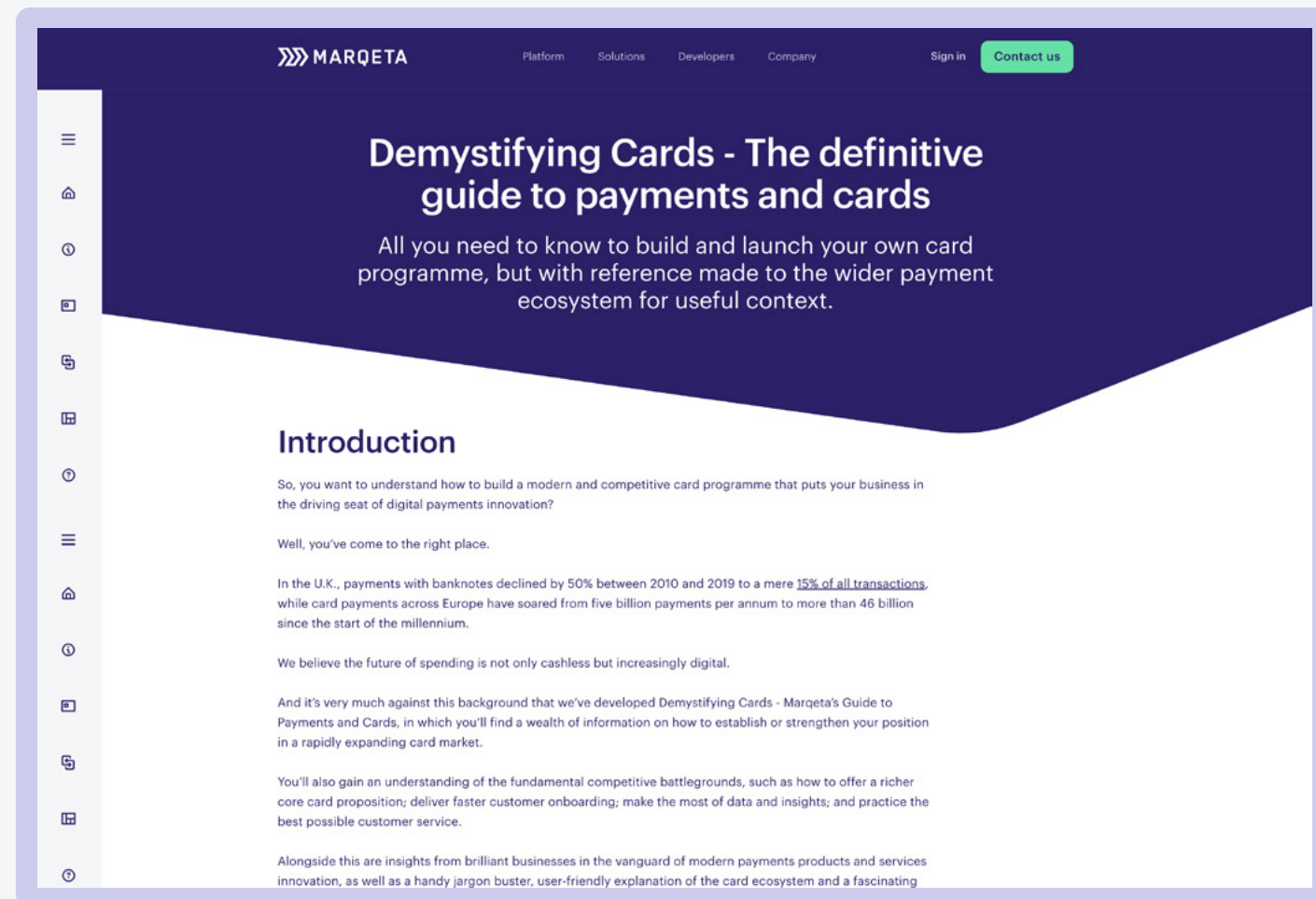
Aaron Gladman
CEO, Intercash

"That's why as a customisable platform, we leave a lot of open ends in our off-the-shelf product, so that when we have a real understanding of what our clients want, our configuration and customisability just goes back to kind of tie those final knots.

"But in order to get that information, it's really about asking your clients the right questions, for example, 'if this happens, what do you want to be able to do in that scenario? What are you expecting from this? And do you want it on our platform or your platform?'

"So it's about really knowing what you want to be and where you sit in the food chain. And then being able to really have the right set of questions to analyse your audience. Once you have the answers, it's then that you can go back and build - because your audience is likely not thinking nearly as deeply as you are about the processor and personalisation files and things like that. That's your job as the card expert."

Having defined the problem and thought about user flow, you'll want to find a set of ecosystem partners who have the technical ability to translate your vision into an effective product. This is what we look at next.



Marqeta's Demystifying Cards initiative is packed with information on how to curate a partner ecosystem that aligns with your roadmap and capabilities.



Understanding partner capabilities

Ömer Düzyol, of Algbra, says that:

"A key aspect innovators need to consider when researching the market for a processing partner is their flexibility and how they will enable you to scale when needed".



Ömer Düzyol
CTO, Algbra

He explained: "This involves not only gaining a thorough understanding of the underlying technology of a partner's platform and their approach to new technologies but also ensuring the availability and accessibility of data from these partners. Consider AI as an example. You might not be ready to deploy artificial intelligence immediately, but you might consider it in a year or two. Therefore, it's crucial to inquire about prospective partners' stance on future technologies and their data management strategies. If they indicate plans to adopt AI soon and demonstrate a commitment to maintaining comprehensive, accessible data archives, this shows they are not only keeping pace with evolving technologies but also ensuring that you can seamlessly integrate AI later on. This foresight allows for the retrospective analysis of historical data through AI, maximizing the potential insights and benefits you can derive from both current and past information."

Dante Siracusa, of DS Payment Advisors, offers useful framing in the form of his five pillars that aspiring innovators should consider when conducting pre-build research, including technical abilities. His fifth pillar is particularly useful in the context of assessing prospective partnerships.

"Firstly, there's the commercial pillar, you need to know that you're going to make money. Secondly, does your product genuinely meet a market need. Thirdly, you need to be able to support your proposition operationally. For example, this means filling in the right forms and getting the right licences, talking to the right government agencies and various national and international levels.

"Stemming from that is the fourth pillar, compliance. Are you able to comply with all the different regulations? And finally, there's the technology pillar. Is the platform you're using smart enough and strong enough to deliver for your customers? If you are API-driven (and you should be) how much latency is there, particularly if you're operating across borders," he says.



One way or another, as a budding card programme innovator you're going to have to decide how to engage with the all-important card schemes, such as Visa or Mastercard. There are a number of options available. Let's take a look.

There are three key questions to ask when considering BIN Sponsorship versus Scheme membership:

1. Realistically, how quickly are you going to scale to the point where scheme membership becomes the preferred option?
2. Do you have the capacity internally to manage card schemes directly?
3. If you have the capacity do you possess the knowledge needed to conduct a direct relationship with a card scheme?

Considerations when choosing a BIN sponsor

Daniel Belda explains that there are different routes and much will depend on your ambition.

He said: "You have to think about what kind of partners you need. Is it just a processor you're looking for, or do you need a processor with licences who can offer BIN sponsorship, or are you going to become a card scheme affiliate? These are the first immediate decisions you need to take when setting up a card programme.

"Your decision will depend on the size of the programme. If you're aiming for a million cards in circulation in 24 months, it makes sense to choose a (BIN sponsorship) partner who will give you your own BIN. Because that's portable and will make things much easier if you need to migrate your product to a different processor.

"Card scheme affiliation is expensive and as a startup you would always choose a BIN sponsorship model. But you also need to think about your target audience. If your card is aimed at children, you perhaps wouldn't want to use a BIN sponsor who is working with adult platforms. That could cause reputational issues."



Daniel Belda
Head of Product Strategy, OpenPayd

For Simon Bradley, early stage startups should think long and hard about whether scheme membership is the best option.

He said: "There's a whole load of scheme members existing today for whom it doesn't make sense, because they're not really growing the volume. Instead, they're tied up with the day to day admin, and they can't possibly think about how to grow.

"The cost of scheme ownership is not just the connectivity fees. You have to think about whether you need to have a staff member to handle the scheme relationship. And then what happens if that staff member is sick and what happens when they're on holiday? So you need to have redundancy in there. And then you need to have finance capability. You need to have operational capability. You need to have scheme compliance capability and a crossover between regulatory and scheme compliance.

"We see that actually sometimes taking that responsibility away from people, letting them then focus on their core proposition is the best approach. Focus on growth and then bring it back in two to five years when you have the right infrastructure in place."



Simon Bradley
Board Member, Accomplish

Fraud, unfortunately, is a fact of life for financial institutions. But there's no room for complacency and understanding how you will approach this challenge shouldn't be a research afterthought.



Know your risk appetite to properly manage fraud

Victoria Martin advises innovators to clearly understand what their onboarding journey is going to look like.

She said: "This is where I've seen things go wrong over and over again. But you need to be very realistic about what your risk appetite is from day one."

"A lot of firms adopt a very relaxed risk appetite on the types of clients or the types of customers that they're onboarding and then they have a bit of an "oh no!" moment when they realise that they've got a really high percentage of fraud on their books.

"So it's sensible to operate a scaling model, very much like test and learn, so you can start to see some of the trends that are coming out of onboarding."

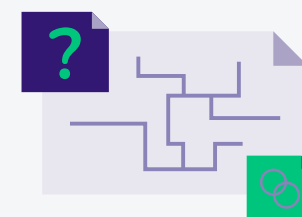
When it comes to fraud, Daniel Belda believes innovators need room for manoeuvre. He told us: "I will usually choose a fraud prevention provider that has a broader risk appetite than my own as it gives me flexibility. Because if I choose a partner with a stricter risk appetite, I'm losing business."

"It's a terrible thing to say but I see fraud as a cost of doing business. You will experience it, but you have to know what is the best way to mitigate and balance it. To be 100 percent fraud free means you will have so much friction that customers won't want to use your proposition. That balance has to be mine to find."

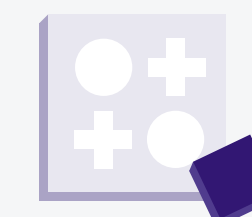
Daniel also explained the importance of value in fraud prevention in card programmes, saying: "Looking at card fraud I would never launch without a serious fraud prevention provider right from onboarding to transaction processing. But there are cheap providers and very expensive providers."

"What I've learnt is that cheap becomes expensive because the cheap will be fooled by fraudsters - the expensive, less so. It's a very important investment because if you don't manage it properly the BIN sponsor will shut you down or you will be fined by the regulator or both."

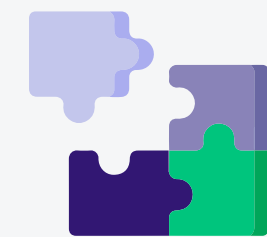
Key takeaways on Research



Take your time at the start to understand what's possible and who can help you achieve it



Beware of shoehorned solutions - buy the right fit



Understand prospective partners' appetite for adding new technologies

Because research is such a fundamental part of building a successful card programme, we've decided to dwell on this topic a little bit longer to emphasise its importance - and it's why we've developed...



Eight essential steps to building a winning card proposition

By Chris Holmes, Senior Vice President, KAE



Gauge and map the competitive landscape. This should be your starting point. Understand who your competitors are, as well as who your competitors could be, what they offer, who they target, how they service their customers and what messaging and channels they use.



Understand the target audience and their needs. Use research to gauge where your target audience's needs have already been solved, where and how your proposition can solve unmet needs, and identify potential gaps. It is important to understand your potential audience and their personas; knowing your buyer personas is a really important area to grasp, as a card programme administrator will unlikely have the same needs and interests as an end-user.



Develop a full list of features, benefits and use research to shortlist them. You should be as inclusive as possible at this stage. Talk with your colleagues, talk to potential end users, look at the competition and look into the horizon to consider emerging needs that are nascent now, but could be a potential differentiator for you in the near future.



Develop a number of potential value propositions. These should be based on customer preferences but also on what you can realistically afford. Build a set of optimal products in collaboration with the potential end users or based on their responses. Collaboration is key and listening to what customers want, need and value is crucial.



Evaluate > refine > validate. Test and evaluate the relative importance of each element of your proposition with a wide audience of potential customers. Be thorough in this to identify the must haves and weed out any elements that may subtract value from your proposition. This broad audience approach also helps to identify and understand your priority target audiences. Identify the demand for different elements - understanding willingness to buy will help forecast potential demand and uptake, and provide a view on the commercials for each proposition being built.



Test marketing communications. Test and explore the most effective targeting and messaging strategies to reach your priority target audiences.



Launch. This could be a full-scale launch or a soft launch. Soft launches are advised, as they allow a proposition to be rolled out with a set of core features and benefits to catch the hearts and minds of the early adopters, before updated versions are developed, deployed and tested.

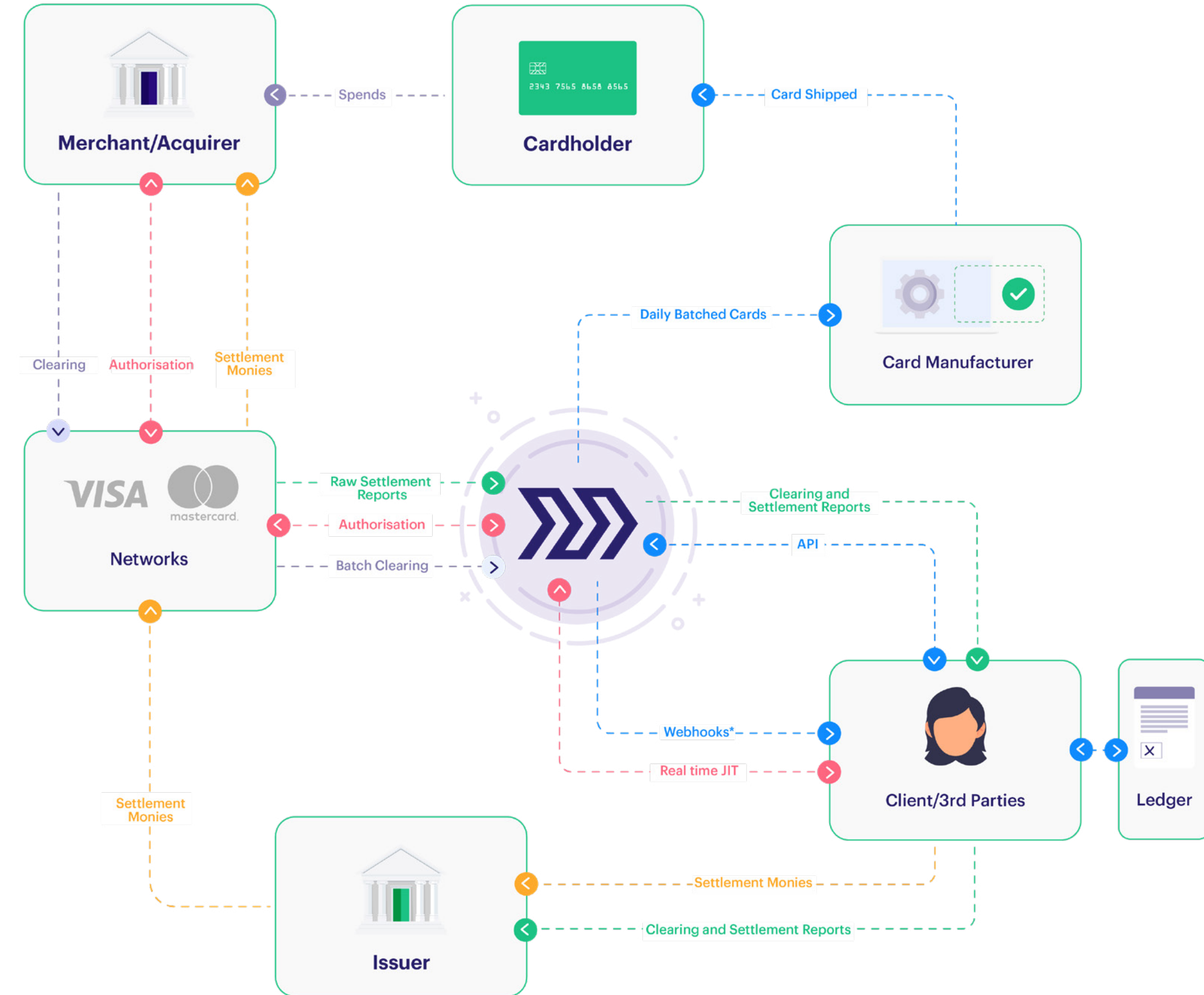


Post-launch evaluation. Regularly review the proposition. Gather feedback from end users, track KPIs and refine the proposition where necessary.

Relationships - why deeds matter more than words

Building a great relationship with payments ecosystem partners is critical to success. Our expert confessors - Aaron Gladman, Daniel Belda, Simon Bradley, Ömer Düzyol and Dante Siracusa are clear that things like sharing the same values and responding well in a crisis are far more important than clauses in any contract. And that's because:

Every successful card transaction is built on an ecosystem of partners



➤ Settlement process, Issuer to Networks (Scheme)
 ➤ Mandatory reporting
 ➤ Transaction process flow (no physical funds movement)
 ➤ *Clearing, JIT notification, API confirmation



“Alone we can do so little;
together we can do so much.”

– Helen Keller

Aligning culture and values are vital

Aaron Gladman, at Intercash, doesn't mince his words when it comes to the ties that bind: “go with the scheme or partner that you can have the best relationship with.”

Drilling down, Aaron talks about values and alignment here.

“It's difficult to work out what a prospective partner is like based on a couple of RFIs. You need to talk to them and find out what their values are.”



Aaron Gladman
CEO, Intercash

Aaron says: “You need to work out whether they're bureaucratic or innovative. Because if you're the latter and they're the former, there's a good chance it won't work.”

He also offered insights about the importance of relationships with the larger players in the cards ecosystem - the schemes, for example.

“In my experience with Visa, we removed walls and moved mountains and that was because the personnel and people that we were dealing with were really motivated go-getters. We had people who were really pushing to help the programme managers out, weeding through issues that maybe were lagging, such as waiting for card designs to get approved for a new programme.

“I always say when you're looking to choose a scheme, you can't really base it all on costs, acceptance or royalties. For me, it's really all about where you've developed the best relationship because when you have a good relationship with a scheme, they will push in your direction and they'll help you to navigate their complex corporate structures.”

In any business relationship, contracts are an important fact of life. But the truth is, if you're poring over an SLA it's likely that your partnership is broken - arguably beyond repair. Our experts explain.



Where agreements sit in the relationship equation

Daniel Belda, from Openpayd, says a good relationship is built on how you react when things go wrong.

“Everyone talks about 99.99% uptime but everybody will have an issue at some point in time that will blow out any SLA. The key is if you have an incident, how do you react? How do you behave when there’s a problem?”



Daniel Belda
Head of Product Strategy, OpenPayd

“When you have a problem you need to know that the partner will be professional. You can’t measure this. Partnerships are made or broken when things go wrong. Some of our most loyal customers are those whom we’ve really messed up with. Because we’ve fixed it in a very responsive way and they now realise that we’re the most professional partner they have. That is the measure of a good relationship.”

Simon Bradley agreed, recalling a conversation with a client long ago.

“A good relationship shouldn’t lend itself towards SLAs. I think the moment that you are looking at a contract or an SLA, the relationship is gone.”



Simon Bradley
Board Member, Accomplish

Simon advises that a contract is important to tie up all of your risks. But the moment that anybody is poring over the terms of their contract, that’s the end, he says.

“A piece of advice that I was given really early on in my career that has stuck with me forever. It was from the procurement director of a central bank. And I was supplying him at the time and he was literally the only client that had no issues, and I was so proud of the fact that I didn’t have to go and have awkward conversations with them,” Simon recalled.

He continued: “Anyway, I was sitting at lunch with him one day and said ‘look at my track record. It’s amazing. Surely I’m your best supplier?’ And he looked at me absolutely dead pan and he said ‘you’re not even in my top 10.’ I said, ‘what do you mean, how am I not in the top 10?’

“He replied with ‘I don’t even rate you and the reason for that is very simple: nothing has gone wrong yet. I don’t even start rating people in terms of how good they are until something has dropped off. Now, if something has gone wrong, and it’s catastrophic, you’re going to be bottom of my list. But until I know how you respond to something that doesn’t go according to plan. I don’t give you any score. The measure of a great relationship is when something doesn’t go the way that we’re all expecting, how you then respond, what you do, how we build that relationship. And everyone in my top 10 has had catastrophic things that have happened, but have gone above and beyond to learn lessons.”

“Approach and culture within partners’ companies is much more important than what’s in contracts.”

“If you have a problem that needs solving now, then it needs to be solved now regardless of whether an SLA says they have up to five days.”



Ömer Düzyol
CTO, Albra

The support you can get from your partners is invaluable. Ömer said “You need to be able to explain your goals and aims to your partners from day one and then I believe you’ll get the support you need. Everyone’s in business and, of course, business is business but to get what you want you have to have a relationship where you can communicate clearly what it is you’re looking for. Building the relationship right with full clarity, you’ll get the support you need from vendors.”

Additionally, Dante Siracusa says relationships falling down can lead to reputation problems for both the card programme and the processor.

“When you look at the unhappy path the reality is, if an issuer said four nines and they’re not four and if they continuously fall down, you lose credibility and for the issuer processor, it’s not just the one deal that went bad. It’s the impact of the word spread on the market.

“So, now you have a reputational issue within a specific region or market and more importantly, the processor will have a reputational issue with its issuing banks. And this means they’re not going to want to be feeding the processor more prospects,” he explained.

Victoria Martin told us that the SLA was “a good indication on how the relationship is faring”.

“If you are continuously breaching SLA, you can expect that to be brought up at your contract review and either you’re gonna be asked for a price reduction or you can be asked to exit,” she said.

Key takeaways on Relationships



Seek to understand prospective partners’ values and approach before signing on the dotted line - look past the number of uptime 9s



A good partner will go above and beyond what they promised in an SLA



Problems are inevitable - it’s the response that matters most to relationships

Revenue - monetisation needs a proactive approach

Understanding how much a card programme is going to cost is the first vital step in developing a monetisation strategy. That's why we got experts Dante Siracusa, Scott Lucas and Daniel Belda to confess about:

The cost of ownership

Dante Siracusa says it's important to be realistic when estimating the impact of a new product.

"At the end of the day we're all putting our finger in the wind, trying to figure out how things are going to go. When it comes to the total cost of ownership, when you talk to smaller organisations, or companies that are bootstrapped, many will say in the first year we're going to have a million users. The reality is that most will only have 10,000 users by the end of the first year," he cautions.

And this is why he emphasises the importance of finding an issuer processor that offers flexibility when it comes to their pricing strategy.

"If you have somebody who's willing to work with you as a new startup, a decent issuer processor will give you time to ramp up and offer very low minimums as you start scaling."



Dante Siracusa
CEO, DS Payment Advisors, LLC

Then, after a certain duration of time, the minimums will increase until your volume actually takes over. Those are great people to work with because it shows that they have as much skin in the game as you. You're both working for success.

"The scary thing is when you have issuer processors who say, 'these are the fees and this is what it's going to be if you don't get your million customers'. You're still paying some egregious amount," Dante explains, adding:

"By working out the total cost of ownership for an individual account, you can then arrive at the total number of accounts needed in order to figure out the total value that they're gaining versus the cost of the processor, the BIN sponsor etc. Everybody's being fed by a small amount generated by interest or interest plus fees."

Scott Lucas agrees that calculating the total cost of ownership is a challenge.

"I don't think anybody understands the cost of running a card programme and some of the older pricing proposals in processing were unnecessarily complicated. They're not as simple as it will cost this much for a card to be generated and this much a transaction - you get into residency fees, 3DS fees, you get into all the capability you need to have but they all come with residency fees and monthly minimums. You're basing it on a forecast most people have made up and it's difficult to understand the true cost of a contract.

"I think you can have a best estimate of what it's going to cost you but I don't think you'll ever get a true cost," Scott said.

However, once you've established as accurately as possible the cost of ownership, it's vital that innovators grasp the limits and possibilities of the various income sources. Let's take a look at:

Building in sources of revenue

On this, Daniel Belda gives a great overview of income generated by interchange and FX.

"One thing I see a lot when people are starting out is the idea that interchange is going to pay all their bills and make a profit. The reality is, if you can make your transactions break even with interchange, you're doing well.

"But that only covers the cost of your transactions. You still need to pay for the factory which has built and is maintaining the service. So you have to have another monetisation method. You need to think beyond interchange and FX," he says.

Delving deeper into FX, Daniel explained that a lot of card programmes were charging 0.4% for FX, which is the Mastercard rate. In his opinion, "this demonstrates they're not making any money there. Travel

programmes can work but you need to understand the difference between inter-regional and intra-regional. For example, if you go from the Netherlands to Germany nothing changes because it's intra - you need inter to make money".

Daniel's final word was this:

"People need to be mindful that when starting a card programme, it might be okay to lose money in year one but you have to know how you're going to make money eventually."

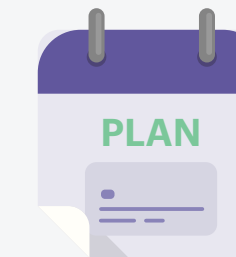


Daniel Belda
Head of Product Strategy, OpenPayd

Key takeaways on Revenue



Card programme monetisation can come from a variety of sources



Have a plan for monetisation early in the process



Be realistic about your growth potential in the early years

And finally... Innovators tell us one thing they wish they'd known at the start

As we wrapped up the interviews with our card payment experts, we asked them for a single piece of advice for aspiring innovators. Here's what they told us.

"Getting the infrastructure right is essential. Shortcuts do not work. And the longer you have them in place, the greater the risk is that they will create legacy and legacy kills your business. While it's great to be the first mover in any vertical, don't cut such significant corners that they cause headaches."



Amit Sharma
CEO & Senior Prepaid Consultant,
Emotion Associates Limited

"The thing that drives me absolutely nuts is the fact that business operations is always a complete afterthought when designing card propositions. Sure, you might set up what your product looks like and how it works, but you haven't worked out what happens when you start getting customer queries or if things go wrong. This really needs to be designed and put in place whilst you're building out your product proposition."



Victoria Martin
Independent Compliance Specialist

"Take your time upfront, do your research and listen to the people in the industry and try and get them to help you understand the art of the possible. I think that is the single most important thing. People often just jump into ecosystem partnerships without realising what it is they're doing. Spend more time on this than the actual build."



Scott Lucas
Co-founder & CCO, Monavate

"Assume that common sense doesn't exist. By this I mean you always have to dumb it down as much as possible - because that's where you find out where the cracks are in the process. And there will be cracks because you have so many parties involved in building a card programme. You have the processor, you have the sponsor, you have the fraud, you have the ID verification people, you have the banking provider."

"If you're assuming everybody knows how things work, things will get lost in translation in the middle. And that's where the biggest problems end up happening. The problem is not the one you expect to happen, for example, thinking that the chip might be wrong because we all saw somebody have an issue with the 100,000 cards with the wrong chip."

"The problems always happen with the things where you assume people just know what they need to do."



Daniel Belda
Head of Product Strategy, OpenPayd

"Proposition building should not be seen as an isolated activity, it should also not be seen as a one-time activity. Needs and wants change, new competitors emerge, new regulations necessitate change - it is therefore important that you health check your proposition to ensure it remains relevant."



Chris Holmes
Senior Vice President, KAE

Merging virtual with physical: what the future holds for payment card innovation

The collective thoughts and words of our expert panel reveal a common truth. That is, that innovation is an ongoing process. The endpoint is continual improvement in customer experience and business capabilities.

But what does this mean for the future?

Card innovation, in particular, will experience a significant evolution and the ongoing transition from physical to virtual products gives an indication as to how things will play out.

As more companies integrate transaction and financial services functionality into their user journeys, the technology that has enabled powerful digital card products looks set to become a fundamental piece of payments infrastructure.

Alongside this, disparities in modern payment system adoption around the world will gradually disappear, as societies that currently favour cash or physical cards play catch-up.

This will make it even more crucial for innovators to work with ecosystem partners that possess multi-jurisdictional knowledge and capabilities.

Pinning down specific use cases of the future is harder to call, as that requires the unpicking of the different strands of people's financial and non-financial lives.

However, in both areas payments will become an invisible enabler, unlocked and powered by a combination of biometric and behavioural data, artificial intelligence and machine learning.

Money will become a tokenized abstract concept that flows in and out of essential channels such as earnings, living costs, subscriptions, loans, investments and insurance.

The tools that facilitate those flows will be primed to seek the best outcome at every turn.

Whether it's shopping for groceries, accessing the latest zero emission transport option, booking a holiday, buying a new home, or managing a workforce's expenses, payments will be fully virtual, requiring nothing but a fingerprint or an iris.

Just think about this: humans will have the physical ability to interact with the payments system.

Thus it's imperative for innovators using modern payments technology to move quickly in building out new experiences. Because by winning the hearts and minds of early adopters, they will pave the way for the next generation of payment journeys.

What that looks like is up to you to design.

**Amit Sharma**

CEO & Senior Prepaid Consultant,
Emotion Associates Limited

Amit Sharma is a payments and prepaid industry expert, serial entrepreneur, and innovator, who has worked on projects, products and propositions and consulted for some of the biggest issuers and processors across the card's and payments industry in Europe over the last 18 years. He is currently Director of Client Onboarding at EML Payments, Europe with his team having delivered over 750+ client implementations including some flagship Covid Stimulus and Government programmes.

Disclaimer: All the views and opinions shared are my own and do not reflect the opinions/views/beliefs of my employer or anyone associated.

**Chris Holmes**

Senior Vice President, KAE

Chris Holmes is a Senior Vice President at KAE, a boutique strategic advisory firm. Chris has more than 20 years consulting experience, 16 of which have focused on helping a diverse range of financial services companies solve key business challenges and build winning strategies in the commercial payments and financing sectors. Chris has advised and worked with clients on a global level, including blue chip financial institutions, challenger banks, payment schemes, fintechs, acquirers, AP automation platforms, ERP and other business management software providers. As part of his wider role, Chris is also responsible for developing and executing KAE's overall strategy. Chris started his consulting career at Business in the Community, one of His Majesty King Charles III's supported organisations and the UK's largest organisation dedicated to working with companies which are committed to improving their impact on society through responsible business. Chris is also a long-standing Commercial Payments International (CPI) Advisory Board member, being first invited to sit on the CPI Advisory Boards in October 2015. Chris is a regular participant at CPI events and has been a keynote speaker and panellist at events in Europe, the US and Asia.

**Dante Siracusa**

CEO, DS Payment Advisors, LLC

Dante J. Siracusa is an accomplished senior leader and consultant with a distinguished career in the global eCommerce and card issuing industry. With a keen focus on strategy development and product management, his expertise spans various aspects, from market research and risk mitigation to project management and technical product solutions.

His career journey includes pivotal roles as Chief Product Officer and General Manager at Carta Worldwide, where he shaped product vision, mentored employees, and drove commercial success. He further enriched his professional portfolio as Director of Solutions Engineering at Marqeta and Worldpay, serving as a key technical contact for numerous domestic and international customers. In addition to his corporate endeavors, Dante's military service in the United States Marine Corps exemplifies his dedication and leadership, earning him several citations and meritorious promotions.

Dante's educational background includes a Bachelor of Arts in Business Management from St. Mary's College of California and a Certificate in Human Resources Management from the University of California – Berkeley.

Throughout his career, Dante has garnered recognition for his outstanding contributions, receiving awards such as the Goldmine Award from JP Morgan Chase and Impact Player of the Year at Marqeta. His passion for innovation, leadership acumen, and commitment to excellence continue to drive his success in the ever-evolving world of eCommerce payments.

**Scott Lucas**

Co-founder & CCO, Monavate

Scott Lucas is Co-Founder and Chief Commercial Officer at Monavate. Scott has worked in fintech for over a decade, having started his career at Halifax Bank of Scotland before expanding Cashflows' issuing and ATM function to span more than 20 countries as their Sales Director and Head of BIN Sponsorship. Well-known, highly respected within the industry and with exceptional knowledge of the payments and cards landscape, Scott co-founded Monavate in 2020 and is now working as the company's Chief Commercial Officer.



Victoria Martin
Independent Compliance
Specialist

Victoria Martin is an independent compliance specialist who advises fintechs on what authorisation, permissions and regulatory requirements are required for launch and BAU. Victoria started her career in RBS in both first and second line compliance roles before moving into fintech working at Tandem Bank, ClearBank and 11FS to establish compliance frameworks and leading on regulatory change. Victoria was the Director of Compliance at 10x Banking and Starling Bank, leading regulatory oversight on go-to market strategy and product development which included being the compliance lead on the Consumer Duty.



Daniel Belda
Head of Product Strategy,
OpenPayd

Daniel Belda is Head of Product Strategy at Openpayd, a leading global payments and banking-as-a-service platform. In the course of his career, Daniel has developed a deep knowledge of the global eCommerce payments landscape and the intricacies of the different types of customers and their payments requirements.

His role with Openpayd involves defining the business' go-to market approach for embedded finance and its BaaS product suite. He also oversees the continuous improvement of its services and the building of new fintech propositions for its diverse set of clients.

Prior to joining OpenPayd, Daniel spent just under five years in senior positions at Worldpay, developing a domestic acquiring solution for the Brazilian market and left the business as VP of Digital Content and Gaming. Daniel also led expansion for open banking provider Yolt, where he supported the roll out of its e-money account and debit card.



Ömer Düzyol
CTO, Algbra

Ömer is an experienced digital banking professional having built eight digital banks from scratch across multiple jurisdictions. Ömer has also worked on digital banking propositions for leading brands such as HSBC and Mettle by Natwest.

As an architect and hands-on engineer with experience of leading, building and scaling teams over 15 years in various regulatory regimes, he now works as Chief Technology Officer at Algbra. The business describes itself as the world's most inclusive and ethical financial platform. Ömer has also held positions with award-winning fintech consultancy companies.



Simon Bradley
Board Member, Accomplish

Simon is a board member at Accomplish Financial, a full provider of services for electronic payments to corporate clients and programme managers. Solutions include physical payment cards, virtual payment cards, e-wallets, m-wallets and loyalty and reward modules. Additionally, Accomplish Financial's processing platform is web-based and fully mobile ready, and is integrated with compliant processing capabilities.

Simon has also been Accomplish Financial's Head of Partnerships and prior to this held founding roles with Monea and The Mint. This comes on top of extensive consultancy experience.



Aaron Gladman
CEO, Intercash

Aaron is currently CEO at Intercash, where he leads the business' strategic growth plan across new markets, products and jurisdictions. He also manages the Intercash leadership team and management direction.

Aaron has been with the business for more than 10 years and worked his way up from the position of Sales Executive. Possessing a deep passion for fintech, he prides himself on his competence in a wide range of platforms and an ability to quickly learn and adapt to new technologies.



About Marqeta

Marqeta's modern card issuing platform empowers its customers to create customized and innovative payment cards. Marqeta's platform, powered by open APIs, gives its customers the ability to build more configurable and flexible payment experiences, accelerating product development and democratizing access to card issuing technology.

Its modern architecture provides instant access to highly scalable, cloud-based payment infrastructure that enables customers to launch and manage their own card programs, issue cards, and authorize and settle transactions.

Marqeta built its simple, trusted, and scalable platform from the ground up to help companies design seamless payment experiences, streamline purchase flows, and bring products to market faster while minimizing fraud risk.

- **Card issuing:** Instant issuance of physical, virtual, and tokenized cards with direct provisioning to digital wallets
- **Card processing:** Real-time funding using our Just-in-Time (JIT) Funding™ feature with dynamic spend controls to reduce fraud
- **Card applications:** A suite of applications and tools that help you build, manage, and run your card program
- **Modern architecture:** Developer-friendly, modern open APIs, cloud infrastructure, and webhooks

Marqeta is headquartered in Oakland, California and is enabled in 36 countries globally. For more information, visit www.marqeta.com, [Twitter](#), and [LinkedIn](#).

You see a card. We see endless possibilities.

1. [Statista Cashless Society in Europe: A Winding Road](#)

2. <https://www.ecb.europa.eu/press/pr/stats/paysec/html/ecb.pis2021-956efe1ee6.en.html>

3. <https://www.statista.com/statistics/444328/number-of-payment-cards-european-union/>

4. <https://www.opusconsulting.com/Nilson-Report.pdf>

5. [From Statista Digital & Trends Fintech in Europe](#)

6. <https://www.ecb.europa.eu/press/pr/stats/paysec/html/ecb.pis2021-956efe1ee6.en.html>



twitter.com/marqeta



facebook.com/marqetainc



linkedin.com/company/marqeta-inc



www.marqeta.com