# Becoming a Prepaid Card Programme Manager

## What does it mean, what do you need to do, what are your responsibilities, should you do it?

**Date: September 2012**

# Background Introduction

- Many organisation consider setting themselves up as programme manager

- Generally many of these should probably not do so.  The key criteria 'generally' for setting up as a programme manager is as the name suggests to manage other programmes.  If a company is only going to manage its own programme, and is expected to have less than 50k and potentially less than 100k of cards then it is probably going to be more cost efficient, certain in the short to medium term to use a programme manager rather than becoming one.

- To set up as a programme manager means that you will need to pay for both BIN Sponsorship set up and processor Set up Fees along with having monthly minimums for both of these services

- Programme management should thus not be gone into lightly, however saying this as banks and processors continue to expand their offerings with processor+ services it is becoming increasingly easy to set up if the business case justifies the expense

- The following document outlines the role of a Programme Manager and what tasks a programme manager needs to carry out

- These 'takes' will vary depending on what role the programme manager wishes to take along with who the processor and BIN sponsor is
    - Different processors have different capabilities and this affects what is required from the programme manager involved in managing the programme

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# What is a Programme Manager

- In recent years the definition of what a programme manager is has become increasingly blurred

- Several processors as highlihted now provide such a range of services, even rebranding from being a processor to a prepaid solution provider that they are almost programme managers

- MasterCard has a registration process:  MSO ISP/TPP that clearly defines a programme manager as a body that has direct interaction with clients – even if through a sub contracted call centre

- Visa Inc. has a lighter registration process with no fees to pay



**Who Interacts With Whom**
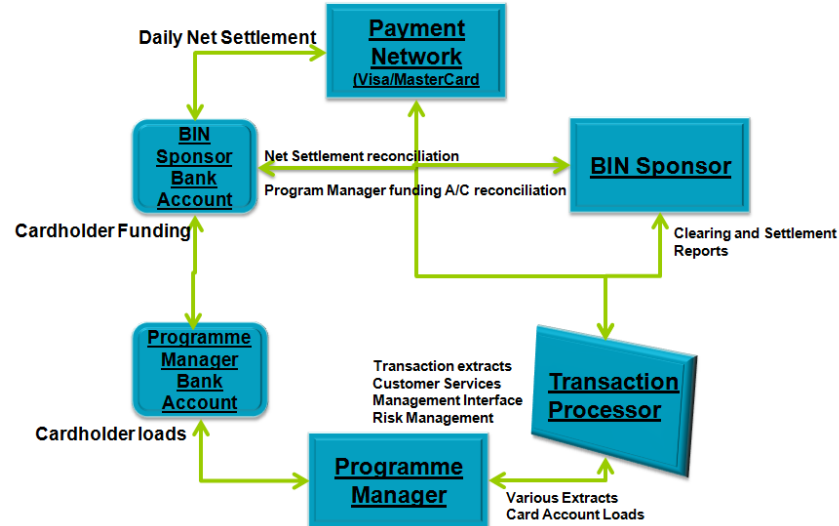
# The Prepaid Card Issuing Structure

- There are three key roles within the prepaid card structure each with their own responsibilities plus the programme manager.

**The Programme Manager**

- Co-ordinates and controls the different entities and disciplines providing an end-to-end solution for the end client
- Acts as an aggregator
- Brings experience and knowledge to the solution and frequently relationships with the third party brands.

**Bin Sponsor / Funds Deposit Holder**

- Provides the access to the network and regulatory compliance
- Has full financial and compliance obligations and is responsible for submission and approval of the programmes through card associations
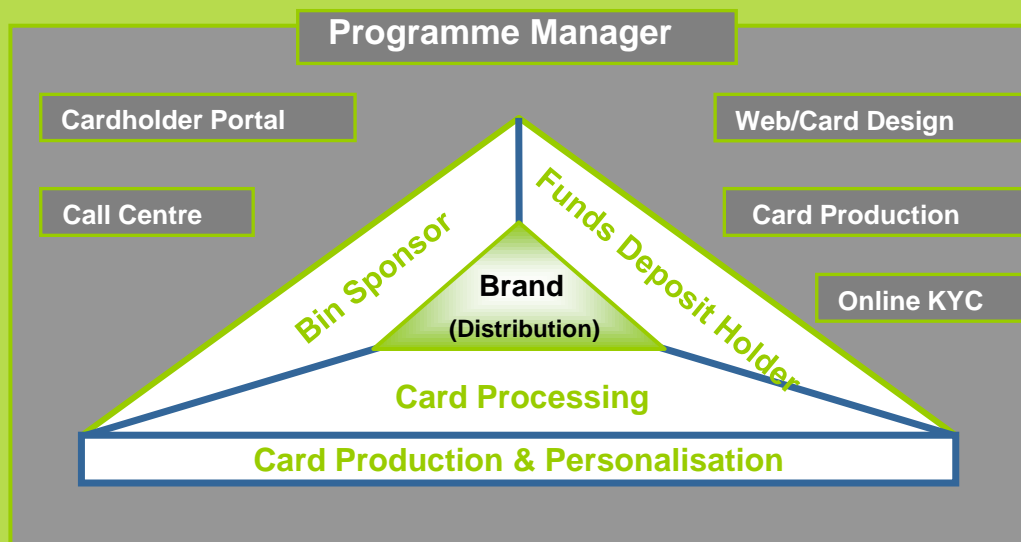
**Card Processor**

- Holds the virtual balance and processes the card payments
- Provides connection to the payment network.

Programme Manager

Cardholder Portal

Web/Card Design

Call Centre

Card Production

Bin Sponsor

Funds Deposit Holder

Brand (Distribution)

Online KYC

Card Processing

Card Production & Personalisation

**Card Production & Personalisation**

- The networks do have strict rules regarding card production in order to ensure security and minimise fraud opportunity. These rules cover all production and distribution elements of the process.

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# Responsibilities

- There are a number of key responsibilities that each of the programme components have jurisdiction over:

**Issuer**
- Compliance with Network Standards
- Ultimate  Regulatory and Financial Responsibility for Customer Service, Operations, Risk & Fraud Management
- Scheme Settlement & Reporting
- Approve Program Design
- Cardholder Agreement & Disclosures
- Securing the BIN
- Sign off and Approval of Network Paperwork
- Securing MasterCard Approval repeat of above
- Register MSPs, ISO's and TPP's, dependent on scheme
- Cross-selling to Issuer Customers
- Card Personalization Validation Explain?
- Reconciliation

**Payment Scheme**
- Franchise Development & Brand Standards Reviews and Approvals
- Programme Review and Approval
- Card Approvals
- ICBIN Setup and Configuration
- Risk Management Reviews
- Approve Vendor Registrations
- Generic Marketing Material Templates for specific segments

**Processor**
- Prepaid Platform
- Packaged Solution System
- System of Record for Accounts
- Issuer Side Auth, Clearing, and Settlement Processing
- Processor Reporting to Issuer

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# Programme Manager Responsibilities

- The core responsibilities of a programme manager can be broken down in four categories:

1. Sales
2. Operational/Programme Set Up
3. Marketing
4. Customer and Added Value Services

- We have seen programme managers often act either act as an outsource partner to large programmes or even banks where they do not want to 'manage' things themselves

- However more frequently the role of the programme manager is much more around acting as a B2B supply chain aggregator.  By amortising monthly minimums, set up fees etc over a number of programmes a programme manager can enable programmes to come to market that as individual activities would not be economically viable

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## Sales/RM

- Distribution 'Brands' who are often retailers, airlines or other entities are not bankers, they do not speak 'Bank Language'

- A key part of the PM role is to be able to take prepaid cards and make them relevant to those audiences, turn them from pure 'financial instruments' into practical business solutions or consumer propositions

- In addition the sales function acts as a 'filter', taking out the no hopes, no money, no real prospect of volume opportunities to identify those that have real potential

- They work with the brand to complete and agree issuer card programme profile to take to the BIN sponsor for approval along with the appropriate business case

- On an ongoing basis the RM then forms the key link to the brand partner recognising that all marketing materials must be signed off by the issuing bank Compliance Team

- As well as dealing with on-going relationship management

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## Operational/Setup/Project Management

- A programme manager once a 'sale is made' becomes the project co-ordinator between the Issuer, Processor and Brand

- The will normally:
    - Assist issuers with Scheme Applications and act as liaison with BIN Sponsor
    - Support where required AML processes/tools in place to meet BIN sponsor requirements
    - Ensure KYC processes/tools in place to meet BIN sponsor requirements
    - Support fraud management processes/tools in place to meet BIN sponsor requirements
    - Provide BIN Sponsor with monthly business forecast
    - Support the parties to ensure accurate and timely clearing and settlement with BIN sponsor
    - Provide 24x7 Lost & Stolen service - optional
    - Manage dispute management/charge backs on behalf of issuer
    - Define/agree any development requirements with issuer
    - Provide brand partner with programme MIS reporting
    - Work out with the BIN sponsor/ processor any BIN splitting or if a new BIN is required

# Customer and Added Value Services

- A key part of the aggregated solution most PM's offer is around customer and added value services

- These would often include:
    - SMS/email integration
    - Card services contact centre
    - Cardholder website that can be branded
    - Mobile enablement
    - IVR functionality for PIN and customer services
    - Card Production and personalisation supply/management along with bespoke/secure packaging
    - Integration to available load channels
      (if NI could offer POS loading through its acquiring network this could be a key added value element vis a vis other providers)

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# Marketing

- In many cases the PM is not involved in the marketing at all, other than to ensure all materials are compliant

- The key part of the value the brand brings to the solution is the ability to market/access their distribution channel in the best way

- Areas that a PM will often become involved in though are:
  - Card Design
  - Card Carrier design
  - Web Portal design

- Support around best practice

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# Where a Programme Manager Charges

- A programme manager will charge fees for all of the following elements
- Likewise up front card costs may be covered by the programme manger even, although rare
- Overall though the programme manager will normally make a mark up or take a share of all of the following:

**Set up and Card Costs**
- Set Up Fee
- Card production Cost
- Electronic/Manual  KYC processes
- Card Personalisation and PIN over IVR (IVR provided generally by the processor)

**Card Fees**
- Card Activation Fee (used to collect cost of card)
- Monthly Service Charge
- FX Markup Rate (Currency Conversion Charge)

**ATM Transactions**
- ATM Domestic Withdrawals
- ATM International Withdrawal

**POS Transactions**
- Domestic POS
- International POS

**Loading Transactions**
- Bank Deposit Load
- Post Office Load
- Initial Load Fee
- Card load by Retail Network

**Administration Transactions**
- Lost/Stolen Replacement Card
- Card Cash Out

**SMS Transactions**
- SMS or ATM balance
- SMS block
- SMS unblock

**IVR Transactions**
- IVR balance
- IVR transaction history
- IVR transfer to customer services age

**Other Income**
- Interest on Float
- Interchange

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# How can Polymath Consulting Support – you decide 'Use a PM'

- The first point is that as a result of your analysis you decide you do not want to set up as PM but rather use one in the short/Medium/Long Term.

- Using our unique database we can assist in quickly identifying from the over 30+ PMs in the market which ones will meet your needs best

- Further not only can we get you the best pricing. but we can accelerate you to market, we know who works with whom what BINs they have set up and what types of business they prefer

- We can thus  help you run the RFP process to ensure the best value and overall solution is obtained
    - We can even run our mini fast track RFP if you have key deadlines to meet to get live
    - Otherwise a typical RFP including contracts may take you 6 – 12 weeks

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# How can Polymath Consulting Support – you decide 'Become a PM'

- We can uniquely accelerate your time to market

- Once the 'Gaps' are identified Polymath can further outline where it can assist but some examples of possible support could include:

- At one end we can offer a full outsource service covering every detail of the set up from contracts to liaising with banks and processors leaving you free to concentrate on other key areas

But also more specifically we can create a bespoke support package covering elements such as:

1. Business structure, Job specification support and even screening interviews
2. Initial programme implementation and support
3. Ensuring processes set up for Marketing Material compliance
4. Financial structures and charges
5. Marketing understanding
6. Cardholder portal review
7. Support on reconciliation
8. Putting in place relevant AML/Fraud policies and procedures
9. Partner on-boarding processes and systems

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