

Level Up Your Payments Technology



Agenda and Speakers

- History of Payments Tech
- Current Technology Trends
 - ✓ APIs
 - ✓ Digital Wallets
 - ✓ BNPL
- How This Affects CUs
- What a Partnership Can Offer



Adam Field

Director of Market Intelligence



Allen Rodrigues

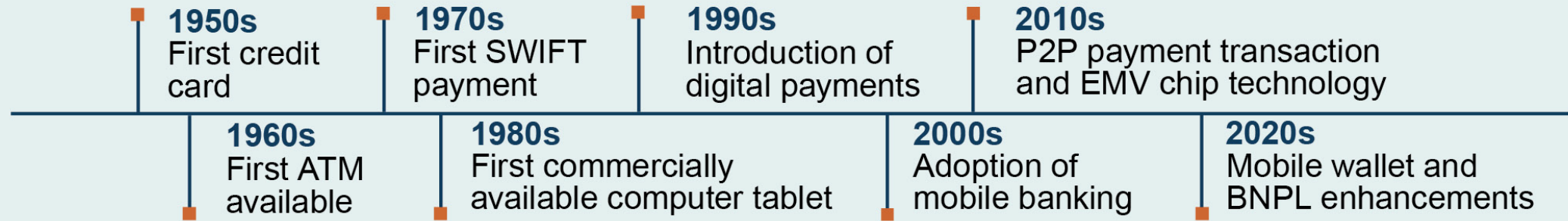
Head of ExtendPay[®],
Digital Wallets and
Payments Capabilities



Mitch Pangretic

SVP, National Market
Director

Modern Day Technology



Source: MX Technologies, Inc.

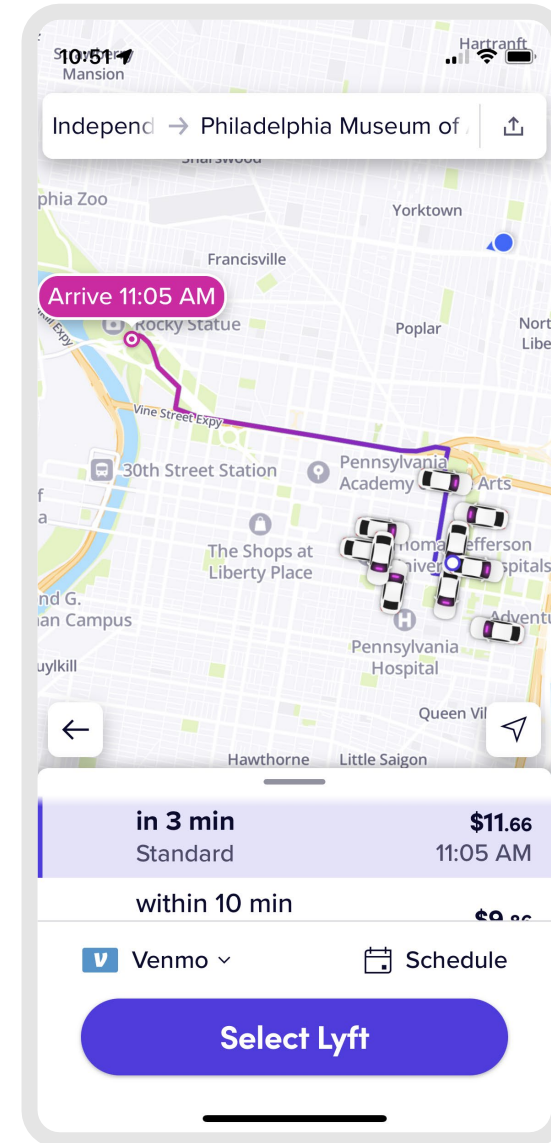
- The evolution of digital banking began in the 1950s with the introduction of the credit card.
- Today, with technology so ingrained in our daily lives, the digital experience is more important than ever.
- Roughly 40% of users say that a poor digital experience reduced how often they bank at a financial institution.

Understanding APIs – What are they?

- API stands for Application Programming Interface
- APIs are secure, direct lines to specific data
- Elan partners can seamlessly plug our APIs into their cardmember portals and web apps
- By extension, cardmembers can then access a wide range of information

2023 global survey on APIs in banking revealed that 88% of respondents believe APIs have become more important over the past two years¹.

1. [Elan](#) "Past, Present, Future: Technology in Payments."

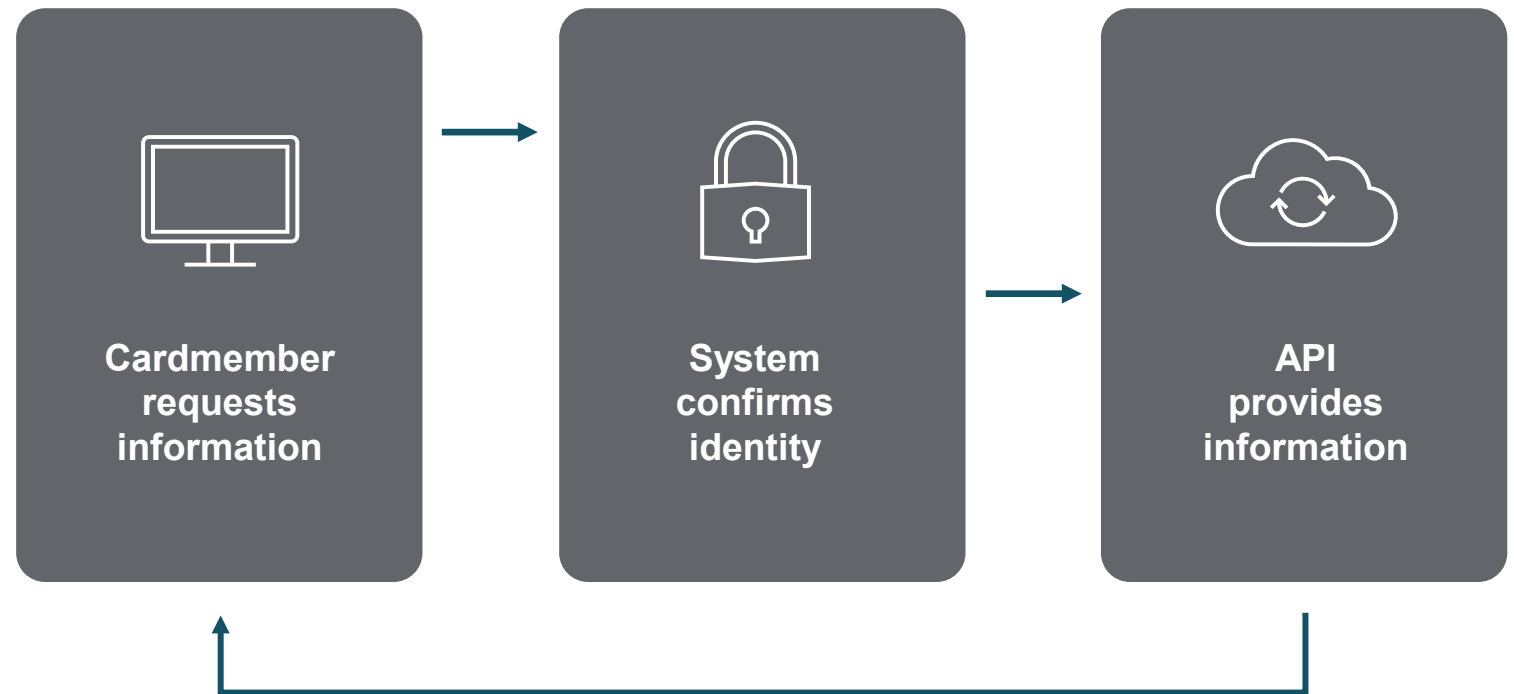


APIs make apps like Lyft possible

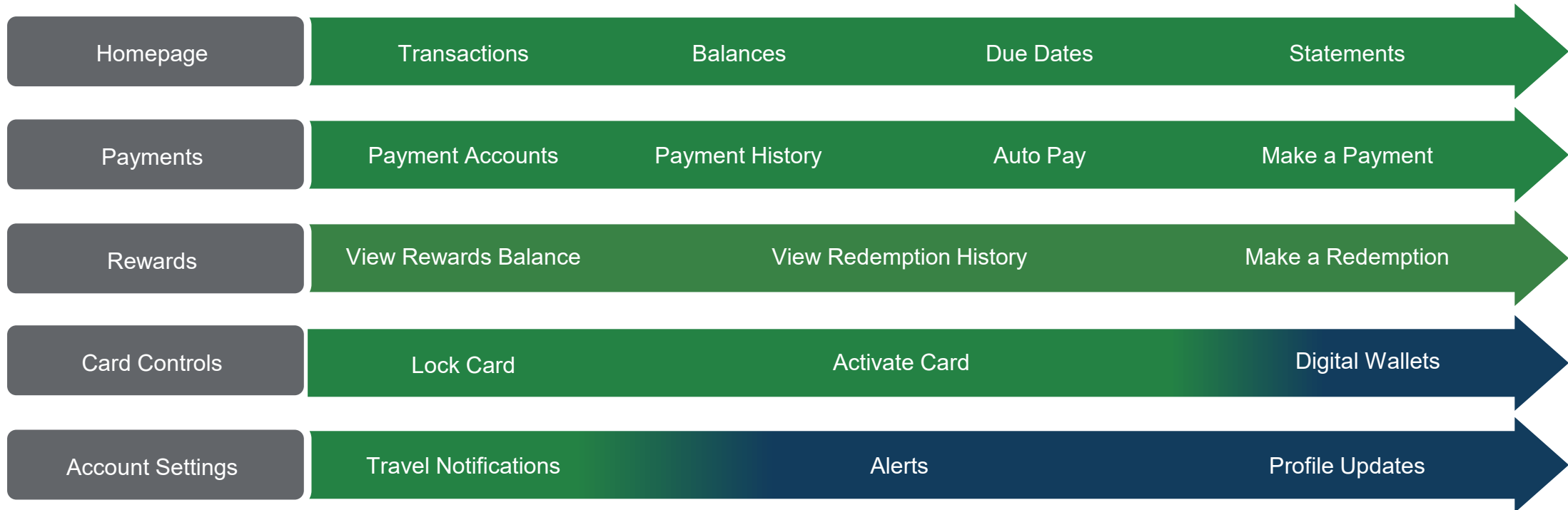
- Google maps API
- AWS API
- Venmo API

Understanding APIs – Why do they matter?

- APIs are used to improve the cardmember experience with easier-to-navigate portals
- They empower cardmembers with incredibly accurate, real-time information
- They are also secure and simple to set up with the guides available in the [Elan Developer Portal](#)

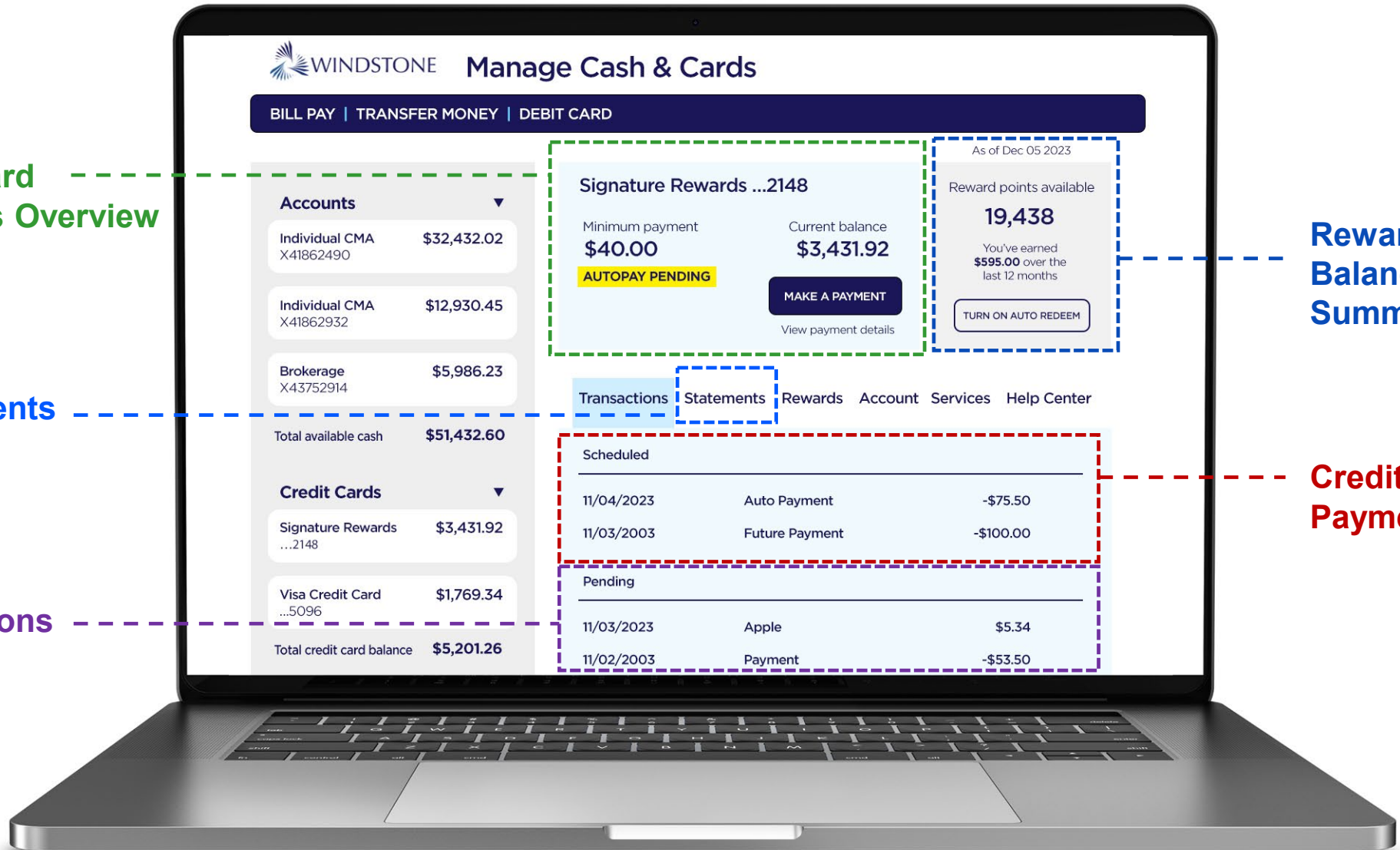


API Cardmember Journey



- Production API
- In Development

APIs working together



Digital Wallets

Digital Wallets' usage has been growing at >50% YoY¹. Elan supports all major digital wallets.



- A recent study estimates that digital wallets will account for 61% of e-commerce payments and 46% of point-of-sale payments worldwide by 2027²
- In addition to being able to add their cards from each “pay” app, Elan will also allow customers to “push” their card into their wallet directly from the Elan app
- We expect to continue to add more functionality to get our cards to the top of wallet with features such as “tap to add card” etc. rolling out next year

¹ Elan “Past, Present, Future: Technology in Payments.”

² CUInsight “Consumers have embraced digital wallets. But they also want them to be better”

A Generational Shift Towards Digital Wallets – By the Numbers

- **53% of people use digital wallets**⁴ rather than traditional credit card payment
- Baby Boomers prefer credit cards for purchases while Gen Z embrace digital wallets and mobile apps⁵



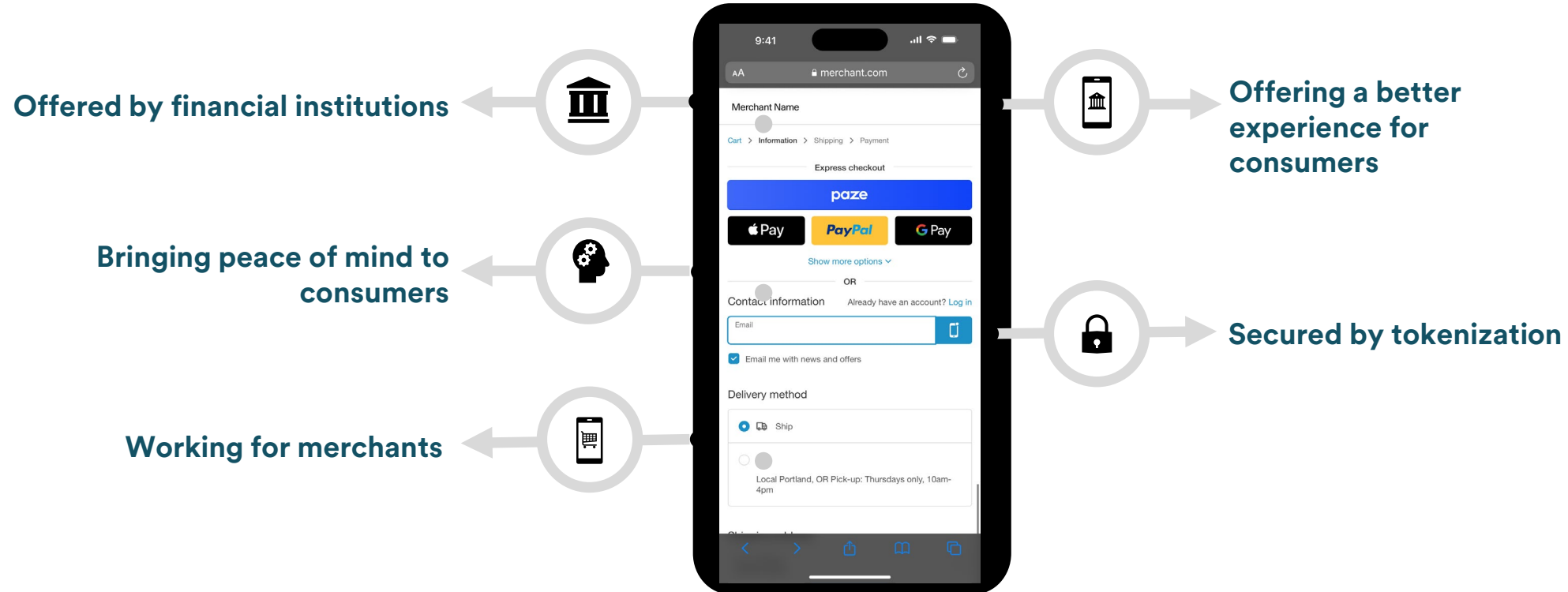
⁴ [Forbes](#) – “Poll: 53% Of Americans Use Digital Wallets More Than Traditional Payment Methods”

⁵ [Digital Commerce 360](#) – “Optimizing The E-Commerce Payment Experience: A custom report for PazeSM from the editors of Digital Commerce 360.”

⁶ [Bolt](#) – “All You Need To Know About Gen Z Payment Preferences”

What is Paze?

A new initiative brought to merchants and consumers by financial institutions powered by Early Warning® – the same company that launched Zelle for peer-to-peer payments – which is owned by seven of the largest banks in the U.S.



Why should consumers want to use it?

Benefits of Paze

Offered by seven of the largest banks in the U.S. operated by Early Warning Services the Paze solution offers the experience consumers expect from their financial institutions while delivering a convenient checkout experience

- ✓ Consolidation of consumer cards into a single wallet – with no manual entry of full card details
- ✓ No new passwords or usernames to remember
- ✓ No registration or app to download
- ✓ No need to set up new cards or update expired ones
- ✓ Additional layer of security through network tokenization
- ✓ Easy checkout experience

Consumers trust their banks more than other providers to provide digital payment solutions.³

BNPL / Installment Lending

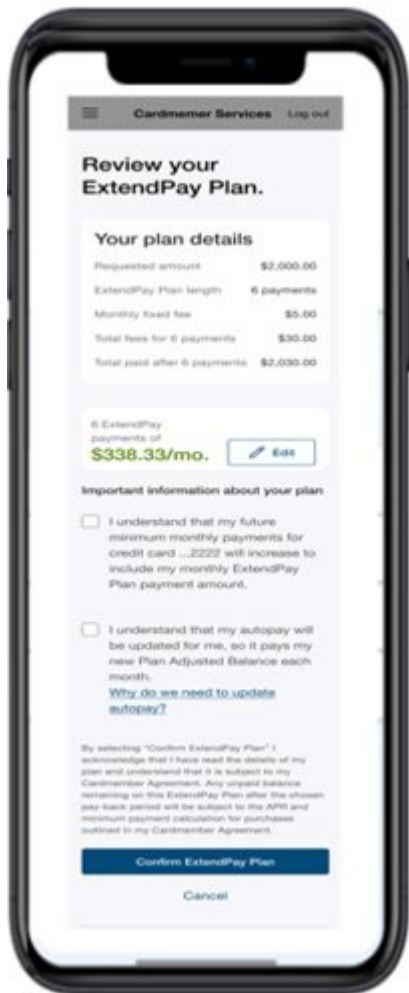
- BNPL financing allow consumers to split payments for an individual purchase into monthly or extended payments.
- Financial industry forecasting predicts that in the U.S. alone, BNPL transaction value will rise from \$80.8 billion in 2024 to \$124.8 billion in 2027
- BNPL started with firms such as Klarna or Affirm, which offered the payment option at checkout with certain businesses and let users manage their purchases and payments in a separate app.
- Now, a similar fixed term repayment feature is available to many cardmembers via their credit card.



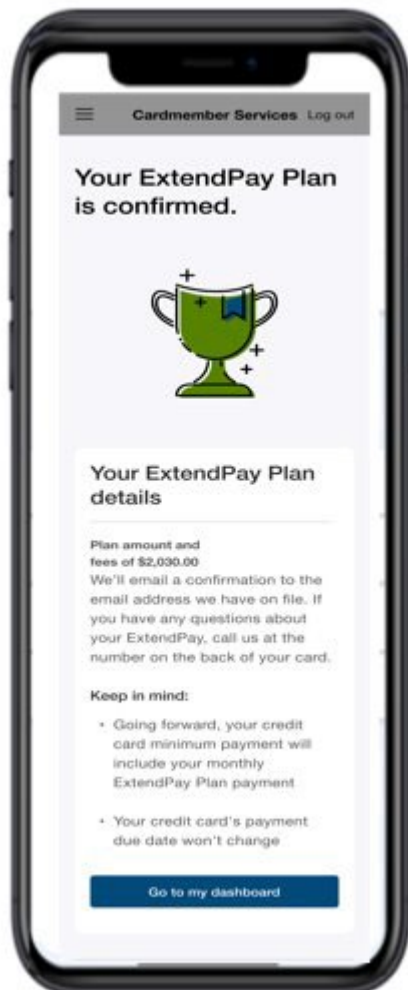
Card ExtendPay[®]

Customers no longer need to use an external company to pay off large purchases in equal monthly installments. They can simply use their existing credit card to do so.

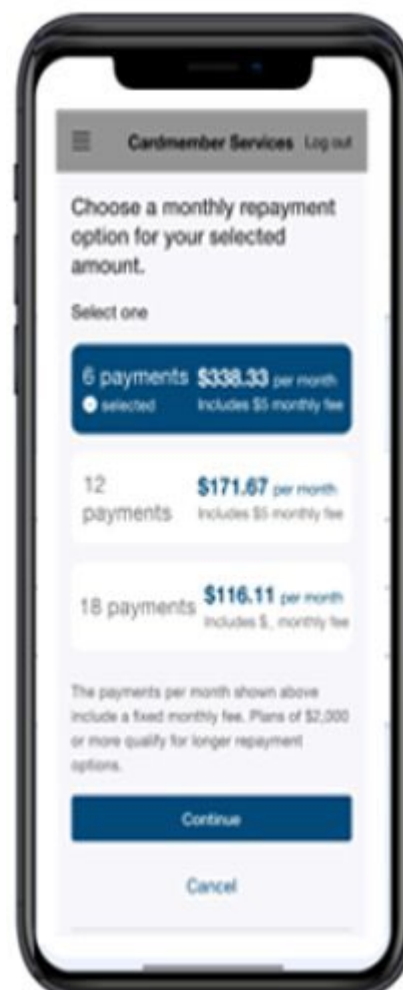
1) ExtendPay Overview



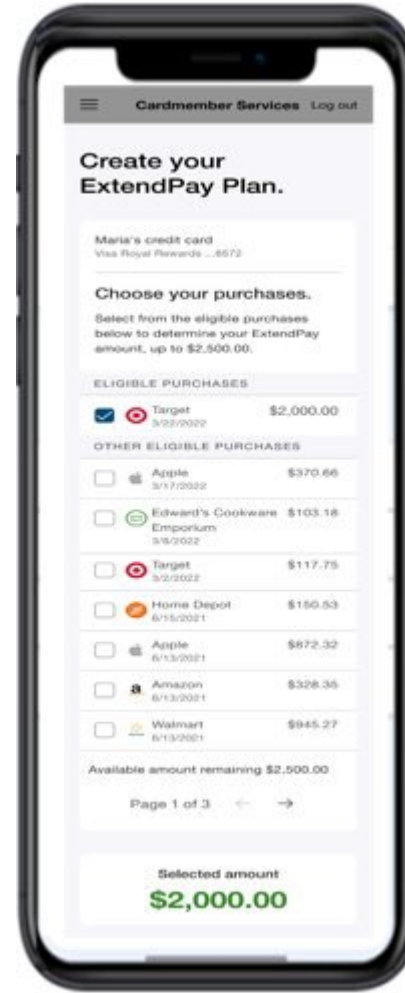
2) Select Transactions



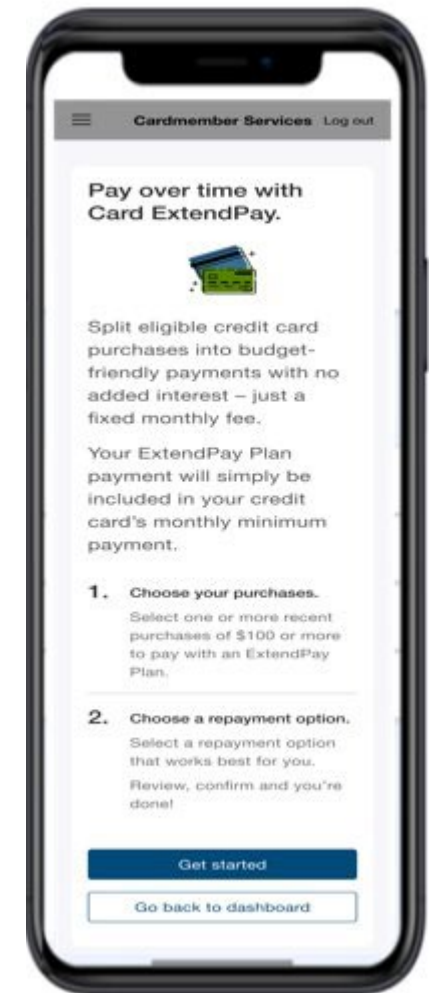
3) Choose Term



4) Review and Confirm Plan details



5) Plan confirmation



Card ExtendPay[®] Benefits

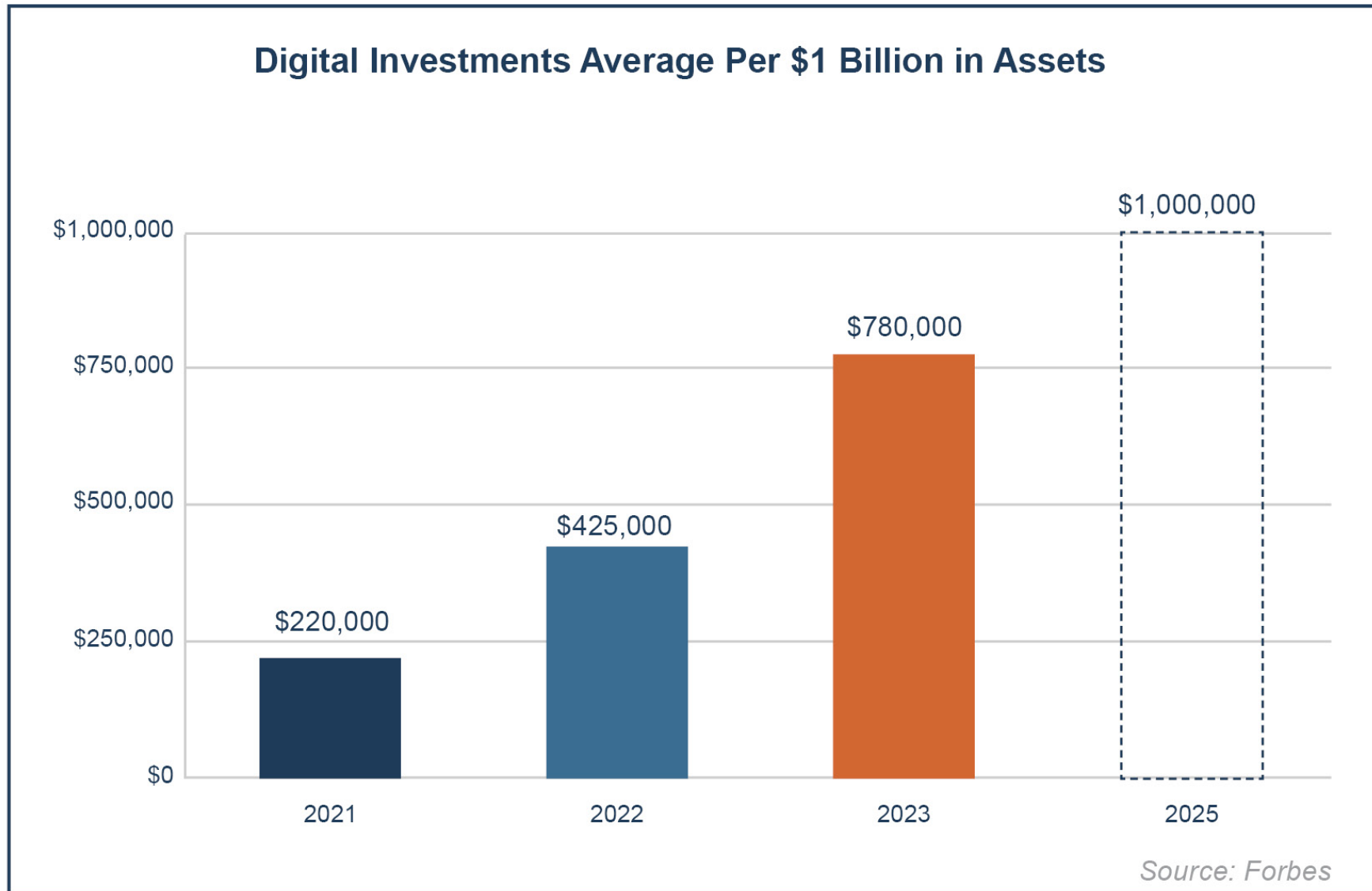
- Allowing customers to use their existing cards to create installment plans is a way to protect the credit card business
- We have learned some interesting things about this product including:
 - Appeals to customers across the FICO spectrum, including higher FICO customers
 - Appeals to not just revolvers but also transactors (~50% of uptake is transactors)

How This Affects CUs

- Almost 80% of cardmembers aged 65+ have enrolled in their card's mobile app.
- This percentage increases with younger members.
- It's critical that credit unions prioritize technology investments to maintain low attrition and build their member base.
- In a 2024 survey of CFOs, 34% of finance leaders are currently exploring emerging technologies — up from 27% in 2023.
- Tracking and implementing emerging technology will ensure your members are protected and engaged.
- This can have a large impact on overall budget.



How This Affects CUs



Source: [Elan](#) "Past, Present, Future: Technology in Payments."

Elan Partnerships



A partnership with Elan alleviates the investment in technology for our partners along with compliance, regulatory requirements, risk and more.



Elan is a leader in the payments industry bringing competitive technology and products to over **3.7 million** cardmembers at more than **1,300** financial institution partners across the country.



Our **99.3% partner renewal rate** reflects how valuable our program model, staff, technology and products are to our partners and their cardmembers.

Questions?

Scan the QR code to download the whitepaper.

Past, Present, Future: Technology in Payments



Today's payment landscape is booming and members are technologically savvy in a way that no generation has been before. The evolution of digital banking began in the 1950s with the introduction of the credit card¹. In each decade since, the financial services industry has continued to make significant progress and there are no signs of slowing.

Each new stage of advancement brings higher expectations from members and their desire for an instantaneous, protected, and intuitive experience start to finish.

Year	Event
1950s	First credit card
1960s	First ATM available
1970s	First SWIFT payment
1980s	First commercially available computer tablet
1990s	Introduction of digital payments
2000s	Adoption of mobile banking
2010s	POS payment transaction and EMV chip technology
2020s	Mobile wallet and BNPL enhancements

Source: NCR Technologies, Inc.

It's critical that credit unions prioritize technology investments to maintain low attrition and build their member base. This can have a large impact on overall budget and employee workload. In a 2024 survey of CFOs, 34% of finance leaders shared they are currently exploring emerging technologies — up from 27% in 2023.²

Tracking and implementing emerging technology will ensure your members are protected and engaged. Read on to learn what strategies credit unions should adopt and solutions to help diversify the investment.

¹July 2024, "50 Years Since We Landed on the Moon" <https://www.mcc.com/banknews/whitepaper/space-landing-50-years>
²April 2024, "CFO Insights Report" <https://www.schwab.com/cfo-insights-and-commerce-banking/cfo-insights.html>



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