

Prepaid Products Managed Services Provider



Dave Eason
CEO
Officer

CEOCFO: *Mr. Eason, what is Berkeley Payment Solutions?*

Mr. Eason: Berkeley Payment Solutions is a managed services provider of prepaid products for financial institutions, corporations and governments. Prepaid is an emerging payment vehicle used by MasterCard, Visa, American Express and others for all kinds of applications. Our job is to work with financial institutions, corporations and governments to enable them to provide different types of prepaid products that are in demand from their client bases.

CEOCFO: *What were some of the challenges in creating the programs?*

Mr. Eason: The first challenge in launching prepaid programs is the need to coordinate and manage multiple partnerships. A single company does not produce prepaid programs - there are multiple stakeholders involved who all must work in concert. We work with issuing banks, payment networks, processors, card manufacturers, and IT companies to put it all together. Our clients view us as a single service turnkey solution provider, so for us to deliver a fantastic product we have to ensure that the right partnerships are in place to enable success.

The second biggest challenge would be the changing regulatory landscape. Regulators pay a lot of attention to payment products due to anti-money laundering requirements (among others). Prepaid is a vehicle that is fairly new, so the regulatory arena is in constant flux. Many larger financial institutions in particular have struggled with the prepaid business model, which is best suited for companies like ours that are highly specialized, are smaller, and are nimble enough to move with regulatory changes.

CEOCFO: *What is a typical engagement for you?*

Mr. Eason: We have two types of engagements. For one, we provide back-end, prepaid services to some of the largest financial institutions in the world. A typical day would be meeting with them, making sure that we are implementing IT requirements, and making sure that we pass all of their safety, risk and compliance audits. We also make sure that we design products that drive significant volumes for the banks, and provide day-to-day management and reporting of those products with key success metrics. Our second type of engagement is selling prepaid solutions to corporations. For example, automotive companies approach us to help drive dealership traffic with incentive programs, consumer packaged goods companies use prepaid for rebate programs, and HR departments use our products for reward and recognition programs. Our job is to work creatively with these companies, help them design a product that really fits and drives their business needs, and make sure that we execute and monitor the successful implementation of the product.

CEOCFO: *What goes into designing a program?*

Mr. Eason: We have well over 500 corporate customers, so we have seen things that work very well with some companies and not so well with others. The first step to designing a program is communication with the client. When we are engaged early, we can bring ideas to the table based on our experience with many different industries and companies.

Designing a program also requires clients to understand what business results need to be met based on their needs. Do the requirements meet the best practices in terms of how to manage incentive programs? Is the program sufficient for them to move the needle in terms of attaining their business results?

An example of this would be a company looking at engaging their sales force by giving them bonus sales commissions, using prepaid cards as the vehicle. Rewards should be rolled out on a regular basis, so the prepaid card should be one

that can be reloaded on the fly, with commissions pushed out in a timely manner based on the target that the sales team hits.

What you do *not* want is a card program that is loaded just once at the end of the year, because then the reward is not top of mind for recipients. We also help our clients understand how much they should be loading onto cards, how frequently they should loading, what communications are going out with respect to the card program, and all the metrics aligned to what it is they are trying to achieve.

CEOCFO: Are there solutions that you know that work well but they just do not seem to fly with your customers?

Mr. Eason: Because prepaid cards have drawn a lot of attention over the last few years and it is a new growth area, a lot of banks and companies are still trying to understand the product.

Many of our HR clients are used to flipping through incentive catalogues for corporate rewards and recognition products, looking at things like company jackets, golf clubs, or crystal globes for years of service awards. These solutions used to work well, but they don't fly with today's multigenerational workforce and an on-demand internet age that lets you shop for anything, anytime.

When clients come across prepaid cards, it is exciting to talk to them about the creative possibilities for all types of internal incentive programs. The applications are very diverse. For example, think about issuing reloadable prepaid cards to all company employees and loading those cards with money based on the successful completion of employee goals like hiring referrals, or company training, or sales prospect conversions.

Plus, since prepaid cards can be used anywhere Visa or MasterCard are accepted, recipients can buy whatever reward is most meaningful to them. Surveys have shown that employees widely prefer receiving prepaid cards over other types of rewards. Why? Because they receive the most valuable gift of all: the gift of choice.

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- Dave Eason

CEOCFO: How do you reach prospective customers and educate the market in general?

Mr. Eason: We have certain verticals that we go after, and they are primarily automotive, telecom, consumer packaged goods, consumer electronics and software.

The challenge for our sales force is contacting decision makers at the right level in organizations. If we are speaking to someone fairly junior, they might be reticent in terms of bringing our programs forward and presenting to senior management if the product is deemed risky.

Our job is to get prospects interested, convey the value, and communicate on a regular basis. We also work closely with our financial institution partners. They have hundreds of thousands of commercial clients whom they approach with this product, so we support their referrals as well.

CEOCFO: What is some of the push back?

Mr. Eason: I think many new products, especially in the emerging payments world, are sometimes perceived as a risk. Sticking to the status quo is always the easiest decision. Some people see the adoption of new products as a risk, but some see it as an opportunity. It really depends upon the mindset of the organization and the mindset of the people within the organization about bringing upon a change. For us, education is key to overcoming people's doubts, and we have hundreds of clients who now understand that there are far superior ways of managing and delivering disbursements, rewards, and recognition platforms.

CEOCFO: Does the card network or pricing matter?

Mr. Eason: Generally not for the consumer, since both networks (Visa and MasterCard) are widely accepted globally. A prepaid card is as close to cash as you can get in terms of acceptance around the world. Some people have their preferences, but I would say most people do not. We provide cards that operate on either network, and we let the client make the choice.

CEOCFO: *How is business these days?*

Mr. Eason: It is great. It's fun carving out our spot in the payments space and providing something that is new and innovative. It's fun launching new products that people are not aware of, and we are successful at it, so that makes it even more fun.

CEOCFO: *What is your geographic range?*

Mr. Eason: It is North America.

CEOCFO: *Are there security issues with the prepaid cards?*

Mr. Eason: Prepaid cards are a financial instrument so we take security very seriously. The amount of risk on a non-reloadable prepaid card compared to a debit product or credit product is miniscule. Often, people's names are not even attached to the product so we do not have to worry about the privacy aspect. There are limited funds that can be put on the product, so we do not have to worry about high card velocities and fraud potential. Nevertheless, since this is a financial product, we are careful to ensure that we meet and exceed security requirements laid out by the industry and by regulators to ensure the protection of clients and cardholders.

CEOCFO: *What is the difference if the company's name is on the card? Does the physical design of the card make a difference?*

Mr. Eason: I think it makes a significant difference. I am always amazed at people's interest in the design of payment cards. My wife had a Starbucks card from Australia, and when she would use it here in Canada people would offer to buy it on the spot just because of the beautiful card design.

What makes this product most effective is when companies brand the card with their logos and with their own personalized designs. When a prepaid card is given to customers, channel resellers, or employees, people typically use it as their "fun money." It's not part of their salary so it doesn't get automatically deposited into their bank account and forgotten about. And because prepaid cards can be used almost anywhere to purchase almost anything, people tend to treat themselves with a dinner out, or new electronics, or clothes, or sports equipment. By having a brand clearly visible on the card, it strongly reinforces the connection with the cardholder's purchase. There is great power in being directly associated with an employee or consumer purchase, so branded prepaid cards are highly visible vehicles for building brand equity and loyalty.

CEOCFO: *What is next? What might be different a year from now at Berkeley Payment Solutions?*

Mr. Eason: Growth. We are a high growth company, so we look forward to hiring more people and working with more banks. Growth requires constant innovation, so we are always updating and enhancing our product features and platforms, and always pushing the envelope to deliver easy to use and successful products.

CEOCFO: *Why choose Berkeley Payment Solutions?*

Mr. Eason: The big Canadian banks and our corporate clients partner with us because they trust our systems, processes, and products, they understand we have extensive and specialized experience in the prepaid space, and they know we can deliver services in an agile fashion, enabling them to focus their resources on their broader client relationships. I think we are the only company in the world that has this many partnerships in the payments space, and there is a reason for that: we know what success looks like, and we will act as a partner to help drive that success for all of our clients.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

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