WHITE PAPER

# CardNav by CO-OP
## ESTABLISHES SOLID BASE FOR PAYMENT CARD CONTROL AND SECURITY

### New CardNav 3.0 Adds to Technology's Functionality and Convenience

Introduced in Q4 2014, CardNav by CO-OP is more than just a unique smartphone-based payment card control and alert application for credit unions. It represents the foundation of a powerful, evolutionary security platform guarding credit union members against fraudulent card use or abuse.

In Q3 2015, CO-OP Financial Services launched CardNav 3.0, adding a new level of convenience and power to CardNav. Among many new features, CardNav 3.0 enriches the functionality and intuitive ease-of-use for cardholders and provides the ability for users to directly control card transactions while also benefiting from real-time security against fraud.

CardNav provides optimum card security without the need to discard or radically change the primary CardNav program as new technologies arise, says Michelle Thornton, Director, Product Development, for CO-OP.

"CardNav is a foundational technology that, once in place, will provide the cardholder with continuing security against fraudulent use and is designed to grow in power and functionality as new features are added to that platform," says Thornton. "CardNav enhancements will be evolutionary, not revolutionary, and once a credit union member is on board, they will not have to worry about an entirely new product that will make the existing CardNav technology obsolete. It will continue to grow in functionality, so it will never grow old."

Cardholders who are signed up for CardNav now can use it to monitor and control purchases based on the following factors:

**On/Off Switch.** The cardholder can immediately turn the card off if he or she is alerted that the card is being used for unauthorized or suspicious purchases that could be fraud. If everything is OK, they can immediately turn the card back on. In addition, the cardholder can turn the card off if he/she misplaced it or left it behind after making a purchase.

**Merchant.** Approved merchant categories for which a card can be used can be limited to such purchases as gas, travel, restaurants, groceries, household items, personal care, entertainment and department stores – whatever the cardholder mandates. This control also allows the cardholder to restrict the purchase of such items as liquor and tobacco products.

**Transaction.** The cardholder specifies specific transaction types and dollar amounts such as certain in-store and/or online purchases, or ATM cash withdrawals.

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**Dependent.** Parents can, for instance, set card controls for their college kid(s) who are attending school away from home. Also, businesses can set controls per employee based on their position, corporate rank, etc.

**Location.** The cardholder can specify a geographic area where the card can be used, such as in and around a college campus, or a company sales region. A transaction will be denied if the card is used outside the pre-determined area.

The new CardNav 3.0 app provides significant improvement in member usability and performance, including an updated user interface and enhanced locations controls, Thornton notes. Advances have also been incorporated into the mConsole, the CardNav reporting dashboard available to credit unions, which now provides collapsible panes to help categorize common data elements, as well as more user-friendly Transaction Details and Card Details pages, and new buttons that allow users to refresh all data elements on a page without closing and reopening tabs.

Rachna Ahlawat of Ondot Systems, creator of CardNav technology, says that based on the company's research, CardNav makes a real difference with cardholders and tends to move CardNav cards to top of wallet. "CardNav puts credit unions in the lead when it comes to advanced payment card functionality and security," she notes.

Ahlawat points out that Ondot's recent consumer research based on comparable control and alert products underscores four key market segments using CardNav-type cards: (1) Active card users who will use their cards even more; (2) Inactive card users who may be concerned about fraud begin to use their cards; (3) "Dependent card users," such as college students whose parents feel comfortable providing them with a card because of control protections; and (4) Businesses that also feel more comfortable providing employees with cards that are under direct control of the employer.

The research, covering a six-month period, quantifies significant improvement in how frequently the payment cards were used and the technology's performance in terms of increasing card revenue and reducing fraud. According to the Ondot study:

- There was a 60 percent decrease in fraud.
- A 54 percent increase in frequency of card usage.
- A 48 percent increase in purchases made by a card.
- A 13 percent increase in the number of cardholders.

## Credit Unions Roll Out CardNav

CardNav is being rolled out to members by a growing number of CO-OP credit unions nationwide as the need for increased security against fraud becomes a top priority for all consumers. On the leading edge of promoting CardNav is Bethpage Federal Credit Union based in Long Island, N.Y., with 252,000 members, which also served as the primary beta test last year for CardNav's pre-launch.

According to Shanta Sewnarain, Assistant Vice President, Operations and Risk, Bethpage is planning a major marketing push this summer and fall to target the credit union's 32,000 mobile banking customers. This will be followed with a wider, multi-level marketing and information program including prominent use of social media and even a contest to reach Bethpage's 130,000 debit card customers in concert with promotion of its new EMV cards.

"With fraud on the rise, we encourage our cardholders to download and use CardNav by CO-OP to help prevent and mitigate losses," Sewnarain explains. "With CardNav, we know from experience that we can reduce fraud and empower our cardholders by giving them this easy, intuitive tool to protect their payment card, which can also build card loyalty and increase usage."

Other CO-OP credit unions are joining Bethpage to make their mark with CardNav. Tarrant County's Credit Union in Fort Worth, Texas, launched CardNav earlier this year and is the first credit union in Texas to offer the new product. Karen Knight, Vice President/IT, reports that TCCU is promoting CardNav to its 10,300 members through online announcements and special events.

One of the events was to treat members to a CardNav "test drive" in the lobbies of the credit union's branches during member appreciation day so they could see first-hand how it works. "We hear only positives," says Knight. "The members who are signed up for CardNav love it."

Sharonview Federal Credit Union in Fort Mill, S.C., with 68,000 members, is using a highly targeted campaign to initially promote CardNav to 2,000 of its members who are frequent users of debit cards and/or mobile banking. Stuart Graham, Assistant Vice President of Loan Servicing and Card Services, says that instead of trying to explain all of CardNav's features at one time, the marketing campaign is measured and messages are designed to be clear and simple with two or three features promoted. However, he states that fraud alert is without question one of the key features for the credit union's 27,000 debit cardholders.

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Sharonview's promotion kicked off with an online product announcement trumpeting that CardNav allows members to "manage how, when and where your Sharonview debit cards are used." The marketing package included a personalized email letter sent through Sharonview's Marketing Portal to targeted members along with a short promotional video. "Looking ahead, we are very excited about CardNav as we continue to roll it out," says Graham. "It fills gaps in our payment card products that aren't currently filled."

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> Assistant Vice President, Operations and Risk
> Bethpage Federal Credit Union

Smaller credit unions such as Alpena-headquartered Besser Credit Union, with 8,470 members in Northeastern Michigan, see the value of CardNav on a smaller but no less valuable scale. Karen Newhouse, Manager of Payment Cards, says CardNav was launched at the credit union's annual employee/membership meeting with a video presentation and with ongoing promotion including lobby posters and its member newsletter.

"It's a great tool for our members and I know our user base will grow as we continue with our promotional campaign," Newhouse says. "Since we are a small credit union, word of mouth also becomes an important way to promote our products and services, which will benefit CardNav."

And, in Bend, Ore., Mid Oregon Credit Union has discovered that Millennials are a fruitful target for CardNav, due to the innovative technology, according to Kyle Frick, Vice President, Marketing. However, CardNav has caught the attention of many of the credit union's 24,000 members, such as the local Ford dealer who are impressed when they see first-hand how it functions.

"Seeing is believing and I use my smartphone to demonstrate to people how it works, and to a person they are impressed," says Frick.

Mid Oregon CU launched CardNav earlier this year with a full court press promotion that included articles in its newsletter and website, online banking message with a link to the promotional video, lobby displays, statement inserts and word of mouth among the tightly knit community of credit union members.

Frick points out that incorporating CardNav into Mid Oregon CU's financial services was accomplished with relative ease since it's a turnkey product from CO-OP.

"It's a great tool that gives our members added security and peace of mind," he says.

## CardNav Here at Right Time

CardNav by CO-OP is here at the right time, according to data reported in the Aite Group 2014 research report, "Global Consumers: Concerned and Willing to Engage in the Battle Against Fraud." The survey points out that 77 percent of global consumers are "very interested" in being contacted about suspicious activity on their cards or accounts via a phone call, email or text message, and 73 percent of global consumers prefer that their bank not post transactions to their card until they respond to a fraud alert. A 2011 study by Javelin Strategy and Research indicates that even four years ago 6 out of 10 U.S. consumers considered mobile banking and alerts a necessity when choosing a financial institution.

The Federal Reserve System's "Consumers and Mobile Financial Services" 2015 report points out that uncertainty over security "continues to be the main impediment to the adoption of mobile financial services." When asked why they didn't use mobile banking, 62 percent of non-mobile-banking respondents said that concern about the security of the technology was the primary reason and 34 percent said they simply didn't "trust" mobile banking.

"Card control and alert features such as those provided by CardNav are more important than ever because they can overcome some of these concerns by enabling cardholders to see fraudulent card transactions in real time and prevent the fraud before it happens," Thornton says. "This greatly enhances their sense of control and comfort level, which means they will most likely use their card more frequently and for more expensive purchases."

For more information, contact Business Development at 800.782.9042, ext. 7140 or send an email to sales@CO-OPfs.org

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