

Metal cards in sync with evolving customer expectations

PAYMENT

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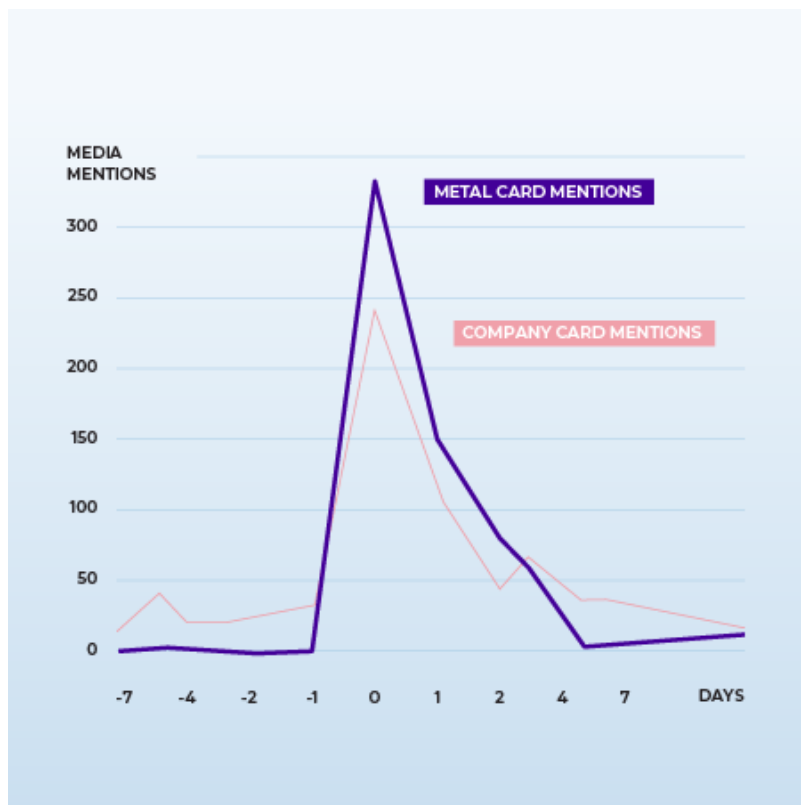
Today's consumers are increasingly looking for products and services that are compatible with their values and lifestyle. This trend isn't lost on BigTech companies, who have been adapting offers to create ultra-personalized experiences aligned with growing customer expectations—miles away from the mass market one-size-fits-all model. Numerous banks all over the world have responded to this trend by launching custom metal credit cards and debit cards, which in some cases, can be customized down to an individual level for a truly unique payment experience.

The rising expectations of a growing middle-class for more customization

Populations around the world are climbing out of poverty—with more than half of the world's population projected to be in the middle class by 2030¹—and Millennials are inheriting the accumulated fortunes of their Baby Boomer parents, which will represent **one of the greatest wealth transfers in the modern times**². On the heels of these massive trends, global middle class spending is forecasted to increase by over 40% between 2020 and 2030.³

Interestingly, consumers in these middle-class customer segments are not only using their increased wealth for traditional high-ticket products from the most exclusive brands, they are also **willing to pay a premium for products that resonate with their lifestyles and values**. In an Instagram world, the image that a product projects about its user has become a decisive factor in purchasing decisions.

Zooming in on payments, today's consumers don't just see cards as a piece of plastic they use to purchase items with, but rather as an accessory in and of itself. In short, the debit or credit card design is an expression of their personality. This trend can be seen in action through the millions of social media posts of customers posing with their payment cards, in particular metal cards. Jeffrey Pilcher, CEO, President and Publisher of The Financial Brand comments: *"people are gushing on social media platforms like Twitter and Facebook. This level of consumer fanfare is something we've all come to expect when Apple rolls out its latest gadget... but a credit card? It's unheard of"*⁴. The graph⁵ below underlines this phenomenon:



FinTech issuer online media mentions pre- and post-metal launch,
extracted from “Metal Cards A Competitive Edge for Fintech Issuers”, Composecure, 2021

Today's customers expect new levels of customization

User experiences created by internet giants such as Google and Apple have recalibrated customer expectations. In fact, today's consumers expect every company they interact with to provide a similar level of personalization. And the banking and payments realm is no exception. Customers are demanding more personalization, leading to hyper-personalized features that deliver **tailored experiences** based on every customer's individual needs and profile.

Metal cards customize the payment experience

So how can banks respond to the demands from a customer segment that is getting wealthier, willing to pay a premium for products that resonate with their lifestyle, and expects to be treated as unique individuals? Research shows that the metal card could very well be the answer. Today, 70% of global customers say they would use a metal card more often than other cards in their wallets. In an era when banks strive more than ever to establish a primary account relationship with their customers, it is particularly striking that 55% would switch banks to get a metal card.⁶

Tomorrow's global spenders want a custom metal credit card or debit card

Gen Zers and Millennials throughout the world (81%) and consumers of all ages in emerging countries (84%) are showing the greatest interest in metal cards.⁶ In other words, the customer segments that will dominate future global spending want to pay with metal cards. This has not gone unnoticed by challenger banks. These Neobanks are taking a digital (almost) only position vis-à-vis incumbent banks (without legacy bank branches) but in numerous instances they very successfully combine digital services with attractive physical metal cards to elevate their brand positioning and customer perception.

Metal cards create unique payment experiences

Several metal card launches around the world confirm that having a custom metal credit card or debit card in their wallet makes cardholders feel unique. One such impressive example of differentiation, customization and personalization down to an individual level is Abu Dhabi Commercial Bank (ADCB) using a laser beam to engrave cardholders' signatures onto the surface of their metal cards⁷. This gives their customers a card that literally no one else has. Or as ADCB puts it, *"your unique personality deserves a card that represents it"*.

A historically luxe item at a moderate price point

While it may be true that the cost of a custom metal credit card or debit card might have originally limited use to the highest-end bank clients, innovations in manufacturing have made it possible to produce **new types of metal cards** at a moderate price point. In fact, numerous banks around the world (not the least European FinTechs) have successfully launched metal cards, often as a central "brick" of tiered structures or "packages" for wider customer segments.

Drilling for "the new oil" with metal cards

Metal cards bear the promise of creating a customized payment product, projecting an image that resonates with the values of emerging customer segments around the world. For banks looking to create primary account relationships and retain satisfied customers, hyper customization of debit and credit card design seems to be "the new oil" and metal cards could be one way to drill. Or as card expert Sean McQuay says, reflecting on the fact that metal cards are heavier than PVC cards: *"... weight raises customers' dopamine levels ... being able to get into my brain every single time I swipe my card — there's literally nothing better a marketer could want"*⁸.

Sources:

¹ <https://elements.visualcapitalist.com/the-worlds-growing-middle-class-2020-2030/>

² <https://www.forbes.com/sites/jackkelly/2019/10/26/millennials-will-become-richest-generation-in-american-history-as-baby-boomers-transfer-over-their-wealth/?sh=40e653c36c4b>

³ <https://elements.visualcapitalist.com/the-worlds-growing-middle-class-2020-2030/>

⁴ <https://thefinancialbrand.com/61696/chase-sapphire-reserve-millennial-travel-rewards-credit-card/>

⁵ <https://www.composesecure.com/competitive-edge-for-fintech-issuers>

⁶ Global study independently led by "Data 2 decisions" (Dentsu Aegis Network), 2020

⁷ <https://www.adcb.com/en/personal/cards/credit-cards/betaqti-credit-card.aspx>

⁸ <https://thefinancialbrand.com/61696/chase-sapphire-reserve-millennial-travel-rewards-credit-card/>
