

CRM.COM Real-time Cash Back Solution for Card Issuers

Quick and Flexible Way to Implement a Merchant Cash Back Loyalty Scheme



Eurobank EFG Implements a Merchant-funded Cash Back Loyalty Scheme Using CRM.COM Software

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Introduction

This document examines, using an example of our valued client, Eurobank EFG in Greece, how card issuers and their business partners can effectively recruit and retain loyal customers by implementing innovative, merchant-funded cash back loyalty schemes using CRM.COM Software.

Our Client

Eurobank EFG is Greece's second largest bank and has an established presence in Bulgaria, Serbia, Romania, Turkey, Poland, Ukraine, UK, Luxembourg, and Cyprus.

Business Challenge

Fierce competition in the Greek banking sector fuelled by a growing number of financial institutions offering a wide range of attractive products and services, posed a serious customer acquisition and retention problem for Eurobank. The bank felt that they were no longer as efficient at increasing and retaining their share of customers' wallets as in the past.

In light of these challenges, Eurobank turned to CRM.COM to help them implement an innovative cash back loyalty offering. The idea behind the offering is that Eurobank's cardholders receive a percentage of each purchase they make with Eurobank's cards (credit

and debit) as a cash return. Cash back is offered on purchases made at participating merchant outlets and is funded by a community of merchants.

Unlike traditional bank-funded loyalty schemes that typically offer low cash returns, the new scheme offers much higher, often double digit (e.g. 10%, 20%), cash back as merchants strive to drive cardholder traffic to their stores.

Key Strategic Goals

Eurobank implemented a turnkey CRM.COM real-time cash back solution to achieve the following strategic goals:

- Reduce the churn of Eurobank's existing cardholders
- Increase the number of cardholders
- Increase the bank's share of customers' wallets
- Develop relationships with business partners/merchants

Solution Overview

Today, Eurobank uses CRM.COM software to manage a cash back loyalty scheme called *Επιστροφή* (Epistrofi) for approximately 2 million cards, over 1.5 million cardholders and almost 3500 merchant outlets. Since the scheme launched back in 2006, Eurobank processed over 1 million cash back award

transactions and almost 100 thousand redemption / spend transactions. All this, without having to employ expensive IT resources - the software is enhanced and operated on a day-to-day basis by Eurobank's key users with no programming skills.

The following paragraphs outline the key processes and CRM.COM functions involved in the set-up and operation of Eurobank's loyalty scheme:

Scheme Operator (Eurobank)

Eurobank signs up merchants willing to participate in and fund the loyalty scheme. The marketing/advertising campaign carried out by Eurobank provides a powerful incentive for merchants to join the scheme.

Eurobank also uses the system to run an innovative co-branded loyalty scheme in partnership with the largest department store in Greece, Attica, to offer a co-branded Reward Visa card to customers with a generous cash back scheme as its primary incentive.

Cardholder

Each of Eurobank's cardholders is automatically enrolled in the loyalty scheme and is assigned a loyalty account in CRM.COM. A cardholder can have multiple accounts and each account can have



www.eurobank.gr



www.epistrofi-eurobank.gr



www.atticadpsreward.gr



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multiple cards associated with it (e.g. family accounts). All card transactions made by the cardholder are automatically matched against a complex, yet easy to manage set of loyalty offers that generate cash rewards in real time.

Cardholders decide whether they want to spend cash back awarded for previous purchases as partial or full payment for their current purchase.

Alternatively, they can proceed with regular payment for the current purchase and receive a cash back award that can be spent on future purchases. All cash back award and spend transactions are processed in real time at the point of sale (POS) at merchant outlets. Ad hoc transactions to refund, amend, etc. are also handled by the system.

Cardholder Web Interface

Cardholders can view their account balance online by logging into the *Επιστροφή* or the retailer's (e.g. Attica's) loyalty website integrated with CRM.COM.

Merchant

A database of merchants is maintained in the bank's CRM.COM system. Each merchant agrees to fund a percentage of cash back offered to cardholders at the POS when they make qualifying purchases with Eurobank's cards.

Behind the scenes, the CRM.COM reward engine interfaces with the bank's back office systems, processes and records all loyalty transactions and performs an

automated reconciliation process. A statement of account is produced for each merchant, detailing all transactions that took place. Tools are provided to access data on a cardholder transaction level.

Loyalty Offers

Eurobank and its partners are able to manage multiple offers concurrently for their loyalty scheme where each offer is valid for a specified time period and where specific cash back rules apply.

At the moment, Eurobank and its partners offer cash back as a percentage of total transaction value and based on the merchant outlet where cardholders make their purchases.

For example, a supermarket may offer 5% cash back on total purchase value and a pet shop - 10%. This means that a purchase of €100 at a supermarket yields €5 worth of cash back while a purchase of the same value at a pet shop yields €10.

Reports

Sophisticated real-time ad hoc and scheduled reports are excellent tools for Eurobank and participating merchants to monitor scheme effectiveness e.g. cash back award/spend transactions, loyalty accounts, cards.

Key Benefits

Since the implementation of the new cash back reward scheme, Eurobank has seen an increase in cardholder spending and acquired new customers. For example, a

recent promotion that ran at select merchants representing various industry sectors yielded a 52% increase in the transaction volume.

In addition, Eurobank was able to save on the investment required to operate a traditional, card issuer-funded loyalty scheme by passing the cost of rewarding cardholders to the merchants.

Eurobank's partners benefited from increased sales to the bank's cardholders and the ability to offer the right rewards to the right customers at the right time at the POS. In addition, they were able to capitalise on the marketing exposure they gained through partnership with Eurobank.

The benefit to Eurobank's cardholders is that they are being rewarded with cash (a tangible reward of clear monetary value) for their loyalty to the bank and the bank's partners.

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QUICK AND FLEXIBLE IMPLEMENTATION OF A SOPHISTICATED CASH BACK SCHEME
COMPLETE SOFTWARE FUNCTIONALITY THAT AUTOMATES ALL THE SCHEME PROCESSES
FULLY WEB BASED WITH EASY BUT CONTROLLED MERCHANT ACCESS

