

# CPG's Payments Solutions

## About the Firm

Capital Performance Group is a management consulting firm based in Washington, DC. Our firm provides advisory, planning, analytic, and project management services to the financial services industry. Our professionals possess deep experience in a broad range of functional specialties including strategic planning, sales management, quality engineering, marketing and product development, market research, risk management, operations and technology, compliance and regulatory matters, mergers and acquisitions, and strategic cost management.

## What makes CPG Unique

**Experience** – We are knowledgeable industry “insiders.” Our professionals have an average of over 20 years experience in the financial services industry.

**Focus** – We are financial services industry specialists. We have developed unique tools and methodologies to address the specific business issues and challenges of this industry.

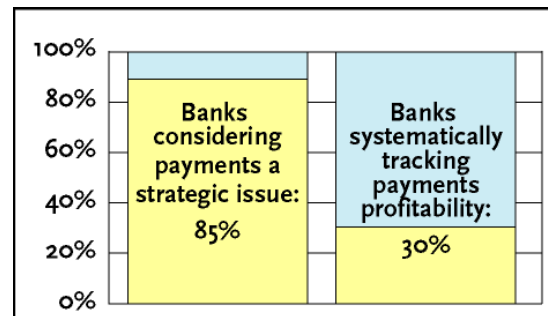
**Practicality** – We know what it takes to implement and manage strategic initiatives. We provide hands-on assistance and actionable advice.

For more information, please contact us at 202/337-7870 or [info@capitalperform.com](mailto:info@capitalperform.com).

The payments field encompasses a broad set of products, transaction capabilities, information streams, and value-added services delivered across multiple banking channels. Payments capabilities are critical to the retention and growth of customer relationships. Banks that do not embrace innovations in payments ultimately will lose income and customers to competitors.

## Payments Facts

- ◆ The use of payment instruments by both consumers and businesses has proven to be associated with increased relationship tenure, higher cross-sell rates, and higher balances.
- ◆ Payments and payments-related revenues constitute about one-third of total bank revenues in the United States.
- ◆ By 2007, the volume of consumer direct debit and online payments is expected to top 8 billion.
- ◆ Approximately 74% of middle market and corporate customers use online cash management products and services. Payment services act as the lead product for non-borrowing customers.
- ◆ By 2010, well over 60% of all payments will be electronic or card-based. PIN debit card transactions are the fastest growing of all payments methods.



### Banks that define effective payments strategies benefit significantly by:

1. Driving diversification in revenue streams
2. Enabling reduction in expenses
3. Building capabilities to secure, solidify, and expand customer relationships

## Popular Payments Solutions

### Payments Strategy Development

Create a holistic view of payments within existing business lines and define a next-generation plan for competing in consumer and business markets as new technologies, financial behaviors, and regulations emerge. We will conduct industry and competitor analyses to help you understand customer preferences and how they are being addressed in today's marketplace, identify emerging trends and technologies to help you plan for the future, assess your current competitive position and capabilities vis-à-vis competitors, and develop business cases to support decision-making on payments initiatives and investments.

### Marketing the Payments Business

Determine how payments fit into the distribution system and create a compelling value proposition for your customers to leverage your investments. We will help you make the most of your payments offerings by designing targeted marketing campaigns to promote payment products and service utilization, determining how to leverage existing sales resources to improve penetration, and mining customer transaction data to illuminate cross-sell and retention opportunities.

### **Governance Processes**

Create a process for identifying, evaluating, prioritizing, funding, and managing payments-related initiatives to maximize the value of your investments. We will build a governance process that can be applied enterprise-wide to support rational decision-making, give senior managers a consolidated view of the company's payments initiatives, and measure the return on your investments.

### **Performance Metrics and Analytics**

Assess the performance of your payments businesses to pinpoint opportunities to increase penetration, revenues, and balances or decrease costs. We will provide a tool kit of metrics and analytics to support better management of payments operations and evaluation of investment opportunities. We will work with you to identify, collect and analyze appropriate data for analysis; design the right reporting for each of your stakeholder audiences; and provide industry perspective and benchmarks for comparison and goal-setting.

### **Vendor Selection and Management Services**

Find the best partner using a set of standardized, objective evaluation criteria and a deliberative process. Our Vendor Selection and Management Services provide an efficient and effective program for your institution to evaluate providers, build RFIs and RFPs, and choose the solutions that will help you meet your objectives. The process is customized to fit the needs of your business. We also provide guidance on effectively managing vendor relationships.

### **Implementation**

Implement the initiatives required to take advantage of opportunities and identify next stage enhancements. We will help you select the highest priority improvement opportunities and identify potential quick hits, develop detailed implementation plans and cost estimates, establish and measure against specific business and financial performance objectives and set project management processes and accountabilities to ensure timely and effective execution.

### **A Sample of Recent Project Work**

For Several Banks across the country, developed a full payments strategy and implementation plan, including:

- ◆ **Industry and Competitor Analysis** - Documented trends and developments that would significantly impacting the payments industry. Summarized consumer and business payments needs and assessed key competitors' capabilities and best practices.
- ◆ **Internal Capabilities Assessment** - Analyzed internal performance information, including volumes, pricing, and financial results of the client's payments-related businesses and identified gaps in product offerings and capabilities.
- ◆ **Identification and Prioritization of Initiatives** - Developed a vision of how the bank would integrate payments throughout all lines of business and worked with the team to identify specific payments-related initiatives, quantify their potential impact, and prioritize them.
- ◆ **Scorecard Development** - Developed a performance and capabilities scorecard for the client to use to track progress and trends in its payments businesses.
- ◆ **Governance Recommendation** - Formulated a recommendation for a governance model to enable the client to manage the institution's payments businesses effectively across all lines of business and customer segments.

**For a Leading Check Authorization Provider**, developed a business strategy and identified short-term performance improvement opportunities including enhancing communications to subscribing banks; identifying alternative risk products and expansion, acquisition, and outsourcing opportunities; leveraging image capture technology to improve existing products; improving pricing discipline; developing new sales channels; and streamlining existing service and customer onboarding processes.

**For One of the World's Largest Payments Companies**, conducted a credit and fraud risk assessment for a proposed web-based commercial payment product targeting international B2B exchanges. CPG's work led to significant redesign of the product; the credit underwriting, monitoring, and administration processes; fraud management practices; and the proposed go-to-market sales plan.

**For a Top-five Bank**, managed the design and implementation of the consumer bank's corporate intranet to enable frontline channel service improvements and rapid, cross-business collaboration on new product and channel capability development.

**“Unless you translate big thoughts into concrete steps for action, they're pointless. Without execution, the breakthrough thinking breaks down and the revolution stops in its tracks.”**

