Banks Seek To Capitalise on Market For Debit Via Direct Marketing

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With debit card usage on the rise, new findings from Mintel Comperemedia show that banks are following suitâ€"sending more direct marketing offers to capitalize on the growing market for debit. Despite the October 2011 Durbin Amendment, which caps debit swipe fees and profitability for banksâ€"Comperemedia reports that in 2012, banks sent approximately 42 million offers for new debit cards, an increase of 6% over 2011.

Â "While direct marketing volumes are up only slightly, itâ€™s taken two years for banks to determine how to tackle debit, and as a result the content of the ads has changed dramatically,â€• says Susan Wolfe, VP of research at Mintel Comperemedia. â€œIn direct mail for debit cards, we no longer see the debit reward programs and high value incentives that were popular pre-Durbin Amendment. Some incentives still exist, but the value is much lower.â€•

Todayâ€™s direct marketing campaigns encourage people to use debit because of security and convenience, particularly for everyday purchases. Marketing pieces try to get people to use their debit cards more, activate new cards or take advantage of just-released card features. Banks have also started to introduce statement rewards programs to replace the old style debit reward programs.

According to Mintel Comperemedia, debit cards remain the most popular plastic payment type among Americans. Debit purchase volume jumped 12% in 2011, versus an increase of only 8% in credit card purchase volume. The number of debit card transactions increased 10% from 2010 to 2011, while the number of credit card transactions rose only 7%.

â€œBanks have a vested interest in increasing debit card usage, as increasing volumes will increase revenue. Getting customers to use their debit cards throughout their day could have a big impact on transaction volumes and thus the revenue,â€• concludes Susan Wolfe.

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