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Card Loyalty Systems *Technology Analysis Abstract**

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EXECUTIVE SUMMARY

TECHNOLOGY ANALYSIS SCOPE & METHODOLOGY

In response to feedback from our membership, CEB TowerGroup developed this technology analysis product to identify key components of a client reporting technology investment decision and effectively compare vendor technology products. Our methodology comes from the knowledge that investment decisions center around the benefit to the individual and enterprise of a technology rather than the feature set alone.

This analysis is tailored to reflect the needs of the end user, in this case the retail banking loyalty manager, to diagnose the technology attributes particular to a firm, and to effectively identify card loyalty systems that align with the firm's needs. To that end, CEB TowerGroup conducted a series of interviews and surveys with financial services executives, industry experts, and vendors regarding card loyalty technology. The results of this research formed the basis of our diagnostic anatomy and informed the proprietary five point rating system on which we scored individual products.

CURRENT MARKET & FUTURE INVESTMENT

New government regulations and lower account attrition force issuers to alter their loyalty program offerings. Regulators are now focusing on issuer profit margins and pressuring issuers to alter their traditional points-based card loyalty offerings. A reported \$500 million in penalties and fines were assessed to issuers regarding their card pricing model during one year, and simultaneously attrition rose up to 46% due to no reward offerings or poor reward offerings. As most issuers strive to gain new clients through offering a variety of introductory reward offerings, sixty-four percent of issuers view card loyalty technology as high value space to invest.

Issuers must increase the usage of mobile and internet channels to improve account acquisition. Due to the fast growth in mobile and internet usage, CEB TowerGroup expects internet-based credit card applications to outpace all other channels and account for 39% of new account acquisitions. Mobile channel communication offers high ROI since CEB TowerGroup expects consumers to reach an all-time high of \$35,000 million in online transactions by 2015.

Investment in card loyalty systems is expected to increase 4% a year globally until 2017. The highest growth will be in the North American region as increased demand for retail banking services forces investment. As firms invest in new card loyalty systems, innovative firms will incorporate data analytics reporting capability for its consumers and users, as well as improved data content management capability, for the highest ROI on their system.

EXECUTIVE SUMMARY

VENDOR LANDSCAPE AND RANKINGS

Card loyalty systems increase transaction volume, control attrition, and differentiate issuers' products. The selection process centered around those vendors with mature products, globally recognized innovation, and multiple large-scale installations with major financial services institutions. In particular this report looks at both regional and global client reporting systems that support both client and advisor-facing report generation. Many vendors featured in this report have significant experience supporting client reporting for capital markets, however, for inclusion, all solutions must have active wealth management clients.

This technology analysis includes both merchant funded and traditional based technology programs. We ranked solely the merchant funded programs that include Cardlytics, Comarch, Kobie Marketing, and Welcome Real-time. We profiled but did not rank the traditional points-based vendors that include Connexions Loyalty, Maritz, SAP, and TIBCO Loyalty Labs.

By combining our qualitative and quantitative data from interviews with industry experts, financial institutions and vendors, CEB TowerGroup identified 23 attributes that define a "best-in-class" card loyalty system. These attributes are grouped into four categories that highlight a firm's user and enterprise needs. Vendor rankings are based on our proprietary five point rating methodology that scores each product on the 23 "best-in-class" attributes. The top vendors were designated as best-in-class performers based on their composite scores in each of the technology categories below.

BEST-IN-CLASS TECHNOLOGY CATEGORIES

Retail banking executives investing in card loyalty technology should use the Diagnostic Anatomy on page 23 to select the vendor that best aligns with their firm's business objectives and investment needs.

- **CUSTOMER INTERFACE** includes those attributes that provide the user with intuitive control and flexibility over the user interface.
Leaders include Cardlytics' Transaction-Driven Marketing and Kobie's Alchemy.
- **MANAGEMENT & OPERATIONS** includes those attributes that address the technical implementation and reporting workflow capabilities.
Leader includes Cardlytics' Transaction-Driven Marketing.
- **SECURITY & CONTROL** includes those attributes that mitigate risk through the protection and limitation of data.
Leaders include Cardlytics' Transaction-Driven Marketing and Kobie's Alchemy.
- **ENTERPRISE SUPPORT** includes those attributes that influence the enterprise's tactical fit and strategic alignment with the vendor.
Leaders include Cardlytics' Transaction-Driven Marketing and Welcome Real-time's The Loyalty Impact: At-Store/In-Wallet.

› **Mission Statement: CEB TowerGroup technology analysis process provides a customer-driven, transparent, and unbiased review designed to drive informed business decisions.**

- **Current Market:** Provides a view of industry and customer changes, and best practices for technology investment and implementation.
- **Future Investment:** Forecasts IT spending and identifies emerging technologies and innovations.
- **Vendor Landscape:** Provides an overview of key vendors, product features, and market position.
- **Product Rankings:** Highlights best-in-class attributes and shows a comparative perspective of leading products.

TECHNOLOGY ANALYSIS OVERVIEW

Technology Analysis Presentation Roadmap



Market Drivers:
Assess changes in the industry and customer behavior

Spending Forecasts:
Benchmark global and regional Card Loyalty IT spending

List of Players: Identify key technology firms and their products

“Best-in-Class” Products:
See the top products based on our anatomy categories

Emerging Technology Landscape:
Pinpoint emerging technologies and innovations

Diagnostic Anatomy:
Choose your investment priorities with our proprietary framework

Ranking Methodology:
Review the key components of an investment decision

Feature Audit:
Compare the relative feature offerings by vendors

Vendor Profiles:
Understand the key differentiators between products

ROADMAP FOR THE PRESENTATION

Current Market



Future
Investment



Vendor
Landscape



Product Rankings

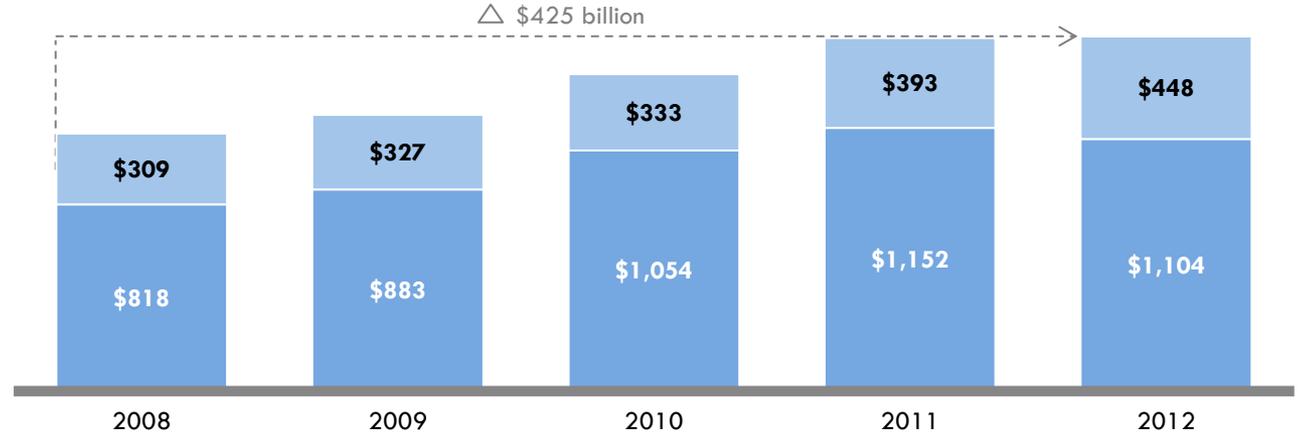
Despite the global financial crisis, the US debit card industry experienced strong growth in both transaction and purchase volume over the past five years.

- Debit card purchase volumes grew by \$425 billion dollars from 2007-2012.
- Likewise, transaction volumes which reached an all time high of 40.8 billion transactions.

DEBIT CARD VOLUMES ARE AT AN ALL-TIME HIGH

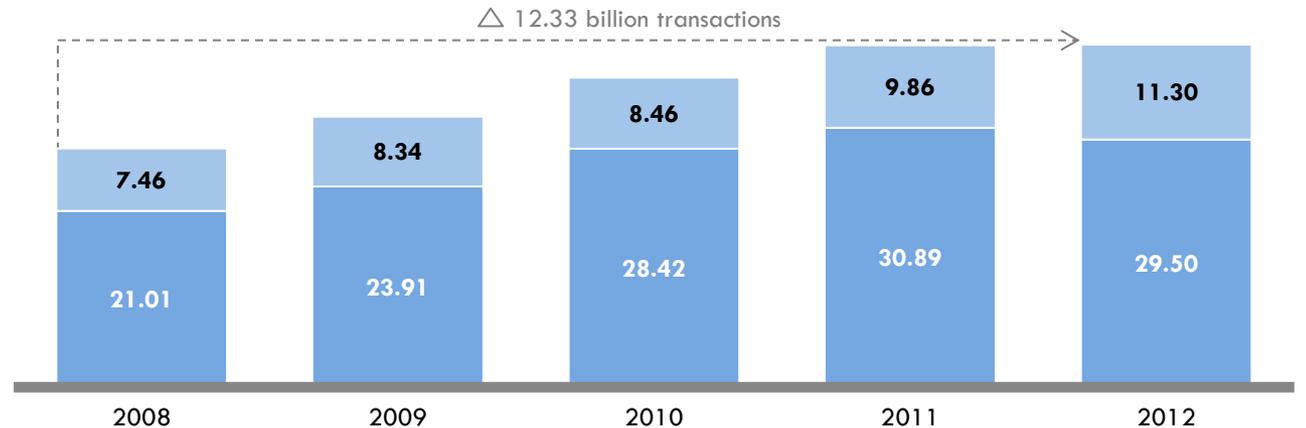
US Annual Debit Card Purchase Volumes

Billions of Dollars, 2008-2012



US Annual Debit Card Transaction Volumes

Billions of Transactions, 2008-2012



Source: PaymentSource, Visa, and MasterCard.

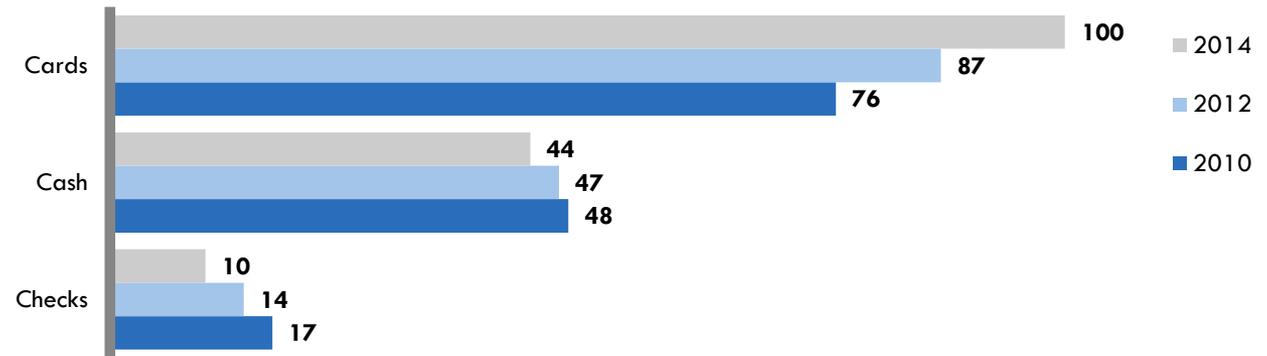
With their convenience and built-in safeguards at both physical and virtual points of sale, electronic payments continue to increase their share of overall payment volumes.

- CEB TowerGroup anticipates that card payments will grow by a third in 2014 as cash stays flat and checks fell 40% in the past 4 years.
- Confluent with this trend, ecommerce transactions grew from 4% to 5.2% of total retail transactions.

ELECTRONIC PAYMENTS REPLACE CASH AND CHECKS

US Transactions

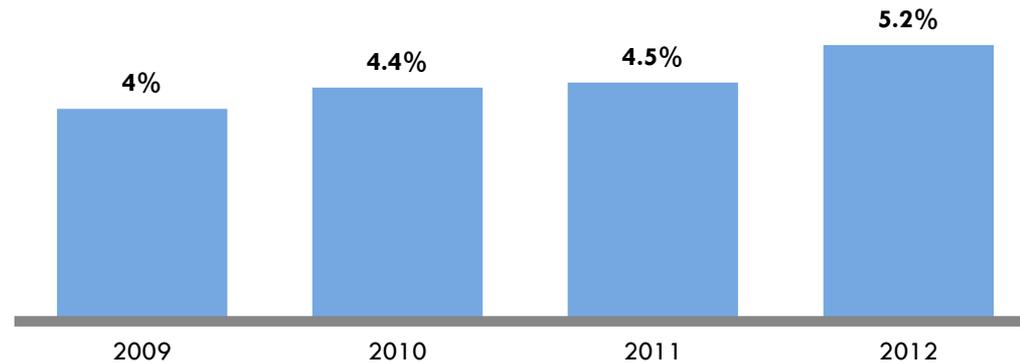
Billions of Transactions, 2010-2014



Source: Federal Reserve, BEA, CEB TowerGroup

E-Commerce Transactions

Percentage of Total Retail Transactions, 2009-2012



Source: CEB TowerGroup.

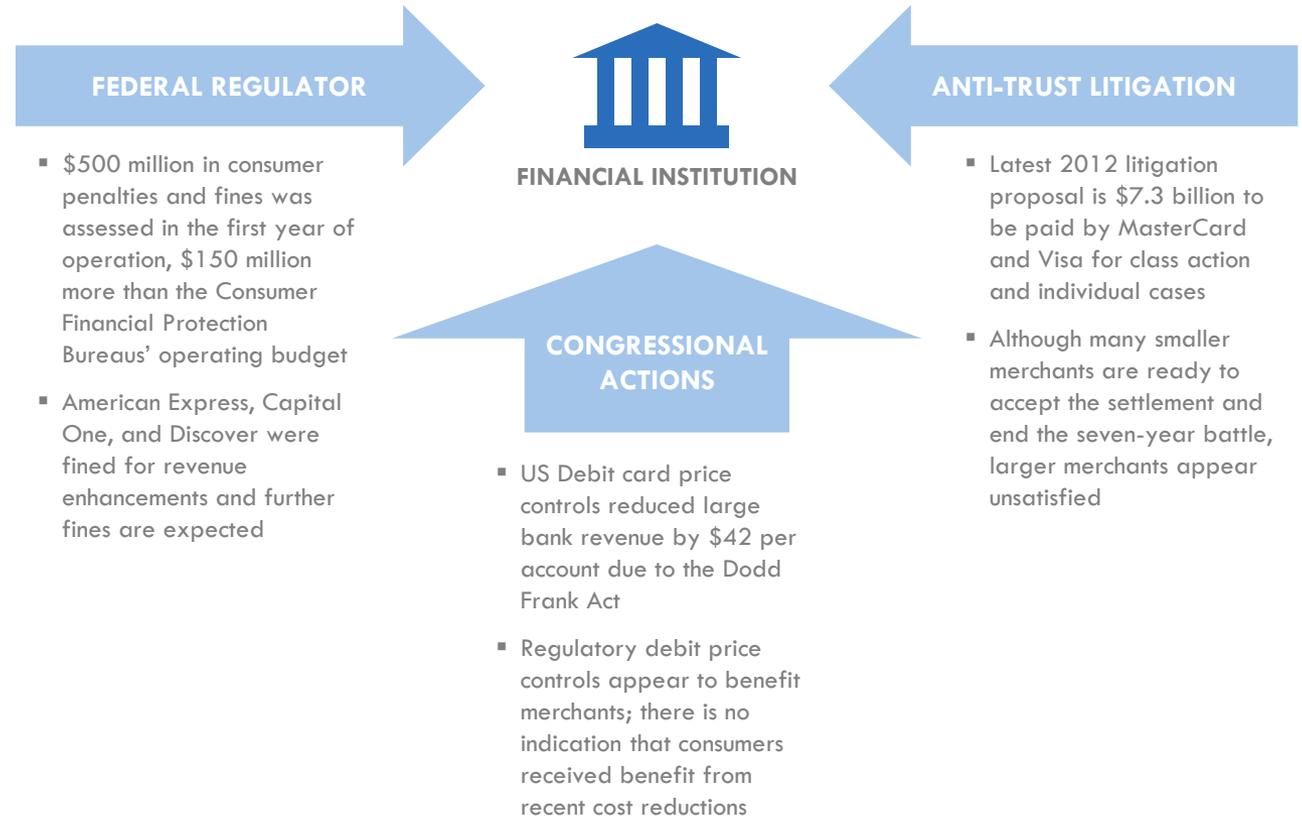
› **Regulators are taking a broad approach to the US card industry and involvement in the card pricing model.**

- Regulatory tenor has changed during the past decade; from their original attention on fair lending and transparent disclosures, regulators now focus on the market power of payment networks and issuer profit margins.
- Issuers must look at risk policies and supporting technologies to ensure infrastructure adapts to legal requirements that often demand rapid implementation.

PRESSURE FROM ALL SIDES

Government Pressures on Card Pricing Model

Illustrative Three Angle Model, 2013



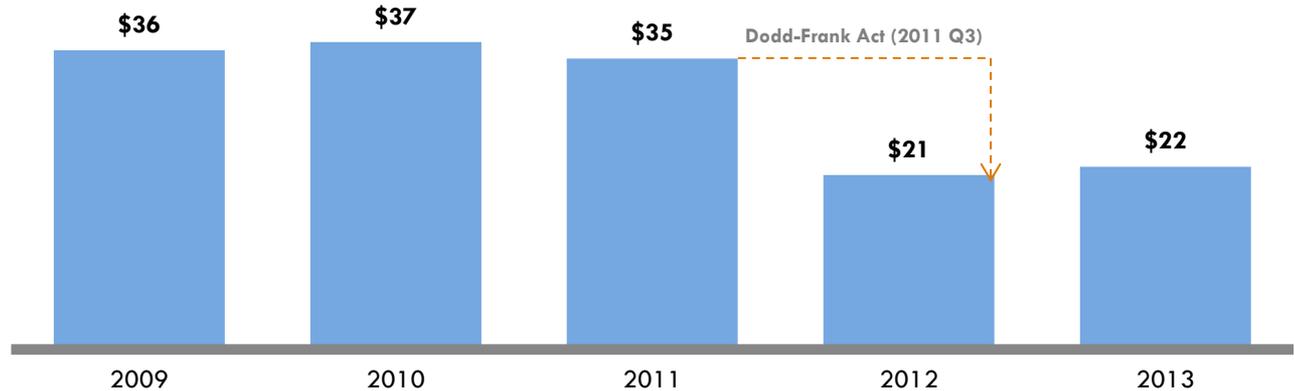
Despite the high number of debit card transactions and increased volume, regulatory controls reduced debit card revenue and the ability to fund traditional reward programs in credit cards.

- When the Dodd-Frank Act was implemented in Q3 2011, Debit Card revenue plummeted by 40% from \$35 per account to \$21 per account.
- Due to these increased regulatory controls, card issuers must find alternative channels to increase revenue, as traditional interest revenue will decrease by 22% after the Dodd Frank act.

REGULATIONS REDUCE ABILITY TO FUND REWARD PROGRAMS

Debit Card Revenue Per Account

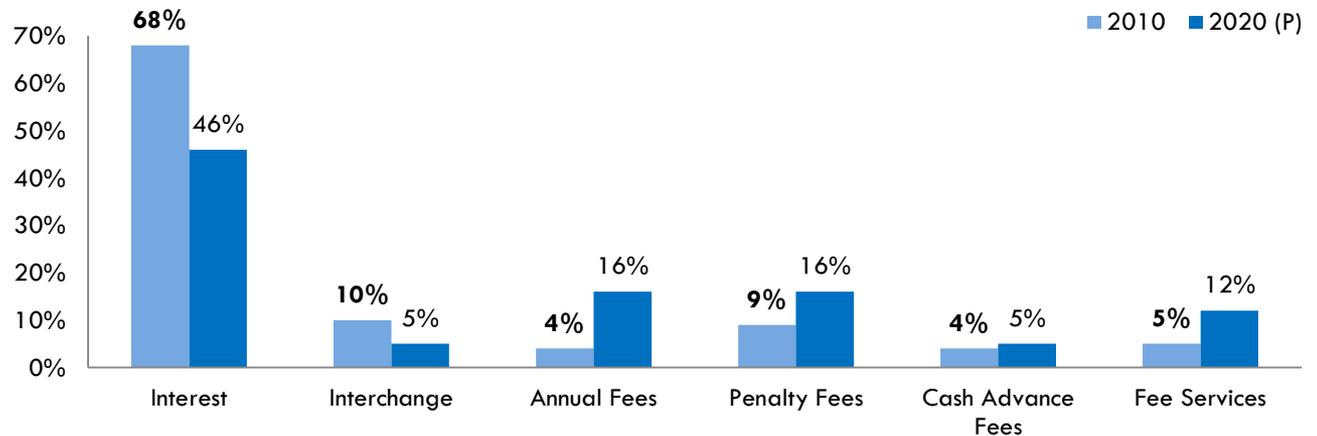
In US Dollars, 2009-2013



Source: FDIC, Issuers, CEB TowerGroup.

Card Issuer Revenue

Percentage of Revenue, 2010 vs. 2020 (P)



Source: CEB TowerGroup.

As merchants face intense competition from internet sales and reduced margins, they partner with issuers to generate co-branded profits.

- Private label cards and co-branded products threaten to shift revenue from issuers and reduce large issuer economies of scale.
- Within cards that offer loyalty programs, 25% offer co-branded partnership with retailers that help reduce costs, which is the second largest industry partnership across all loyalty offerings.

RETAILERS CHALLENGE LOYALTY REVENUE STREAM

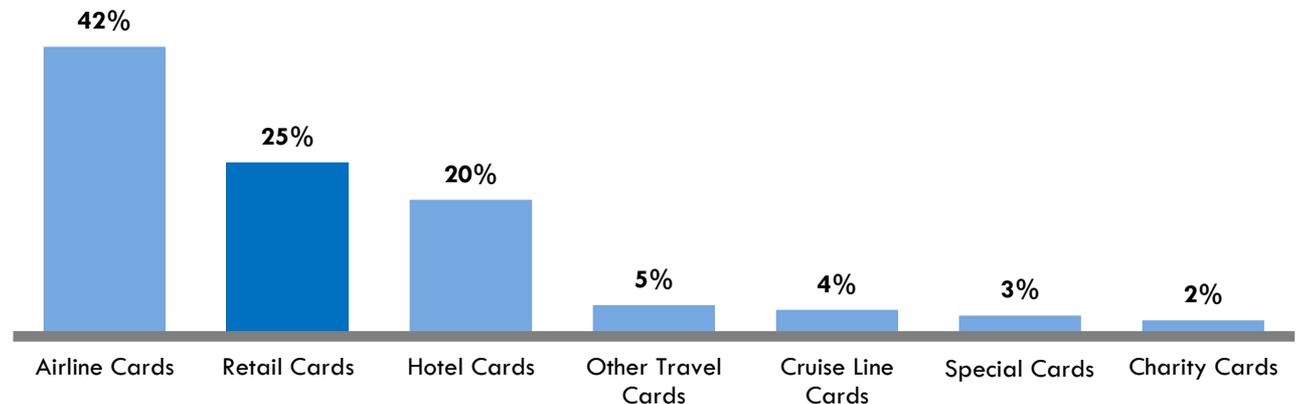
Retailers Industry Status 2013

	Co-Branded Partnerships	Private Label Cards
Objective	Share card issuer profits	Fully own the payments function
Action	Participate in joint ventures with banks	Issue cards under brands owned by the retailer
Status	<ul style="list-style-type: none"> ▪ American Express/ Wal-Mart Bluebird prepaid ▪ CEB TowerGroup Retail Banking Card Track identifies 90 US mass marketed co-brands 	<ul style="list-style-type: none"> ▪ Twenty percent US market growth between 2009 and 2012 to \$155 billion ▪ \$40 billion prepaid card market ▪ Barclaycard is a major player

Source: CEB TowerGroup "Top 10 Technology Initiatives."

Co-Brand and White Label Partners

Industry Partner Offers, March 2013



Source: CEB TowerGroup CardTrack 2013.

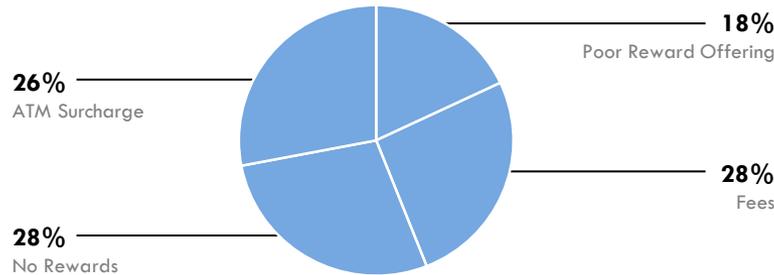
Issuers are looking to grow accounts through increasing their introductory loyalty program offerings.

- Forty-six percent of account attrition is due to lack of value based on weak reward programs and no reward offerings.
- To increase retention, issuers are growing the size and value of card rewards.
- From November 2012 to March 2013, the percentage of card programs offering introductory points increased from less than 47% to 50%.

LOWER ATTRITION FORCE ISSUERS TO TAKE ACTION

Primary Reasons for Account Attrition

Percentage of Respondents, 2010



Source: CEB TowerGroup "Top 10 Technology Initiatives".

Intro Points Programs

Number of Cards and Percentage, 2012- 2013



Source: CEB TowerGroup CardTrack 2013.

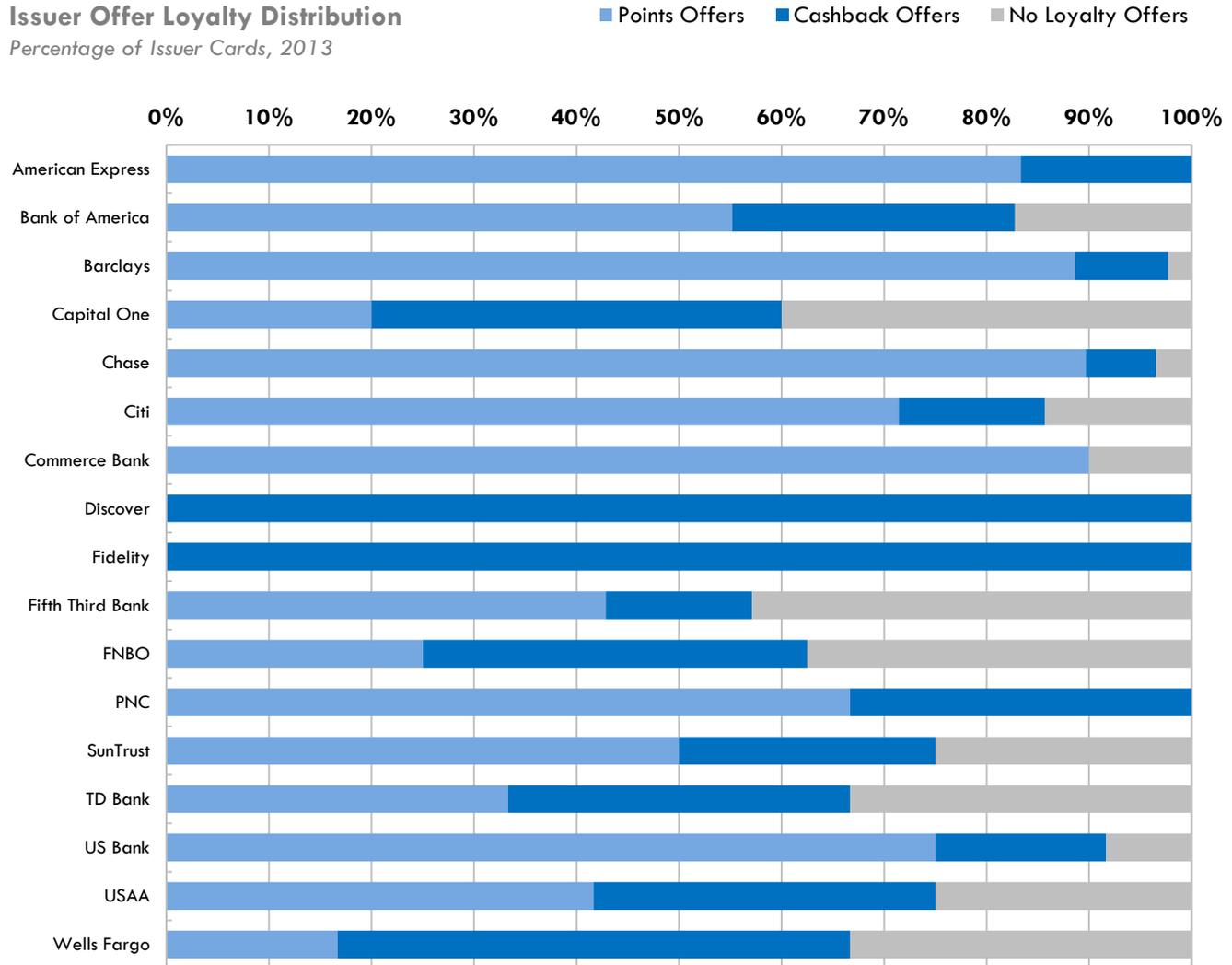
➤ **To attract a wide customer base, issuers offer a varied mix of rewards and cash back programs, each tailored to appeal to individual interests and lifestyles.**

- American Express, Discover, Fidelity, and PNC have loyalty offers, either points or cashback, for 100% of their cards.
- Barclays, Chase, and US Bank offer loyalty programs for over 90% of their cards.

ISSUERS NOW OFFER LOYALTY PROGRAMS

Issuer Offer Loyalty Distribution

Percentage of Issuer Cards, 2013



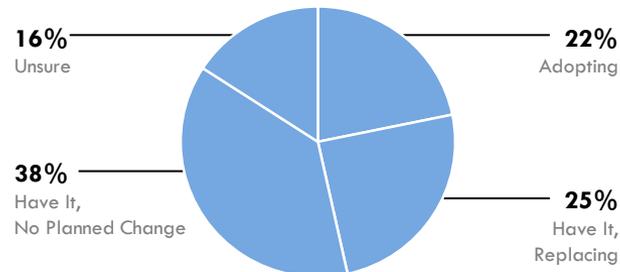
› **Banks are making strides in replacing and adopting card loyalty technology where they see high potential and value.**

- One fourth of banks are replacing their current card loyalty system, while 22% are adopting card loyalty technology, and 16% are still unsure.
- Sixty-four percent of banks place high value on card loyalty technology.
- Half of these institutions consider card loyalty technology to be very important.

A GROWING TECHNOLOGY SPACE WITH HIGH POTENTIAL

Current Card Loyalty Technology State at Global Banks

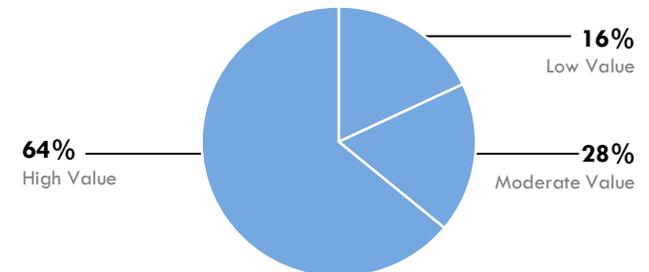
Percentage of Respondents, 2013



N = 32

Value Perception of Card Loyalty Technology

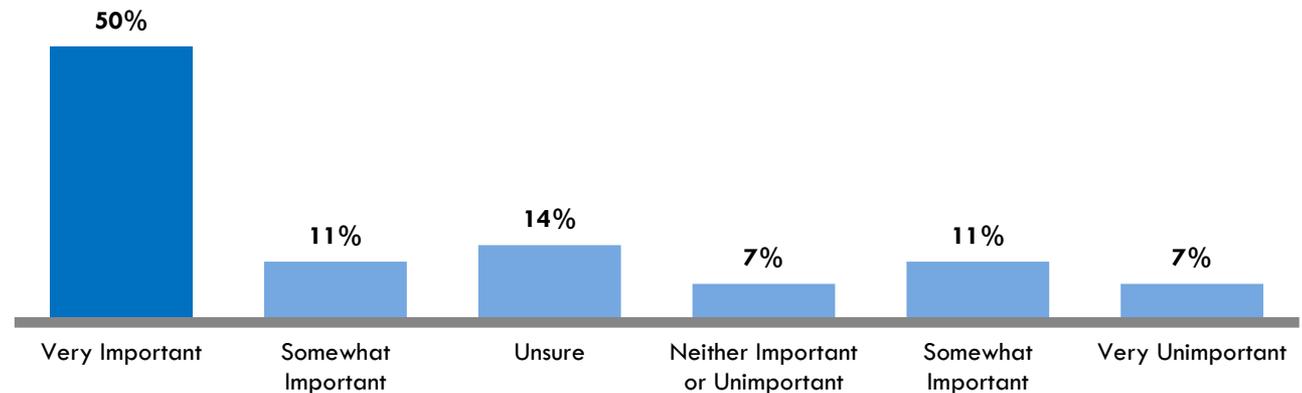
Percentage of Respondents, 20123



N = 22

Importance of Card Loyalty Technology

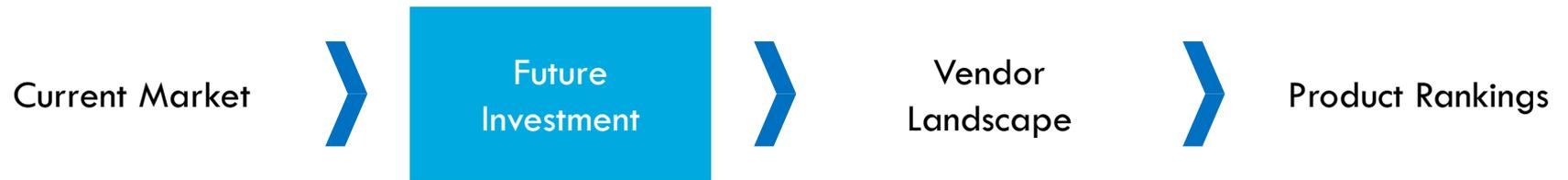
Percentage of Respondents, 2013



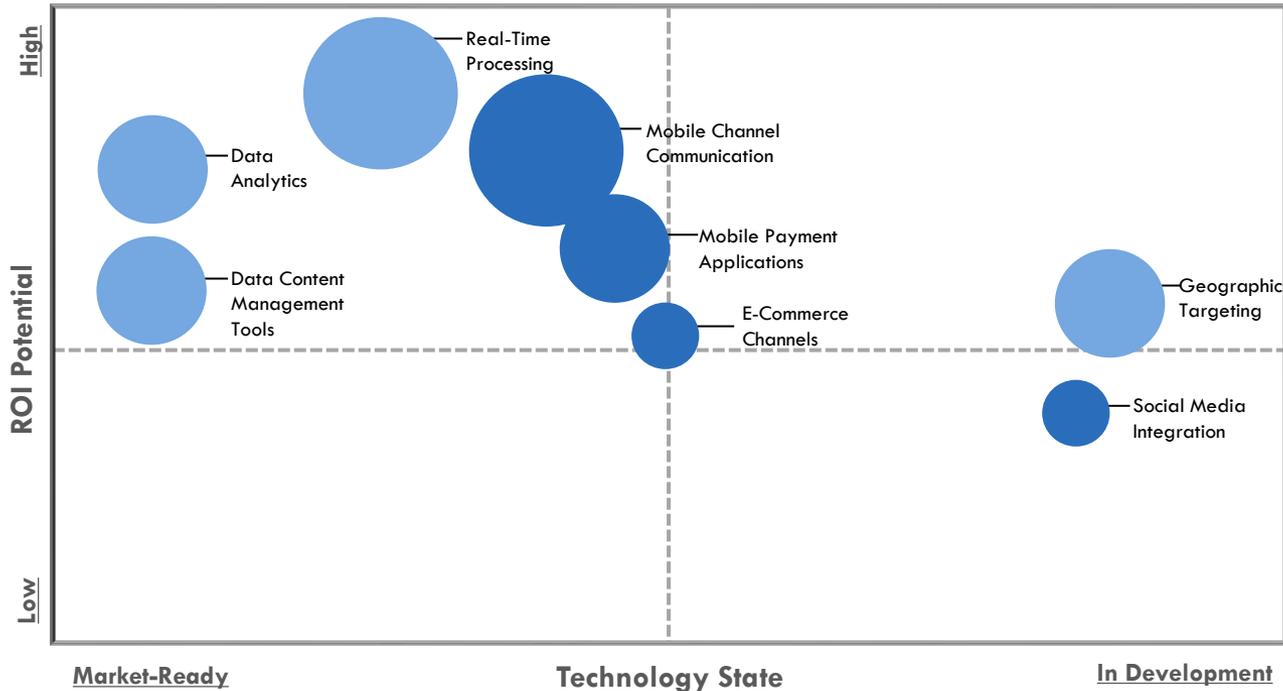
N=28

Source: CEB TowerGroup FSI Technology Adoption Survey 2013.

ROADMAP FOR THE PRESENTATION



EMERGING TECHNOLOGY LANDSCAPE FOR CARD LOYALTY



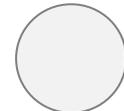
DEFINITIONS

- **ROI Potential:** Measures the relative returns an institution can expect to receive from an investment in the technology
- **Technology State:** Measures the technology's level of development
- **User Impact:** Measures the level of benefit the technology will have on the card loyalty user

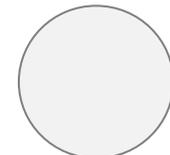
User Impact



Minimal



Medium



High

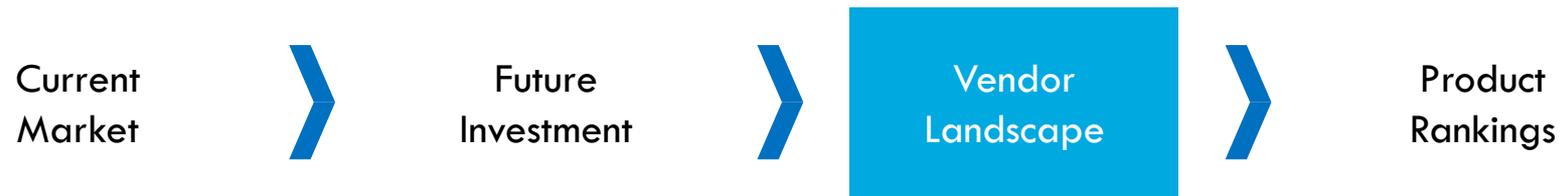
Digital Channel Technologies

- **Mobile Payment Applications:** allow consumer to redeem rewards and purchase goods and services through mobile phone
- **Mobile Channel Communication:** leverages a consumer's smartphone to communicate reward offers through SMS, email, and applications
- **E-commerce Channels:** enable consumers to purchase or sell products on common integrated internet platforms
- **Social Media Integration:** integrates into LinkedIn, Twitter and Facebook to enhance institution's understanding of consumer's preferences

Operational Enhancement Technologies

- **Real-Time Processing:** operates transactions in present time and integrates actions into system concurrently to ensure data is up to date
- **Data Analytics:** measure the effectiveness and likelihood of offers by forecasting models and calculating key performance indicators for reporting quantitative metric purposes
- **Data Content Management Tools:** aggregate essential data and content into a easily digestible and organized format
- **Geographic Targeting:** Recognize the consumer's primary region and targets communications/ offers based on relevant information

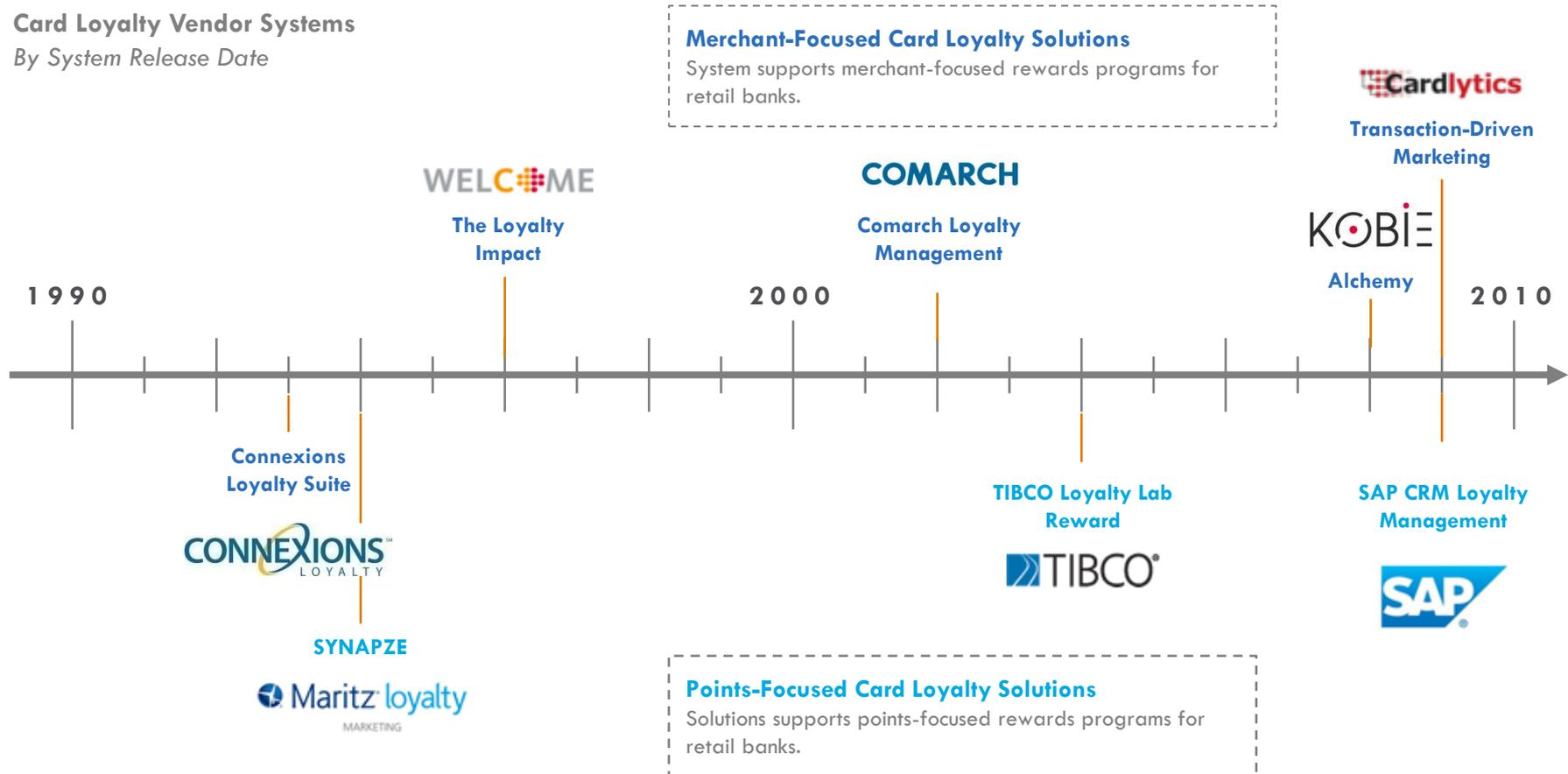
ROADMAP FOR THE PRESENTATION



MAPPING THE VENDOR LANDSCAPE

Card Loyalty Vendor Systems

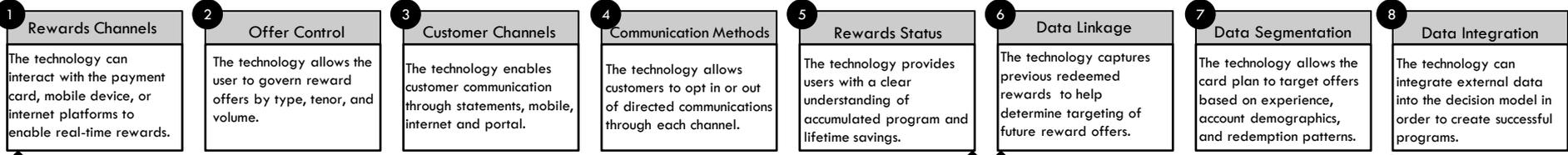
By System Release Date



Selecting Featured Card Loyalty Vendors

CEB TowerGroup identified vendors for this analysis based on expert opinion, product maturity, size of installations, and technological innovation.

CARD LOYALTY PROGRAMS DIAGNOSTIC ANATOMY



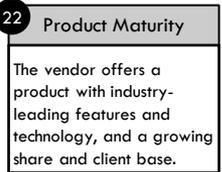
Customer Interface

HOW TO USE THIS ANATOMY

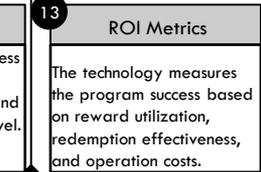
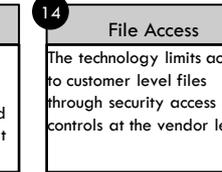
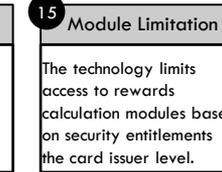
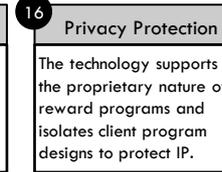
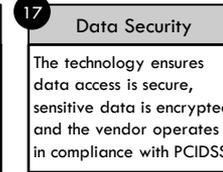
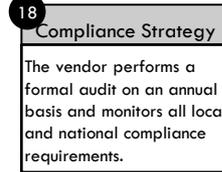
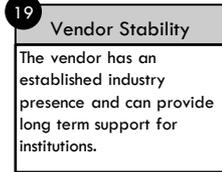
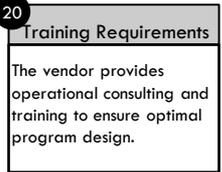
The anatomy is designed to help executives better assess and prioritize components of their technology investment. As you use this anatomy, please consider your firm's business strategy and current technology maturity.

1. Rate the impact of each attribute to your business and your firm's effectiveness on a 1-5 scale using the grading scale below and tally the results using the scorecard.
2. Map the results on the scorecard to identify areas that are most important, but where your firm is least effective.

Attribute Grading			
	Current Effectiveness		Potential Impact
	5 = Superior Capability	We or our vendor offer this regularly, systematically, and at the highest standard.	5 = Very High Impact Our firm considers this attribute mission critical when performed at the highest standard.
	4 = Strong Capability	We or our vendor offer this regularly and systematically.	4 = High Impact Our firm considers this attribute highly important when performed at the highest standard.
	3 = Adequate Capability	We or our vendor offer this regularly but in an ad hoc manner.	3 = Moderate Impact Our firm considers this attribute moderately important when performed at the highest standard.
	2 = Marginal Capability	We or our vendor offer this irregularly and in an ad hoc manner.	2 = Low Impact Our firm considers this attribute somewhat important when performed at the highest standard.
	1 = Weak or not at all	We or our vendor do not do this at all.	1 = No Impact Our firm does not consider this attribute important when performed at the highest standard.

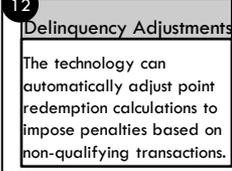
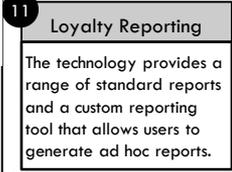
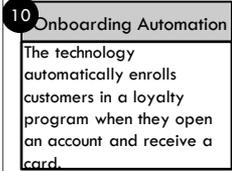
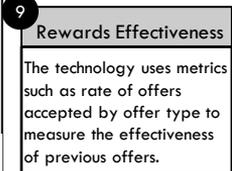


Enterprise Support



Security & Control

Management & Operations



>
Retail banking executives should complete the scorecard using the card loyalty solution diagnostic anatomy tool.

CARD LOYALTY SOLUTIONS SCORE CARD

<u>Categories</u>	<u>Attributes</u>	<u>Potential Impact</u>	<u>Current Effectiveness</u>
Customer Interface	1. Reward Channels		
	2. Offer Control		
	3. Customer Channels		
	4. Communication Methods		
	5. Rewards Status		
Management & Operations	6. Data Linkage		
	7. Data Segmentation		
	8. Data Integration		
	9. Rewards Effectiveness		
	10. Onboarding Automation		
	11. Loyalty Reporting		
	12. Delinquency Adjustments		
Security & Control	13. ROI Metrics		
	14. File Access		
	15. Module Limitation		
	16. Privacy Protection		
	17. Data Security		
	18. Compliance Strategy		
Enterprise Support	19. Vendor Stability		
	20. Training Requirements		
	21. Technology Innovation		
	22. Product Maturity		
	23. Vendor Collaboration		

› Retail banking executives should map their attribute scores from rating their impact and effectiveness on the previous page on this matrix to identify the most important areas to their vendor selection.

CARD LOYALTY SOLUTIONS SCORE CARD

Potential Impact	5 =Very High					
	4 =High					
	3 = Moderate					
	2 =Low					
	1 =No Impact					
		1 =Weak	2 = Marginal	3 = Adequate	4 =Strong	5 = Superior
Current Effectiveness						

FEATURE AUDIT DEFINITIONS

Feature	Definition
Summary Grouping	The system provides an aging summary of outstanding unredeemed points with logical groupings.
Loyalty Campaigns	The client or vendor is able to run campaigns against particular loyalty groups to help extinguish outstanding points.
Reporting Options	The system allows users to create reports through report writers on the proprietary system.
Big Data Management	The system can build reports with large data extracts; files are available in all standard formats on demand.
Customer Tracking	The system can do reconnaissance on customer spending patterns and transactions to determine if the customer is a revolver or transactor.
Point Weighting	The system can weight revenue potential by multiple point schemes from various financial services products.
Enterprise Rewards	The system can provide enterprise rewards (combination of credit, debit, prepaid, checking customer loans, etc.).
Mobile Access	The system has comprehensive mobile access and an internet portal.
Additional Cards	The system allows customers to add cards, such as multiple cards in one household under one loyalty account, or they may use the programs separately.
Real Time	The system is available in real time to provide instant opportunities.
Geographic Flexibility	The system allows purchases to be made outside the issuer's primary market and location and can easily convert into rewards.
Structure Data	The system provides structured data and format on changes in spending habits.
Master File Security	The system has one original cardholder master file from which all account levels can change such as mailing address and participant name.
Portal Customization	The system allows customer to customize their online experience.
FIFO	The system has a point redemption feature that occurs on a FIFO basis (oldest points redeem first). *should we include this since it's MFR now?
System Integration	The system has point liability data that can easily integrate into the FSI's financial system.
Customer Portal	The system has a customer portal in which customers can view and manage their loyalty points and rewards.
Service Model	The vendor provides additional services and support to execute the program to its fullest.

FEATURE AUDIT

Vendor	Cardlytics Transaction-Driven Marketing	% of Vendors Offering as Standard Feature
Summary Grouping	●	75%
Loyalty Campaigns	N/A	75%
Reporting Options	●	100%
Big Data Management	●	100%
Customer Tracking	●	88%
Point Weighting	N/A	63%
Enterprise Rewards	●	100%
Mobile Access	●	88%
Additional Cards	●	88%
Real Time	●	100%
Geographic Flexibility	●	100%
Structure Data	●	88%
Master File Security	N/A	88%
Portal Customization	●	88%
FIFO	N/A	88%
System Integration	●	75%
Customer Portal	●	100%
Service Model	●	75%

● Standard Feature

○ Add-on Feature

● Future Capability
(next 12 months)

○ Future Capability
(next 24 months)



Key Statistics

Company Type: Private
Year Founded: 2008
Headquarters: Atlanta, GA
Number of FT Employees: 250+
FY 2011 Revenue: not disclosed

Distribution of Clients by Asset Size

<\$1 Billion	\$1-10 Billion	\$10 – 50 Billion	>\$50 Billion
	Not Disclosed		

Distribution of Clients by Region



Source: CEB TowerGroup Research, Cardlytics.

CEB TOWERGROUP RETAIL BANKING PRACTICE

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TRANSACTION-DRIVEN™ MARKETING

CARDLYTICS, INC.

Company Overview

Founded in 2008, Cardlytics is a privately-held IT provider that specializes in marketing and analytics for the retail, financial services, restaurant, and entertainment industries. The company has a network of over 370 financial institution including key partnerships with Bank of America, PNC, and Regions Bank. Cardlytics is the pioneer in the card-linked marketing space and provides both national and local business with digital and mobile marketing options based from its core analytics platform.

Product Overview

Transaction-Driven™ Marketing is a merchant-funded rewards system that uses actual spend data to target individual consumers with merchant offers. Developed in-house in 2009, the solution is currently on its fourth release. Cardlytics partners with global loyalty management company Aimia to pursue international expansion. Through its partnership with Aimia, Cardlytics signed a major bank in the UK and has opportunity for growth in Europe, the Americas and Asia.

Product Highlights

- **Reward Offers and Widget:** The solution allows customers to conveniently access all of their merchant-reward offers through their online account and various channels of alerts. For example, when a customer signs onto his Bank of America account online, the customer can easily view his offers underneath the relevant transaction. To view all of the offers earned, a customer can also access a widget on their dashboard that has the total number of rewards earned, number of new offers, and status/days left for each merchant's reward offers.
- **Performance Dashboard:** Transaction-Driven™ Marketing has a comprehensive performance dashboard that summarizes campaigns, revenue, accounts served, and all activations. The solution aggregates all of this information for the firm, and creates easily consumable graphs for the user. The solution also provides analytics and graphs based on the number of redemptions, calculates the redemption rate, and then converts these redemptions into total revenue for each campaign. To drill deeper, the user can click on the revenue graph to determine what percentage is allocated to rewards, fees and overall revenue.
- **Campaign Segmentation:** To create a campaign that is targeted to the appropriate group of customers, Cardlytics uses a Campaign Properties tool within its Transaction-Driven™ Marketing solution to define tiers of consumers. For example, a user can customize offers by drilling down a customer universe by defining segments based upon the a customer's number of transactions within the past year.

CEB TowerGroup View

Cardlytics is a relatively young company that made its mark in merchant-funded rewards with strong supporting software, a card-focused business and exceptional consultative services. Transaction-Driven™ Marketing received Best-in-Class in all four categories due to its flexible user interface, abundant security and control options, and robust operational metrics. The firm has strong and established partnerships with several top tier and regional US card issuers, such as Bank of America and its BankAmeriDeals program.

ROADMAP FOR THE PRESENTATION

Current Market



Future
Investment



Vendor
Landscape



Product Rankings

CREATING OUR “BEST-IN-CLASS” PRODUCT RANKINGS

Phase 1

Utilizing qualitative and quantitative data, CEB TowerGroup identified 23 attributes that define a “Best-in-Class” Card Loyalty system, which are grouped into four categories.

Phase 2

Recognizing that all attributes are not equally important, CEB TowerGroup divides them into tiers to reflect their level of importance as mission critical, strong priority or differentiators.

Phase 3

Certain products are recognized as “Best-in-Class” after scoring each product based on its performance at an attribute level.

CATEGORIES	<p><u>Customer Interface</u></p> <p>Those attributes that provide the user with intuitive control and flexibility over the user interface.</p>				<p><u>Management & Operations</u></p> <p>Those attributes that address the technical implementation and reporting workflow capabilities.</p>				<p><u>Security & Control</u></p> <p>Those attributes that mitigate risk through the protection and limitation of data.</p>				<p><u>Enterprise Support</u></p> <p>Those attributes that influence the enterprise’s tactical fit and strategic alignment with the vendor.</p>			
	ATTRIBUTES															
Mission Critical	<ul style="list-style-type: none"> Reward Channels Customer Channels 	<ul style="list-style-type: none"> Data Linkage Data Segmentation Loyalty Reporting 	<ul style="list-style-type: none"> ROI Metrics Data Security 	<ul style="list-style-type: none"> Training Requirements Product Maturity 												
Strong Priority	<ul style="list-style-type: none"> Communication Methods Rewards Status 	<ul style="list-style-type: none"> Data Integration Rewards Effectiveness 	<ul style="list-style-type: none"> Privacy Protection Compliance Strategy 	<ul style="list-style-type: none"> Vendor Stability Technology Innovation 												
Product Differentiator	<ul style="list-style-type: none"> Offer Control 	<ul style="list-style-type: none"> Onboarding Automation Delinquency Adjustments 	<ul style="list-style-type: none"> File Access Module Limitation 	<ul style="list-style-type: none"> Vendor Collaboration 												
	<p>“Best-in-Class” Customer Interface</p>	<p>“Best-in-Class” Management & Operations</p>	<p>“Best-in-Class” Security & Control</p>	<p>“Best-in-Class” Enterprise Support</p>												

› Retail bank executives should use the ranking matrix *in combination* with the Card Loyalty Diagnostic Anatomy on page 23 to select the vendor that aligns best with their firm's needs.

- Vendor rankings are based on our proprietary 5-point rating system for each of the 23 different attributes in our Card Loyalty anatomy.

PRODUCT RANKING MATRIX

Listed alphabetically by vendor

Vendor	Product	Customer Interface	Management & Operations	Security & Control	Enterprise Support
Cardlytics	Transaction-Driven Marketing	5.0	4.8	5.0	4.6
Comarch	Comarch Loyalty Management	--	--	--	--
Kobie Marketing	Alchemy	--	--	--	--
Welcome Real-time	The Loyalty Impact: At-Store/In-Wallet	--	--	--	--

 = Best-in-Class in Anatomy Category

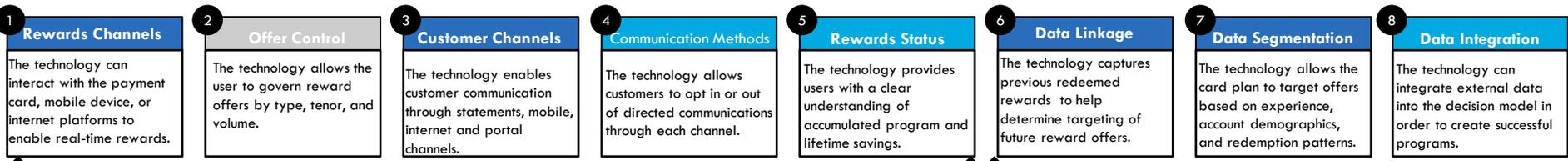
Source: CEB TowerGroup Research

› Cardlytics received “Best-in-Class” recognition in **Customer Interface, Management & Operations, Security & Control, and Enterprise Support.**

“BEST IN CLASS” ACHIEVEMENTS FOR CARDLYTICS

Category	Scoring Analysis
<i>Customer Interface</i>	<ul style="list-style-type: none"> Transaction-Driven Marketing automatically enrolls cardholders into the program when the bank decides to turn on the solution. The system provides a simple and easily accessible opt-in and opt-out option for customers who do not wish to participate in rewards, as well as the ability to easily opt out of particular channels of communication such as mobile, email, and text messaging.
<i>Management & Operations</i>	<ul style="list-style-type: none"> Transaction-Driven Marketing allows merchants to segment offers into three categories: most frequent, infrequent, and no customers (but high spenders). Typically, merchants partner with Cardlytics to establish parameters for campaigns to ensure the campaign’s relevancy. When customers log into their online or mobile banking, Cardlytics sends the matched offers and this information allows advertisers to incite additional visits from loyal customers, new customers to visit the store, and to transform an infrequent customer.
<i>Security & Control</i>	<ul style="list-style-type: none"> Transaction-Driven Marketing utilizes sophisticated ROI metrics based on transaction data and merchant campaigns to measure amount of success in a given program. Cardlytics can determine the long term value of a customer and the ROI of a campaign through measurements such as activation rate, redemption rate, average ticket amount, gross revenue, and customer rewards.
<i>Enterprise Support</i>	<ul style="list-style-type: none"> Founded by banking executives, Cardlytics uses actual spending data to target individual customers with advertising offers. Cardlytics’ unique approach towards loyalty combined with the founders’ expertise in banking results in one of the most innovative products in the industry. Cardlytics also works with clients who have customers that already frequently use online and mobile banking, so their client base is relatively advanced.

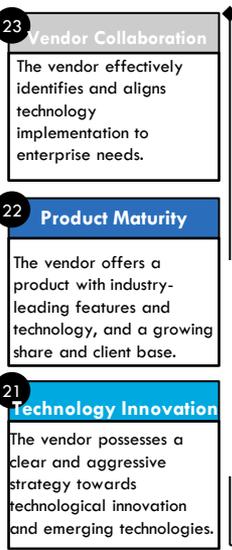
CARD LOYALTY PROGRAMS DIAGNOSTIC ANATOMY



Customer Interface

Scoring Methodology

To arrive at a vendor ranking, CEB TowerGroup developed a proprietary scoring metric outlined by the attributes within this anatomy that highlights the major elements of an enterprise investment decision. This metric assumes that every element is not equally important, and therefore assigns a higher level of importance to those attributes critical to a card loyalty solution. The remaining attributes are then divided further into two tiers to reflect their level of importance, highlighted below.

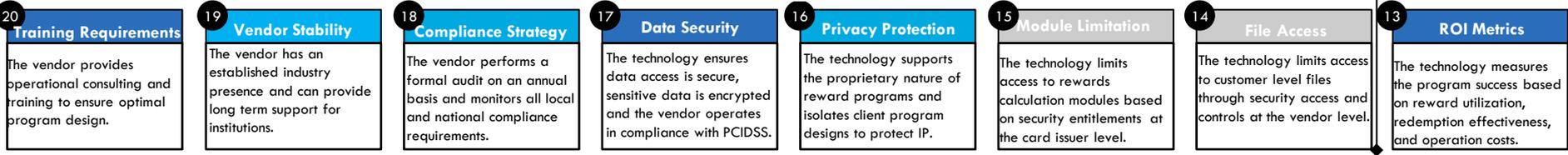


Enterprise Support



Security & Control

Management & Operations



CEB TowerGroup develops a unique and proprietary scoring methodology that highlights the key priorities for an executive's investment decision.

- Every vendor product featured in this report is scored on each of the 23 attributes outlined in the Card Loyalty Diagnostic Anatomy on a standardized 1-5 scale.
- We calculate the weighted average of a product's attribute scores in each of the 4 categories of the anatomy to arrive at an overall category score.

UNDERSTANDING OUR SCORING METHODOLOGY

Sample Technology Analysis Internal Anatomy Scoring Guide

Illustrative

Anatomy		Category	Customer Interface	Security & Control
		Attribute Title	Customer Channels	ROI Metrics
Attribute Definition			The technology enables customer communication through statements, mobile, internet and portal channels.	The technology can determine monetary savings of a loyalty program by providing feedback and measuring ROI on operations, utilization, and total offers versus redeemed.
Scoring Metric		5	The technology enables customer communication through statements, mobile application, internet, and portal channels.	The technology can determine monetary savings of a loyalty program by providing feedback and measuring ROI on operations, utilization, and total offers versus redeemed, and can share this information with its customers.
		4	The technology enables customer communications through statements, internet, portal, and mobile channels but does not offer a mobile application.	The technology can determine monetary savings of a loyalty program by providing feedback and measuring ROI on operations, utilization, and total offers versus redeemed, but cannot share this information with its customers.
		3	The technology enables customer communication through statements, internet, and portal channels.	The technology can provide feedback on operations, utilization, and total offers versus redeemed, but cannot determine monetary savings and ROI automatically.
		2	The technology enables customer communication through statements and internet channels.	The technology can provide limited feedback on operations, utilization, and total offers versus redeemed.
		1	The technology enables customer communication through statements only.	The technology cannot provide feedback on program success metrics to determine the loyalty programs' effectiveness.
Attribute Score:			5.0	3.0

