

“Building societies should think about passbook alternatives” – says Transaction Network Services

The building society is still a trusted and relied upon organisation, despite increased competition online and from the high street. According to Transaction Network Services (TNS), the traditional passbook is no longer suitable for all customers, and building societies should consider the alternatives.

The passbook problem

Alan Stephenson-Brown, business development director at TNS says, “The traditional passbook is great for high value, low frequency transactions. However, those customers paying in or drawing out small amounts often are costly for building societies.

“With more competition than ever before, building societies must consider cost savings to remain independent but still need to provide high customer service levels. The passbook is not always the best method for customers to deposit and withdraw money frequently. People don’t want to wait in a queue for over-the-counter services to access small amounts of money, and this is where building societies can grasp the opportunity to provide alternative services.”

Plastic cash society

“Building societies also need to introduce product offerings that will appeal to all generations. In order to recruit a wider range of customers, societies need to update their services and products,” adds Stephenson-Brown. “Payment cards will be a must-have in the near future, for younger and older customers alike, to enable ATM cash withdrawals, electronic point of sale purchases and online shopping. Replacing passbooks with plastic cards for certain customers provides those customers with more versatile access to their cash, and allows the building societies to provide a first class service over their counters.”

Pre-pay provides the solution

Debit is currently the nation’s most preferred method of payment, accounting for 70 per cent of card purchases made in the first half of 2006 (APACS, July 2006). A pre-pay debit card is a logical answer to the challenges described above. Migrating some passbook customers onto a self-service pre-pay card would provide opportunities to

lower operational costs, improve customer service at the counter and offer new products and ultimately, more choice to the customer.

According to recent research, pre-pay is set to become as significant as debit in payment terms, with annual growth rates of the prepaid card market set to exceed 110 per cent in the next five years (PSE Consulting, August 2006). "The costs involved in ATM deployment can often be high and hard to justify for a small building society. Pre-pay changes this, offering customers a new and valuable service, and will be particularly worthwhile considering the use of debit cards is expected to rise further, for lower-value payments," concludes Alan Stephenson-Brown.

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