

CARDS

Online Resources' Gift Bag

It's combining bill pay, e-banking technology for a fast-load stored value card

Gift cards have become the new hallmark of the pressed-for-time shopper, to the tune of what sources say is a \$40 billion market. Online Resources is hoping to cash in on that demand with a stored value card that combines the tech firm's online banking and payment capabilities to load the cards in real-time, making the benefits of the card immediately available.

Called CardHQSM, the product initially was targeted at the increase in shopping that comes during the holiday season, though Online Resources hopes the "fast loading" technology has ramifications that stretch beyond a short-term, seasonally driven spike in shopping activity and into areas such as human resources and payroll automation.

Matt Lawlor, Online Resources chairman and CEO, says he hopes to take advantage of a convergence in electronic payments between checking accounts and card accounts. He hopes to provide a single-vendor product that bridges payments and distribution for financial and commercial firms. "With our card division and banking division, we saw the possibilities for a stored value card and decided to exploit the opportunity," he says. "We just happen to be in a place where we can bridge the merchant to the consumer, and the issuers and the billers."

Dan Schatt, a senior analyst at Celent, says stored value cards can be an opportunity for banks to boost revenue from Web banking transactions. He says there's also a growing demand among consumers for gift cards, presenting both a relationship and revenue building opportunity for institutions. "It can be an entry into electronic commerce itself for the banks," he says. "If you look at the various card rewards programs where people are looking to redeem



Matthew Lawlor
Chairman and CEO

value, it's almost always a stored value or a gift card."

CardHQ integrates checking account and card accounts to form a third account for virtual transactions—the same integration also allows the cards to be loaded in real-time. This third account is used for the purchase and reloading of the stored value gift cards. These cards are made available either in an electronic form or in a more old-school physical format. The financial institutions get fee income for the distribution and funding of gift card purchases, which is where the boost for the Web channel comes.

To use the cards, consumers log on to their financial institution's online banking site and choose a gift card from a list of participating retailers that includes JCPenney, Marriott Hotels, SpaWish and other coffee, electronics, restaurant and clothing retailers.

In the handful of weeks since the product's rollout, Lawlor says about 150 of Online Resource's financial clients have signed on. The firm didn't ID any clients beyond First Command Bank, which says CardHQ is an ideal product for its base, which includes a number of active-duty military personnel. These customers in particular are located around the world and can take advantage of the real-time electronic transactions.

And gift cards are just one way in which the tech firm plans to take advantage of real-time loading. Lawlor says this capability has wide-ranging applications for future products, such as virtual wallets to telephone cards to payroll applications.

—John Adams

