

**VISA**



Visa Advisory Services

# Enhancing value for the affluent traveler



The “affluent” consumer segment, which precedes the high-net worth (HNW) and ultra-HNW segments, describes individuals with liquid assets of USD \$500,000 to \$1 million. Critically important for retail banks, the affluent segment can generate five-to-ten times more revenue for banks than the mass market segment can. This revenue differential is driven by affluent cardholders’ higher levels of product usage (e.g., higher spend on cards) and their use of premium financial products such as wealth management services, which contribute to their overall account value to the retail bank.



Like other consumer segments, the affluent cohort can have unique needs and expectations that financial institutions (FIs) can learn to better serve and grow those client portfolios.

# 60-90%

of affluent clients are regularly travelling abroad (market dependent),

compared to 10-30% of mass market clients, and up to 20% have assets and accounts in multiple countries with regular cross border A2A transfers.<sup>1,2</sup> These consumers often look to banks for guidance on building, managing, and preserving wealth, so FIs have opportunities around learning and servicing this group.

1. Hubbis. (2024, August 24). Many wealthy individuals still concentrate assets in one country despite global diversification trends. <https://hubbis.com/news/many-wealthy-individuals-still-concentrate-assets-in-one-country-despite-global-diversification-trends>

2. RFI Global. (2024, July 1). Cross-border banking activity surge in Asia: RFI global report 2023. <https://rfi.global/cross-border-banking-activity-surge-in-asia-rfi-global-report-2023/>

By understanding the unique preferences and spending behaviors of each segment, banks can better tailor their products and services to attract and retain customers from each group. Below is an overview of all segments. In this paper, Visa Advisory Services will delve into the needs and preferences of the affluent segment:

## Private banking

A private-banking client has access to exclusive banking services, specialized investment opportunities, personalized products, and luxury travel and lifestyle offers and benefits

## Affluent

A client in this segment typically has access to dedicated account managers, investment opportunities, preferential rates and terms, personalized services, and a range of travel and lifestyle benefits

## Mass affluent

A client in this segment is typically a higher earner looking to access advanced banking services: premium accounts, higher credit limits, diverse investments and insurance product offerings, and lifestyle benefits (e.g., exclusive merchant discounts and cardholder perks)

## Mass market

A mass-market client oftentimes is looking to their bank for secure and reliable, cost-effective, and simple banking services and more straightforward, accessible credit products (e.g., credit score reports, finance options, etc.)



Terms, conditions, and rewards around credit and debit cards are integral to any customer value proposition (CVP) for affluent cardholders. Therefore, to capitalize on growth opportunities, FIs who issue cards should prioritize card-based CVPs that align with the segment's unique preferences and spending patterns. From the portfolio-optimization experts at Visa, here are four thematic components FIs should be considering and integrating into their growth strategies:

## Theme #1

# Global accessibility

Catering to the travel, business interests, residency and asset allocation patterns of affluent clients

Based on anonymized spending data, one shared characteristic most clearly differentiated the affluent from other segments: they are high-frequency cross-border travelers.

Banks should take notice. Some travel benefits, like exclusive access to airport lounges or complimentary travel insurance provided by the airline merchant, are integral to attracting and retaining these cardholders and ensuring they don't revert to another payment method when they leave their home territory. Other CVP components that can help banks differentiate include:

## Foreign exchange (FX) related benefits

Cross-border travelers often grapple with high FX mark ups, elevated exchange rates, and a lack of transparency around additional fees and hidden charges. These are some common pain points that travelers face. There are several ways banks can help ease travel-related hurdles for cardholders without burdening them with added costs:

- Multi-currency capabilities – for example, a card that has pre-funded 'wallets' in multiple currencies. More advanced solutions include cards that automatically select the appropriate funding source based on the transaction currency, with links to multiple accounts in different currencies
- Preferential FX rates – like guaranteeing market exchange rates for foreign transactions, refunding FX fees, or providing "roaming" packages that decrease FX fees for a certain period
- Fee-free propositions – some banks are resorting to fully transparent, fee-free FX services to create distinct points of differentiation. It can also be helpful to advise clients on how to get the best value from their card while travelling – like avoiding Dynamic Currency Conversion (DCC) and always paying in the local currency

## At-destination benefits

Offering cardholders benefits at the travel destination itself is a major opportunity for FIs to establish differentiation in the market. The key to success lies in understanding the priority travel destinations and patterns of the affluent client base. By analyzing this data, FIs can establish business relationships with select partners to provide access to VIP events, luxury experiences, and preferential treatment at high-end venues.

A global premium concierge service can be particularly helpful in this regard. Implementing such a system can ensure an easy and frictionless experience for cardholders worldwide.

## During-travel experiences

Beyond lounge access, FIs can provide services such as at-home check in, premium airport transfers, expedited security and immigration, and additional insurance for travel delays or cancellations.

Additionally, they can provide travel-related identity management services to enable frictionless journeys through airports (e.g., enrollment in the US Government's Global Entry program). Banks can excel in this area by offering value-added services such as streaming subscription credits that are valid globally and VIP access to international music and sporting events. Implementing these strategies can enhance customer satisfaction and loyalty.

However, perhaps the most fundamental requirements relate to service quality. Affluent customers should rarely experience a declined transaction. If they do, bank representatives should be available to offer proactive assistance at all times to support the cardholder – because attrition rates can increase dramatically following a declined transaction.

Theme #2

## Best-in-class support and rewards packages

Articulating a sense of exclusivity from card design to dedicated 24/7 customer support

Collaborations with airlines or premium hotel chains can create opportunities for customers to access exclusive benefits. Instead of simply offering extra loyalty miles or points, FIs can unlock elite status with a partner airline or provide complimentary hotel-room upgrades. These upgrades can be more extensive and valuable than the typical offerings, enhancing the travel experience for affluent customers. FIs may also offer travel credits to spend at hotels and other travel-related services, or high-value welcome bonuses.

Card material, design, packaging, and welcome gifts are important components that contribute to a premium user experience. High-quality elements can enhance the perception of value and satisfaction every time a client reaches for their card. While these features are important to all cardholders, the affluent segment often expects an even higher level of quality and exclusivity.

Equally important is the overall user experience, particularly the convenience and simplicity of the reward redemption process. Offering a straightforward reward redemption process is key to providing top-tier customer support.

Cards targeted toward the affluent client segment can create a sense of exclusivity by being offered only to select customers who meet certain criteria. By setting specific eligibility requirements, banks can ensure that these premium cards are available to a limited group, enhancing their appeal and perceived value. One way to achieve this is by making access available through invitation only. Another is to set a high eligibility threshold or charge higher to limit access.





Theme #3

## Family centricity

Supporting the financial and lifestyle needs  
of clients and their families

Family and household wellbeing is an important consideration for many affluent clients. These clients often prioritize services and benefits that support their family's needs and enhance their overall lifestyle. FIs can cater to this segment by offering products and services designed to address these priorities, such as family travel benefits, education planning, and healthcare support.

Providing benefits and services to members of the immediate family or extended household is a key feature of many affluent CVPs, such as delivering the same perks on supplementary cards as on a main one and offering curated family experiences.

Opportunities for FIs are emerging around family wealth management and preservation. An interesting and growing area of exploration is for FIs to help entire families manage and preserve their wealth. At the most basic level, banks could offer tailored payment and financial products for students studying abroad.

Other options for FIs looking to enhance family wealth management services could include providing financial literacy and wealth management programs, and offering analyses designed specifically for affluent individuals and their families.

Theme #4

# Financial protection and data security

Giving clients extra peace of mind

Providing a strong sense of security is beginning to present itself as an important component of successful CVPs. It's always useful to remind affluent consumers that no card is more widely accepted around the world than Visa, and it comes with many in-built consumer protection safeguards. Then, above and beyond the usual types of insurance, best practice examples include:



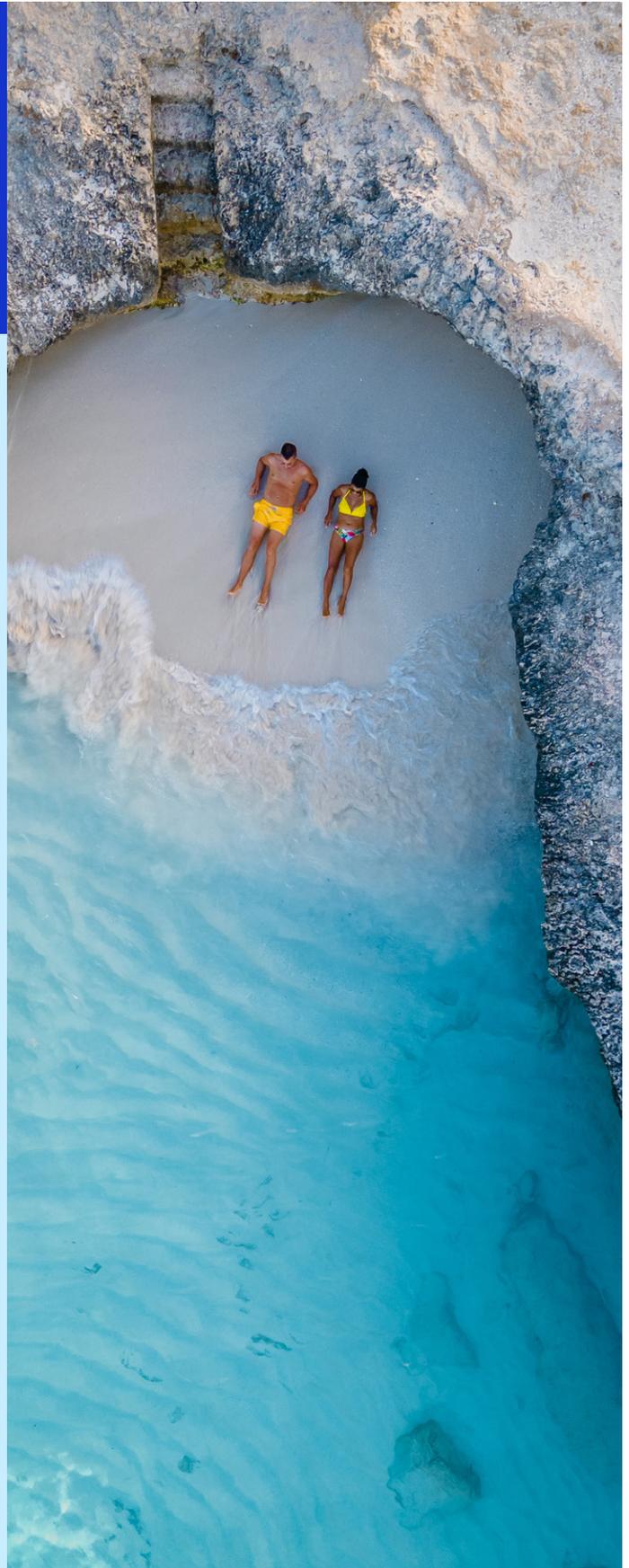
## Emergency services especially during travel

Emergency cash delivery and urgent global card replacement are good examples of differentiated capabilities. Purchase protection, temporary credit increases when individuals are close to their limit, and identity theft protection are some other examples of useful emergency services during travel.



## Advanced fraud protection strategies and zero liability protection

Preventing unauthorized transactions is crucial for creating a sense of safety for affluent cardholders. Implementing advanced security measures such as real-time transaction alerts, multi-factor authentication, and fraud detection systems can help ensure that clients' accounts remain secure and that they are not held accountable for fraudulent activities.



# How Visa can help

Visa Advisory Services can help in several ways by connecting strategy, digital, marketing, and data science experts with internal teams. Using advanced analytics, deep insights can be provided into affluent clients, their existing behaviors, and their unfulfilled needs. For example, Visa Travel Predict analytics can be used to identify the top decile of clients who are five-times more likely to travel across borders. Visa Advisors can assist FIs in crafting a CVP that reflects their needs and creates real differentiation within the market environment. Additionally, Visa Advisory Services can support the delivery of this CVP to clients through end-to-end marketing solutions

Choose from a selection of platforms, product components, and Visa-ready partnerships to configure a product tailored to the needs of affluent customers. Then, partner with in-house marketing experts to develop and deliver data-backed creative campaigns, helping clients understand, appreciate, and benefit from the CVPs.



## About Visa Advisory Services

Visa Advisory Services is a team of 1,500+ payments consultants, digital marketing specialists, data scientists, and economists across six continents.

The combination of our deep payments consulting expertise, our economic intelligence and our breadth of data allows us to identify actionable insights and recommendations that help drive better business decisions.

- ✔ Our consultants are experts in strategy, product, portfolio management, risk, digital and more with decades of experience in the payments industry.
- ✔ Our data scientists are experts in statistics, advanced analytics, and machine learning, with exclusive access to insights from VisaNet, one of the largest payment networks in the world.
- ✔ Our economists understand economic conditions impacting consumer spending and provide unique and timely insights into global spending trends.

To get started, contact the Advisory Services team or reach out to your Account Executive directly.

Learn more about [Visa Advisory Services](#), read about our data-backed insights on [Visa.com/VCAInsights](#), and follow the team on [LinkedIn](#).



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