

UCSD HOSTED GIFT CARD PROGRAM

FOCUS ON EFFICIENCY

UC San Diego implemented a gift card program with a banking partner in 2013 as a method of payment for gifts, awards, prizes and as compensation for participants in research studies. The program was further refined in 2016 to provide the campus with a better card product while maintaining a revenue stream.

Gift cards are popular cash equivalents for a variety of purposes ranging from compensating a participant in a clinical trial or research study to recognizing a milestone work anniversary.

At UC San Diego, there was significant demand for a gift card product, and the university's departments of Banking Services, Disbursements and Travel launched its first offering in 2013. As time went on and campus needs and use cases were better understood – particularly in the area of compensation for human subjects in research studies – the university searched for a better product. There are third-party providers who manage the end-to-end process for gift cards, but it was important for UC San Diego to maintain the revenue stream provided by funding the gift cards through a procurement card.

The first product offering was a Visa gift card with a \$1.20 load fee per card issued for \$20 or more and a \$2.95 load fee for cards issued for denominations between \$10 and \$19.99. Cards were activated at the time the department ordered them and incurred a monthly fee of \$2.50 after one year. This was problematic for the research community as they did not always know exactly when the card would be distributed, and the participant would receive compensation for less than they were promised.

Based on feedback from our campus clients, the university explored card products with more favorable attributes, including no fees incurred by the recipient; a low load fee regardless of card value; no expiration date and the ability to cancel the card after activation; and an easy user experience for the cardholder with the ability to obtain card balances and transaction history.

MILESTONES

- Interviewed clients to defined use cases and requirements
- Searched the market for products
- Evaluated products and compared features
- Negotiated agreement
- Developed and documented internal process (manual and technical aspects), including internal controls
- Develop marketing materials and launched communication campaign
- Managed the transition between two products; monitored performance of the program and communicated issues to card provider
- Conducted a lessons-learned study and set future goals

QUANTIFICATION AND RESULTS

The team's action resulted in a card with better results for both the cardholder and the university.

The new card product

- has a lower load fee (\$1.15 per card), no expiration date and can be canceled after inactivation
- is customizable and carries the institution's logo
- is more cost effective for the campus community and cardholders than the leading third-party provider and preserves the revenue stream for the institution

Cardholders will never incur hidden fees with new card product.

The program tracked a 35% increase in total gift card program spend for the 2017 calendar year.

OPPORTUNITIES AND SOLUTIONS

As the program grows, the university is continuing to refine its internal process for card management and demand. We also have the ability to offer cards with funds for specific retailers – similar to a “gift card mall” – which gives our client base options beyond a Visa gift card and provides additional incentives back to the institution. The card provider also offers a virtual terminal that allows the departments with heavy usage to load their own cards, which reduces the resources required by the university's departments of Banking Services, Disbursements and Travel.

IMPACT AND BENEFITS

Clients have responded positively to the new product and program particularly because of the lower costs and greater benefits. The product is a better offering for the end-users, which is always the ultimate goal. The positive response is evident in the increased volume and spend we are experiencing with the gift card program. For several years, the department has attempted to transition study coordinators from cash to more secure payment methods, and with the introduction of this card product, there has been a significant decrease in cash advances.

QUALITY

Aside from the initial transition, the process for both the department offering the card and its clients has essentially remained unchanged. From a cost perspective, the new product is a higher quality, more cost-effective offering.

TEAM MEMBERS

Sali Coleman

Veronica Wilson

Shantal Flores

Monica Menendez

LESSONS LEARNED

1

It is nearly impossible to gauge the perfect time to transition products, and the university's departments of Banking Services, Disbursements and Travel had to place unexpected orders with old providers as the new provider was still ramping up.

2

Though not major, the new card provider oversold their readiness resulting in more time spent on workarounds for the first few months of the program.



Team members with their Focus on Efficiency Award