2025

Best-In-Class Modern Card Issuer:

Meeting the Mandate to Align Fraud Prevention with Compliance Demands

Visa dps

Table of contents

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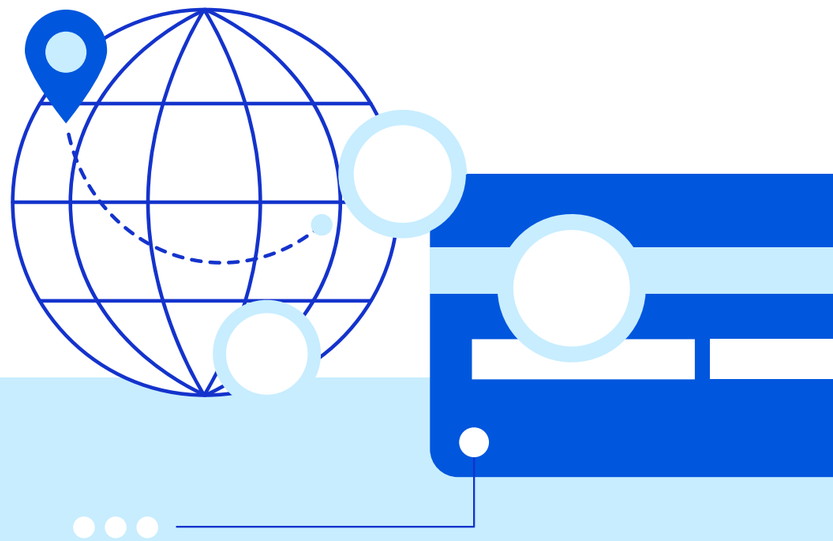

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The Best-In-Class Modern Card Issuer: Meeting the Mandate to Align Fraud Prevention with Compliance Demands was produced in collaboration with Visa DPS, and PYMNTS Intelligence is grateful for the company's support and insight. • PYMNTS Intelligence retains full editorial control over the following findings, methodology and data analysis.

What's at stake

For card issuers, fraud prevention and regulatory compliance are closely linked, with both functions serving as foundational pillars of operational integrity. Each aims to protect consumers, issuers and the financial system from harm. While managing fraud risk focuses on criminal threats such as account takeovers and unauthorized transactions, compliance ensures adherence to regulatory standards including anti-money laundering (AML) and know-your-customer (KYC) rules.

In today's increasingly digital landscape, the push for faster onboarding and seamless shopping experiences has redrawn the battle lines for these two core functions. Issuers now face growing pressure to prioritize fraud and risk prevention without sacrificing compliance. Consequently, issuers with high customer lifetime value (CLTV) metrics invest heavily in advanced fraud detection and regulatory systems, signaling their shift toward embedded, high-efficiency models. Moreover, they expect best-in-class issuing platforms that ensure proactive and automated risk and compliance.

How Card Issuers Define a Best-in-Class Issuing Platform from the Perspective of Risk and Compliance

Proactive and automated risk and compliance

> **Real-time access to advanced risk models and controls for managing credit, transaction risks and customer compliance.**

> **AI-powered, real-time analytics to detect and prevent fraudulent activities.**

> **Integrated tools that automate compliance with regulatory standards, eliminating the need for manual intervention.**

This shifting terrain is vividly reflected in three revealing data points. First, more than 50% of high-CLTV issuers cite fraud prevention, tokenization and Europay, Mastercard and Visa (EMV) microchips embedded in credit and debit cards as important when choosing an issuer processor. Second, four in 10 high-CLTV issuers still report difficulty meeting regulatory requirements. Thirdly, issuers that have experienced regulatory challenges are 38% more likely to value compliance support from their processor—a clear signal that operational setbacks are reshaping expectations.

Four in 10

high-CLTV issuers report challenges meeting regulatory standards.

Together, these insights signal the need for card issuers to not just bolt on features, but deeply integrate tools that bridge fraud prevention and regulatory alignment. The best-in-class modern card issuer must operate like a dual-threat: Agile enough to respond to emergent fraud, and robust enough to meet rising regulatory expectations.

Average CLTV is an indicator of best-in-class issuers

We use average CLTV as an indicator of best-in class issuing because it offers a comprehensive metric of the total revenue potential of a cardholder over their entire relationship with the issuer. We separated issuers into three groups—high, medium and low—based on the CLTV they reported to us.

What CLTV is: The total revenue a cardholder is expected to generate for an issuer over the entire duration of their relationship, including income from interest, fees and transactions, minus any associated costs such as rewards, marketing and servicing.

Why it matters: For card issuers, CLTV is a critical metric that reflects the profitability of a cardholder, allowing bank and non-bank issuers to segment their customer base and prioritize strategies to enhance retention, reduce churn and attract high-value customers.

What drives high CLTV: Higher CLTV is driven by a combination of strong customer engagement, profitable fee structures and effective retention strategies. Cardholders who spend frequently or on large-ticket purchases contribute to higher interchange fees, while annual fees provide consistent revenue. Customers who carry balances generate substantial interest income, further boosting issuer profitability.

The best-in-class modern card issuer must operate like a dual-threat: Agile enough to respond to emergent fraud, and robust enough to meet rising regulatory expectations.

These are just some of the findings detailed in The Best-In-Class Modern Card Issuer: Meeting the Mandate to Align Fraud Prevention with Compliance Demand, a PYMNTS Intelligence and Visa DPS collaboration. The report examines how U.S.-based issuers are building the capability to manage fraud while also remaining regulatory compliant, drawing on insights from a survey of 451 executives who fill head of payments roles at U.S.-based bank and nonbank card issuers. Comprised of data collected from Dec. 13, 2024, to Jan. 17, 2025, the report offers a window into the strategies, constraints and technology priorities shaping the future of fraud and compliance in the digital era.

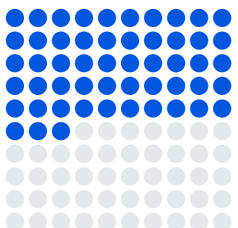
This is what we learned.

Key findings

01

Fraud focus

Issuers must seek processors that offer configurable or modular fraud and compliance platforms aligned with their unique operating models.



53%

of high-CLTV issuers say they choose an issuer processor based on EMV chip availability, versus 46% of the broader sample.

02

Scaling compliance

High-CLTV issuers often build strong fraud defenses but risk falling behind as they scale. To avoid regulatory friction and reputational risk, issuers must work with partners that offer built-in compliance tools and strategic regulatory guidance.

39%

of high-CLTV issuers report issues with compliance and regulations, as do 40% of regional banks.

03

Real-time risk intelligence

Issuers aiming to maximize CLTV must move beyond static risk models and demand real-time fraud monitoring and intelligence from their processors, all while leveraging partners offering proactive threat management.

43%

of high-CLTV banks choose processors based on regulatory compliance capabilities.

The Full Story

Fraud prevention and compliance are often treated as silos, but for best-in-class issuers, they are deeply interlinked: Both safeguard the financial system and maintain consumer trust.

More than half of high-CLTV issuers cite fraud prevention, tokenization and EMV chips as important to their issuer processor decisions.

Leading issuers are choosing issuer processors based on advanced security that supports safe digital transactions—exactly the kind of seamless, trusted shopping experience that encourages repeated card use across wallets and apps. EMV chips continues to offer cardholders physical peace of mind at the point of sale, and its prioritization signals a commitment by issuers to maintaining the kind of everyday reliability that keeps their cards top-of-wallet. In fact, 54% of high-CLTV issuers cite tokenization as important, compared to 46% of the total sample. Also, 53% of high-CLTV issuers value EMV chip availability, versus 46% of the broader sample. These findings suggest that high-CLTV issuers are not just focusing on fraud prevention—they're strategically selecting features that support long-term engagement and reinforce a card's daily utility for users

Figure 1:

Card features that drive choice of main issuer processor
Issuers citing security-related card features that drive their choice of main issuer processor

	Sample	High CLTV
Fraud detection and prevention	49.7%	50.0%
Europay, Mastercard and Visa (EMV) chip	46.0%	53.4%
Dynamic card verification value (CVV)	31.3%	31.0%
Spend controls	34.9%	34.6%
Tokenization	45.5%	53.8%
Card freezing/unfreezing	28.6%	28.8%

Source: PYMNTS Intelligence
The Best-In-Class Modern Card Issuer: Meeting the Mandate to Align Fraud Prevention with Compliance Demands, July 2025
N = 451: Complete responses from card issuers, fielded Dec. 13, 2024, to Jan. 17, 2025

Meanwhile, inefficiencies in fraud detection and risk management affect 21% of issuers overall, but they're more common among regional banks, at 26%. For all issuers with lower CLTV, the share is 25%. This might be because local and regional banks and low-CLTV issuers may be operating with older technology stacks and fewer resources for advanced fraud detection tools.

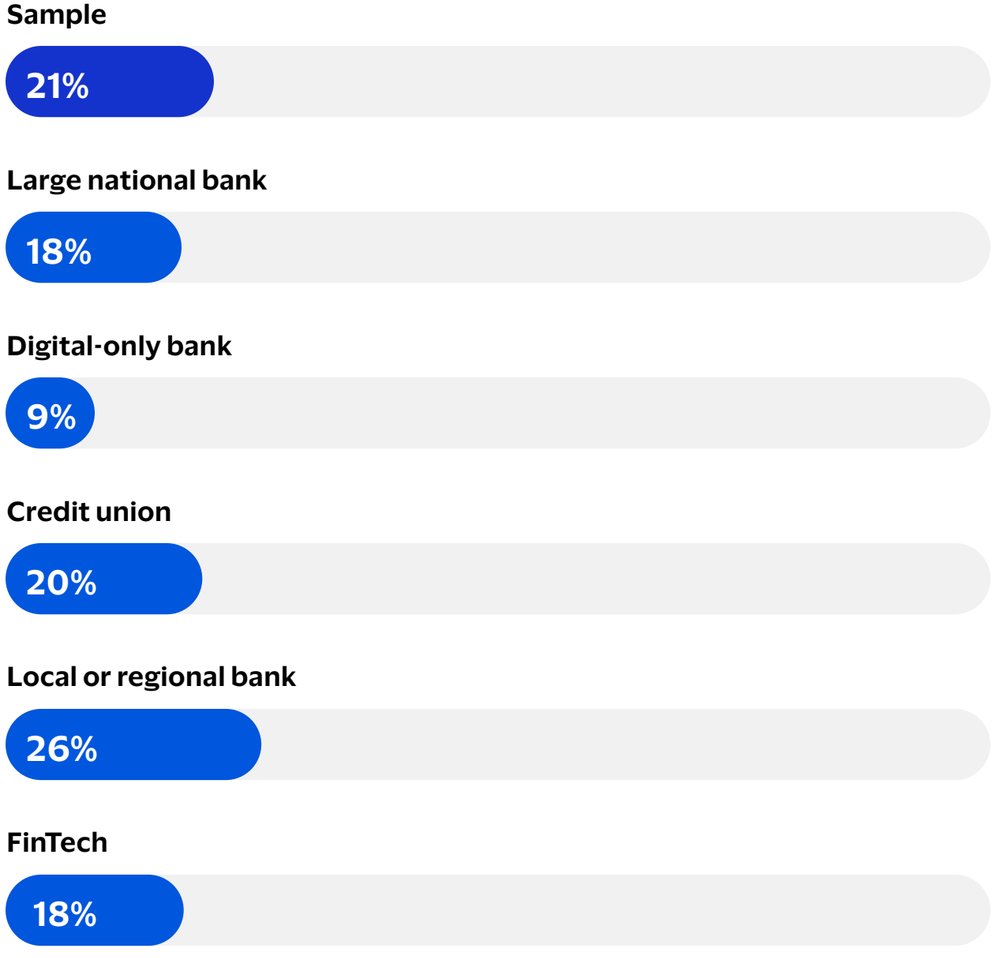
In contrast, just 14% of high-CLTV issuers cite inefficiencies in fraud detection and risk management. This finding suggests that such issuers typically invest heavily in artificial intelligence (AI)-driven risk infrastructure and have dedicated teams focused on fraud, enabling them to detect and respond to threats more efficiently and proactively.

From offering important security features to enabling fraud detection and risk management, best-in-class issuers recognize what fraud prevention really means: It's no longer just about loss mitigation, but a foundational piece of product-market fit in the digital era. Issuer processors that want to compete for digital-first clients must treat fraud management as a strategic capability, not just a compliance checkbox.

Figure 2:

High CLTV issuers struggle less with fraud prevention and risk

Better tools translate to greater revenues for issuers



Source: PYMNTS Intelligence
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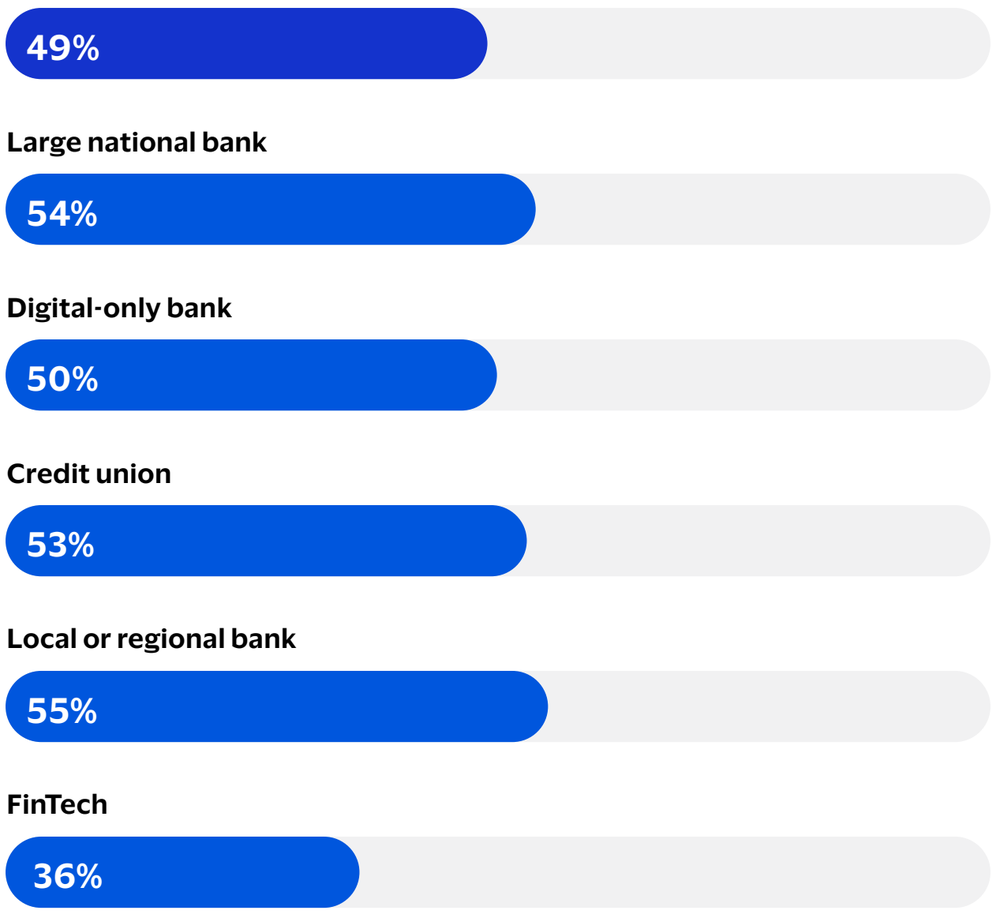
9%

of digital-only bank issuers experience inefficiencies in fraud and risk management, the lowest rate for any type of financial institution.

Figure 3:

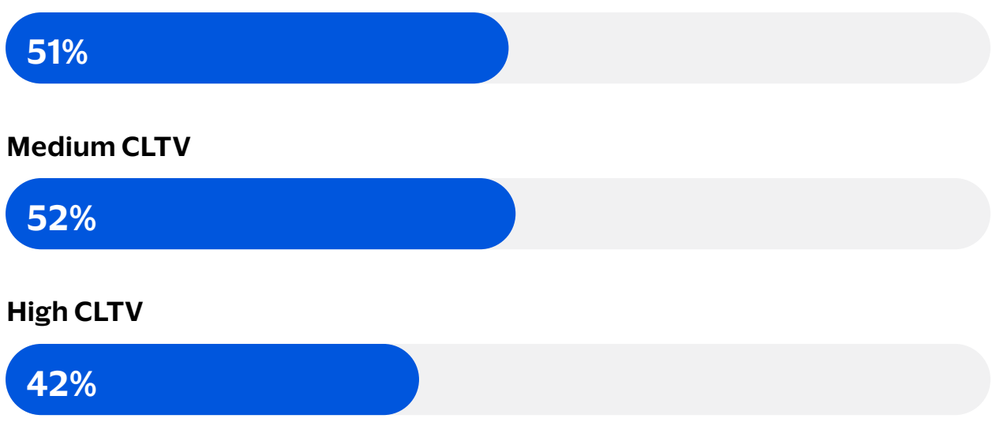
Enhanced security attributes issuers want in an issuer processor

Issuers citing enhanced security as an attribute that drives their choice of issuer processor, by demographic



42%

of high-CLTV issuers say enhanced security and fraud prevention measures help drive their choice of an issuer processor, compared to 51% of low-CLTV issuers.



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Regulatory strain persists:

Four in 10 regional banks and high CLTV issuers report compliance gaps.

Even as high-CLTV issuers outperform lower-CLTV issuers on fraud prevention, they remain challenged by compliance requirements. Thirty-nine percent of high-CLTV issuers report that they struggle to maintain regulatory compliance, as do the same percentage of low-CLTV issuers. These banks, often encumbered by legacy systems or limited staff, may struggle to meet regulatory requirements despite the intent to do so. These institutions may also lack the flexible infrastructure needed to integrate new compliance protocols or respond expediently to regulatory updates.

Financial institutions with compliance challenges are

38% more likely

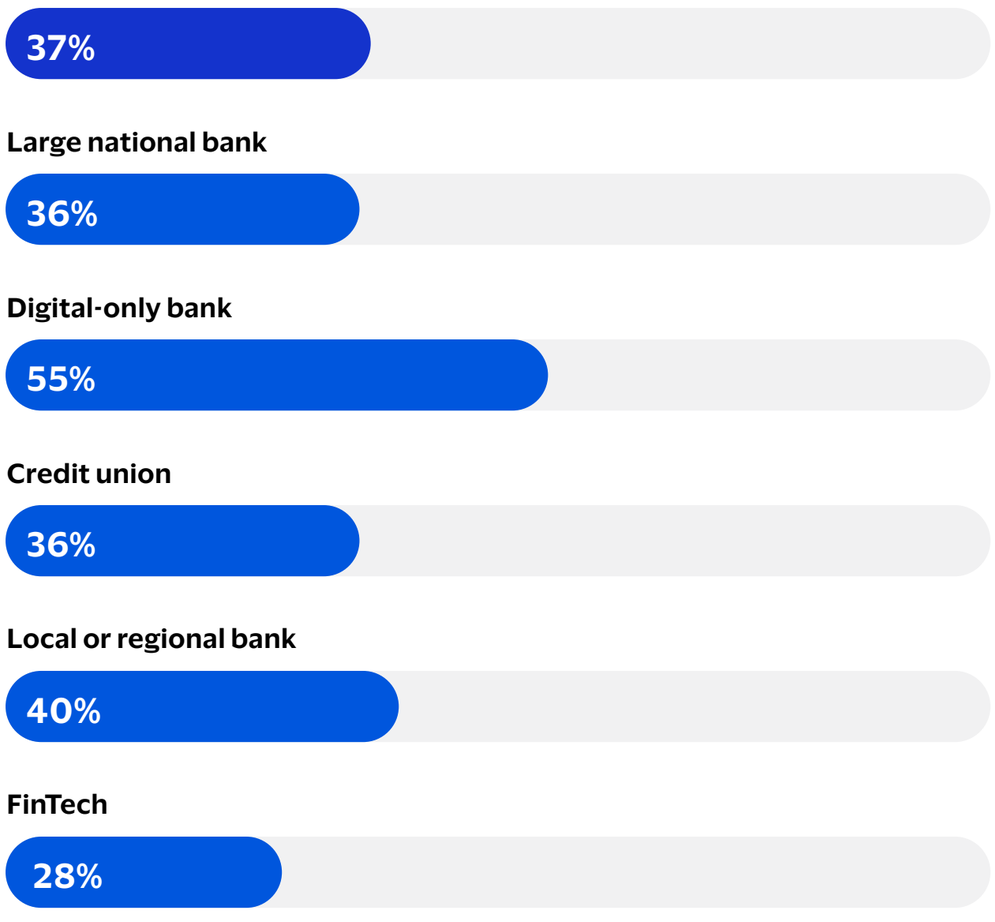
to say they value compliance support from their issuer processor.

The consequences of these gaps are more than theoretical. When issues arise, financial institutions that have faced compliance challenges are 38% more likely to say they value compliance support from their issuer processor. This highlights an important market opportunity: Card issuers can enhance long-term customer engagement by adopting turnkey or embedded compliance services.

Figure 4:

Regulatory compliance problems issuers experience

Issuers that cite difficulty in maintaining regulatory compliance as a problem experienced with their issuing platform



36%

of large national issuers report difficulty in maintaining regulatory compliance.

Source: PYMNTS Intelligence
The Best-In-Class Modern Card Issuer: Meeting the Mandate to Align Fraud Prevention with Compliance Demands, July 2025
N = 451: Complete responses from card issuers, fielded Dec. 13, 2024, to Jan. 17, 2025

Issuer processor as compliance navigator:

More than four in 10 high-CLTV issuers say regulatory compliance support is a top priority when choosing an issuer processoe.

When it comes to choosing an issuer processor, priorities vary significantly across issuer types. About half of all respondents said enhanced security and fraud prevention features were important criteria. Only 42% of high-CLTV issuers say enhanced security and fraud prevention measures are a top priority when choosing an issuer processor, while 51% of issuers with low CLTV cite enhanced security and fraud prevention measures as a top priority in processor choice. These findings further suggest that high-CLTV issuers outperform on fraud prevention due to their adoption of advanced fraud protection and risk management systems.

51%

of low-CLTV ssuers cite enhanced security and fraud prevention measures as a top priority in processor choice

On the compliance side, however, the divide is more pronounced. Notably, 43% of both high-CLTV issuers and regional banks say regulatory compliance support is a top priority when choosing an issuer processor, three times the rate of digital-only banks. Some 14% of digital-only banks choose an issuer processor based on compliance and regulation. Meanwhile, just 32% of low-CLTV issuers cited this as a key decision factor. Again, issuers that have experienced compliance and regulatory challenges value regulatory and compliance support by their issuer processor 38% more than those that do not.

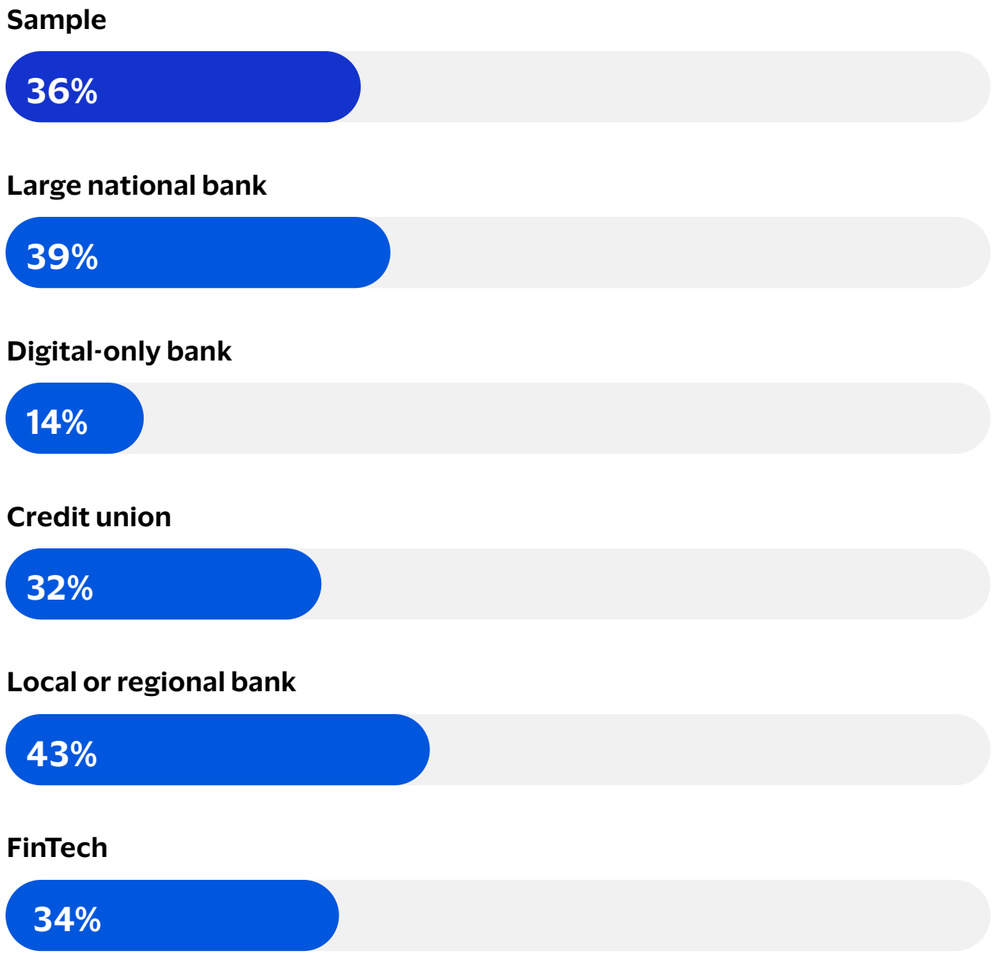
43%

of high-CLTV issuers and local or regional banks say enhanced compliance is a factor driving their choice of issuer processor.

This disparity stems from how different institutions view their core competencies and gaps. Digital-first banks, for instance, often see compliance as a function to be solved internally—or deprioritized altogether in favor of fraud management. Meanwhile, traditional banks, including high-CLTV issuers typically have in-house compliance teams, still see value in processors that offer robust tools and partnerships in this area. For these institutions, compliance is not just a risk area but an integrated part of customer service, operations and long-term strategy.

Figure 5:

Enhanced compliance attributes issuers look from an issuer processor
Issuers citing enhanced compliance as an attribute that drives their choice of issuer processor, by demographic



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Card issuers with regulatory challenges value processor compliance support

38% more

than those without.

Actionable insights

01

Adopt flexible fraud prevention and compliance platforms:

Traditional banks require fraud and compliance systems that scale with existing infrastructure, while digital banks need agile controls and embedded features. Both types of card issuers can drive long-term value by seeking processors that offer configurable fraud and compliance platforms aligned with their unique operating models.

02

Leverage scalable compliance capabilities:

High-CLTV issuers prioritize strong fraud defenses but can still risk facing compliance challenges as they scale. To avoid regulatory friction and reputational risk, issuers can leverage partnerships that offer built-in compliance tools and strategic regulatory guidance. Embedding compliance early in the lifecycle can enable issuers to grow confidently, safeguard customer experience, and stay ahead of shifting regulatory expectations—crucial for long-term customer and market value.

03

Embed real-time fraud prevention and risk intelligence:

It is crucial for card issuers to embed real-time fraud and risk intelligence into their operations, given the rapidly evolving nature of the threats and challenges. Issuers that partner with processors offering real-time monitoring, automated updates and immediate fraud alerts can significantly reduce their burden, especially when they have limited resources. Issuers should see these processors as strategic allies that provide critical support for dealing with increasing complexity.

Methodology

The Best-In-Class Modern Card Issuer: Meeting the Mandate to Align Fraud Prevention with Compliance Demand, a PYMNTS Intelligence and Visa DPS collaboration, examines how U.S.-based issuers are building the capability to manage fraud while also remaining compliant with myriad regulations. It draws on insights from a survey of 451 executives who fill head of payments roles at U.S.-based bank and nonbank card issuers. Comprised of data collected from Dec. 13, 2024, to Jan. 17, 2025, the report offers a window into the strategies, constraints and technology priorities shaping the future of fraud and compliance in the digital era.

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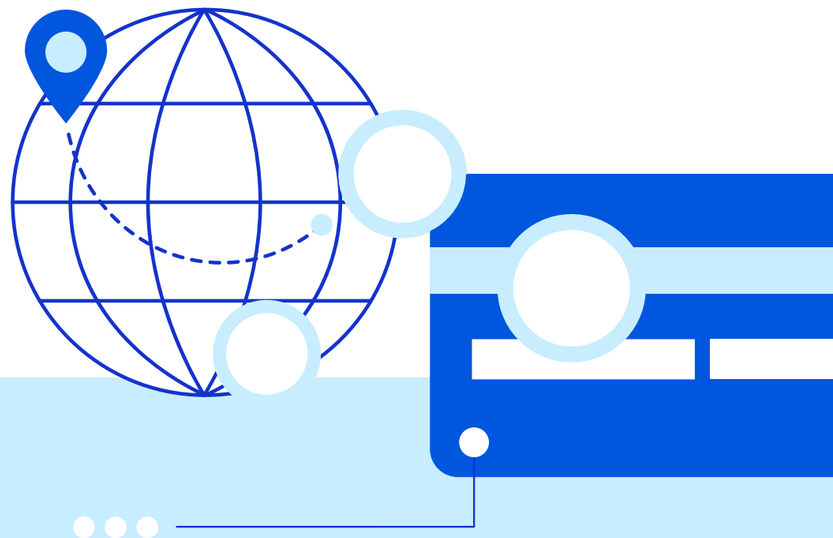

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About

Visa Inc. (NYSE: V) is the world's leader in digital payments. Our mission is to connect the world through the most innovative, reliable and secure payment network — enabling individuals, businesses and economies to thrive. Our advanced global processing network, VisaNet, provides secure and reliable payments around the world and is capable of handling more than 65,000 transaction messages a second.

The company's relentless focus on innovation is a catalyst for the rapid growth of digital commerce on any device, for everyone, everywhere. As the world moves from analog to digital, Visa is applying our brand, products, people, network and scale to reshape the future of commerce.

Visa DPS is part of Visa Issuing Solutions, the foundational technology and consumer engagement portfolio under Visa's Value Added Services Business.

For More information visit – www.visa.com, https://corporate.visa.com/en/solutions/issuing.html and https://usa.visa.com/sites/visa-dps.html

PYMNTS Intelligence is a leading global data and analytics platform that uses proprietary data and methods to provide actionable insights on what's now and what's next in payments, commerce and the digital economy. Its team of data scientists include leading economists, econometricians, survey experts, financial analysts, and marketing scientists with deep experience in the application of data to the issues that define the future of the digital transformation of the global economy. This multi-lingual team has conducted original data collection and analysis in more than three dozen global markets for some of the world's leading publicly traded and privately held firms.

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