CompoSecure

REPORT

Metal magnitude: premium touch to captivate high-value customers

Contents

Intro

87%

of UHNWs (Ultra High Net Worths, individuals characterized by a significant wealth) would be likely to select an offer that has a metal card if all rewards/benefits were equal

72%

of UHNWs use their metal card more than other cards in their wallet

65%

of UHNWs would be more likely to stay with their bank if it offered a metal card

Humankind has been fascinated by metal since the dawn of time. Gold and silver enabled the trading of goods long before the introduction of modern money. In 2003, this fascination extended into the card ecosystem as the world's first metal credit card was created. It was targeted at an exclusive audience with considerable financial resources. The metal card was used to attract these customers, encourage them to spend using the card (making it top-of-wallet), and to retain them. This strategy proved very effective for acquisition, spending, and retention, and 'the black card' became an almost mythical symbol, extending far beyond the realm of a simple payment tool.

By the mid-2010s, metal cards began reaching a new, carefully selected audience. Traditional American banks and, notably European, FinTechs started targeting young, tech-savvy, trendy, mass-affluent Millennials, using metal cards as a way to attract them. This was also highly effective. As the story goes, one issuer ran out of the materials to manufacture the cards just weeks after launch, as demand was so overwhelming.

Recent research from CompoSecure and Capuchin Behavioural Science confirms that these tactics remain incredibly effective, and that, 20 years after its introduction, the metal card is more popular than ever among consumers worldwide. Humans are simply mesmerized by the aesthetics of these cards, the way they feel when held, their weight, and the distinctive sound they make when dropped onto a counter.

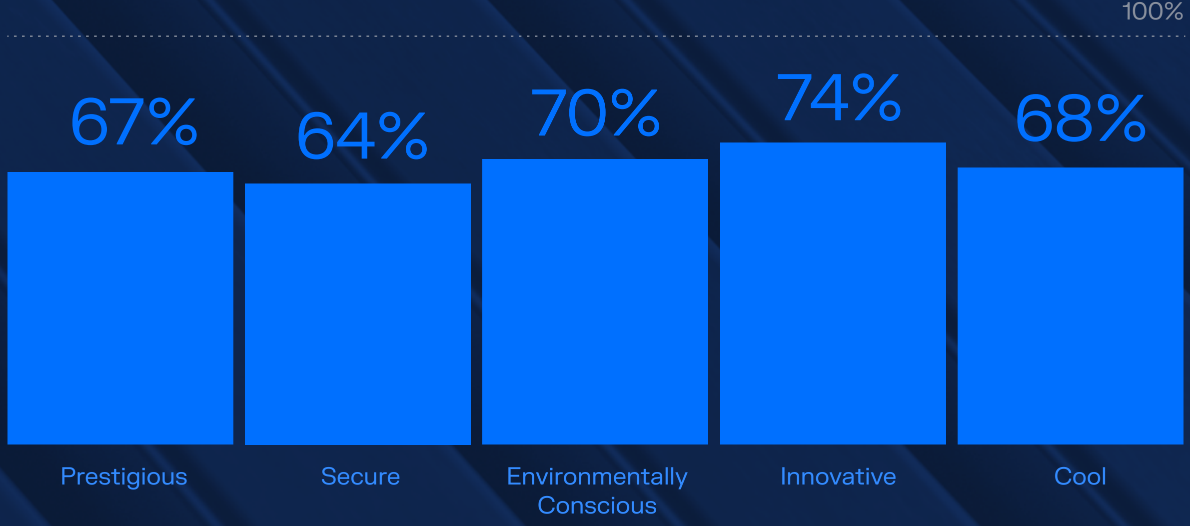
All statistics are derived from CompoSecure and Capuchin, research in 2024 encompassing 21.250 customers in 17 countries

Leveraging metal cards to reinforce the brand among broader customer segments

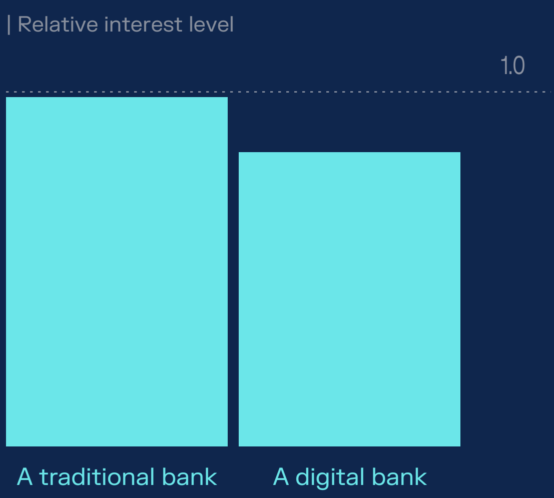
While metal cards were not originally aimed at wider customer groups, their issuance created a positive brand perception across broader customer segments. In today's banking landscape, where new players continue to emerge, leading to the disintermediation and unbundling of financial services, the way a bank is perceived is arguably more important than ever. There are many ways to enhance this perception, and this research shows that one highly effective measure is including metal cards in the bank's or FinTech's offerings.

A metal card would make me see a bank as...

| NET more, total population

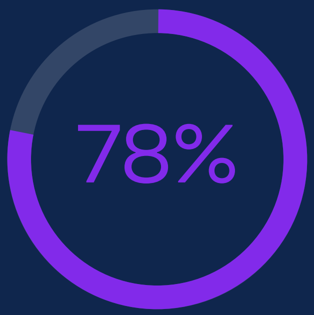


If all rewards/benefits were equal, how likely would you be to select an offer that has a metal card when you were looking for a new card from...?



Although metal cards have primarily been offered by major U.S. card issuers and European FinTechs, consumers worldwide would likely also respond very positively to a metal card offering from a traditional bank in their local market.

The tangible, physical element of metal cards represents security in a world that is becoming increasingly digital and anonymous. These cards symbolize physical innovation, quality, and durability—enduring when everything else crumbles.



combined response rate for durability and unique design among the top three most valued aspects of a metal card

Segmenting the customer base to ensure a successful metal card program

While issuing metal cards will improve a bank's perception among both Ultra High Net Worth (UHNW) individuals and broader customer segments, the research highlights specific customer groups that are particularly likely to embrace metal cards, whether they are provided as part of a premium package for certain segments or available for a fee through their card issuer.

Elite

Individuals with considerable financial wealth, a higher social status, and refined interests such as social causes. They tend to prefer traditional banks.

Innovator

Gen Z and Millennial consumers who are drawn to lifestyle, technology, new trends, and innovation. They typically lean towards FinTech providers.

Up and Coming

Young, well-educated individuals (primarily Gen Z) who have already achieved significant professional success and are status-conscious.

Immersing the senses – the sensory power of metal cards

Compared to standard plastic cards, metal cards stand out by engaging 3 of our senses:

SIGHT

They look different

HEARING

They sound different

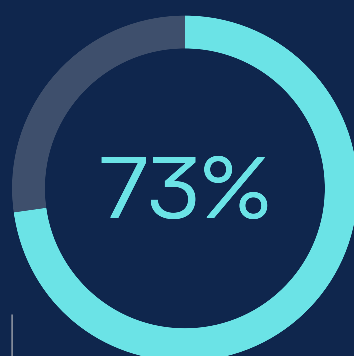
TOUCH

They feel different

Interestingly, the Elite, Innovator and Up and Coming segments place significantly more value on these sensory attributes than the general population.

2x

The Up and Coming are more than twice as likely as the general population to identify the 'clang' factor as a key benefit of metal cards



of UNHWs say it's important for a payment card to be beautiful, compared to 45% for the total population

Positioning the metal card to maximize its impact

Compared to the general population, the aforementioned segments tend to value metal cards as "accessories." They see the cards as symbols that communicate their values, lifestyle, identity, and status. Using a metal card becomes a form of self-expression. Interestingly, these segments prioritize experiences and emotional connections over mere functionality. It's also important to note that these groups prefer the exclusivity of metal cards within their select group, reinforcing the successful strategy many issuers have used: offering metal cards (only) to carefully selected segments and/or pricing them with a (significant) premium compared to standard plastic cards.

These Elite, Innovator, and Up and Coming customers act as "influencers" within the broader customer base, who are likely to “follow” them to the same bank. As mentioned, while the broader segments may not be the primary target for a metal card, offering such a card still enhances their perception of the bank.

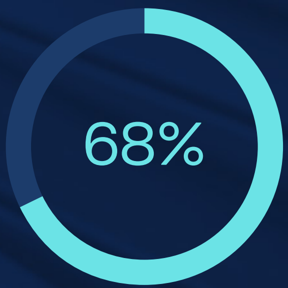
2x

the Elite segment is more than twice as likely (compared to the total population) to choose “symbolic” or “experiential” as the top feature of metal cards

2x

UHNWs are more than twice as likely (compared to the total population) to say that a benefit of a metal card is that it signals “reassuringly expensive”

While many U.S. issuers typically link metal cards with rewards programs, the research (as well as current practices among European FinTechs) shows that customers find metal cards attractive even without any associated rewards.



of UHNWs would like a metal payment card even if there were no benefits / perks / rewards associated

Using the right cues when communicating about metal cards

To truly captivate the Elite, Innovator and Up and Coming segments, issuers of metal cards should carefully consider the cues used in their communication. It’s important to create the impression that these cards are scarce, rare, premium, and unique. This will reinforce the FOMO (fear of missing out) effect and strengthen the sense of exclusivity. It's also crucial to emphasize that metal cards are rare for a reason: they are (hand)crafted through long and complex processes that require expert skills, advanced technology, and specialized equipment, using rare materials.

2x

UNHWs are more than twice as likely (compared to the total population) to say that a metal card would be appealing since it would make other people envious

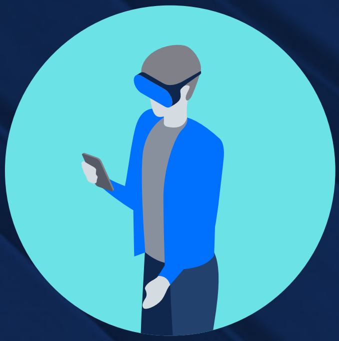
2x

The Up and Coming are more than twice as likely (compared to the total population) to say that a metal card would be appealing because it symbolizes being part of an exclusive group

Zooming in on the segments:

Elite

For the Elite, messaging around heritage, tradition, exclusivity, and prestige will resonate strongly.



Innovator

For the Innovators, highlighting newness, trendiness, excitement, and a design cooler than standard options will have the greatest appeal.

Up and Coming

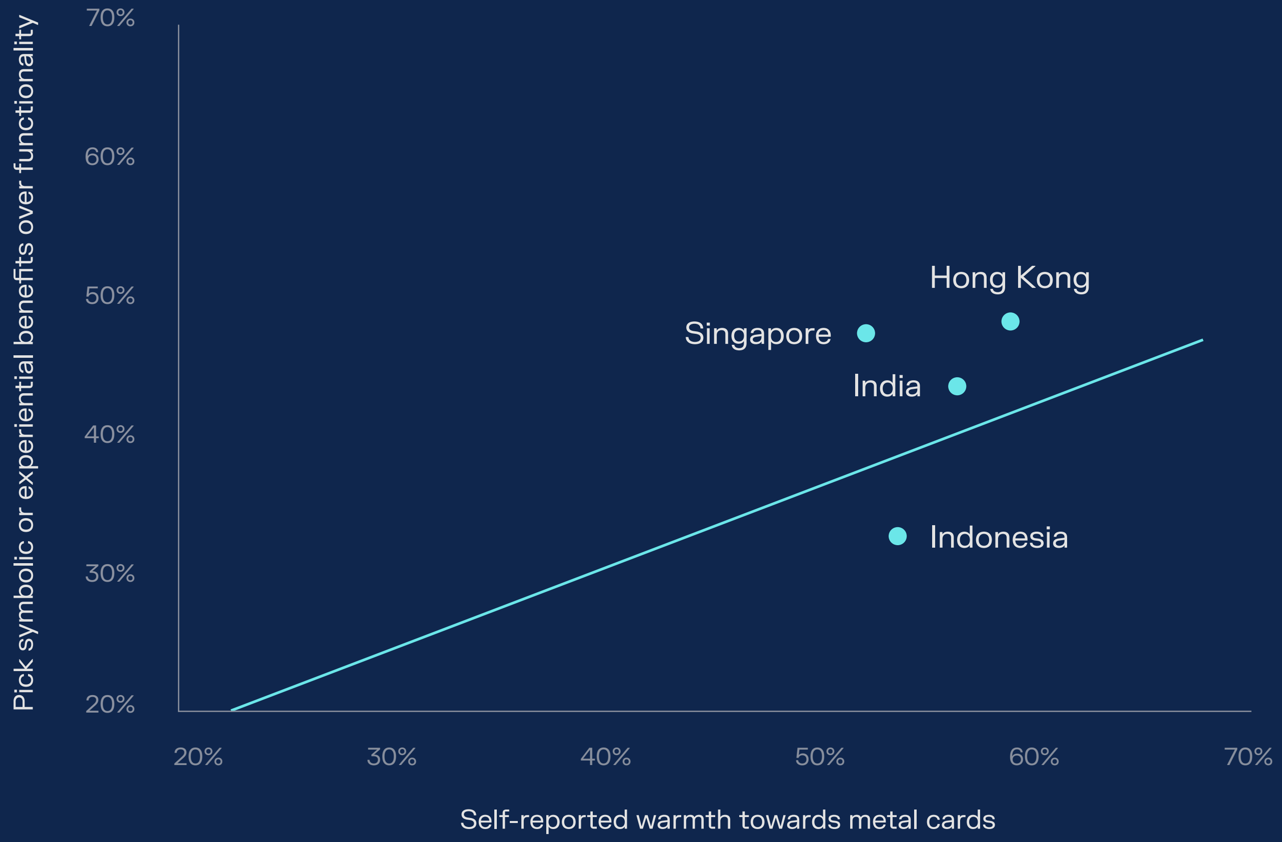
For the Up and Coming, messaging tied to aspiration and the idea that the card is highly sought after will strike the right chord.

Tapping into the untapped: APAC's massive potential for metal cards

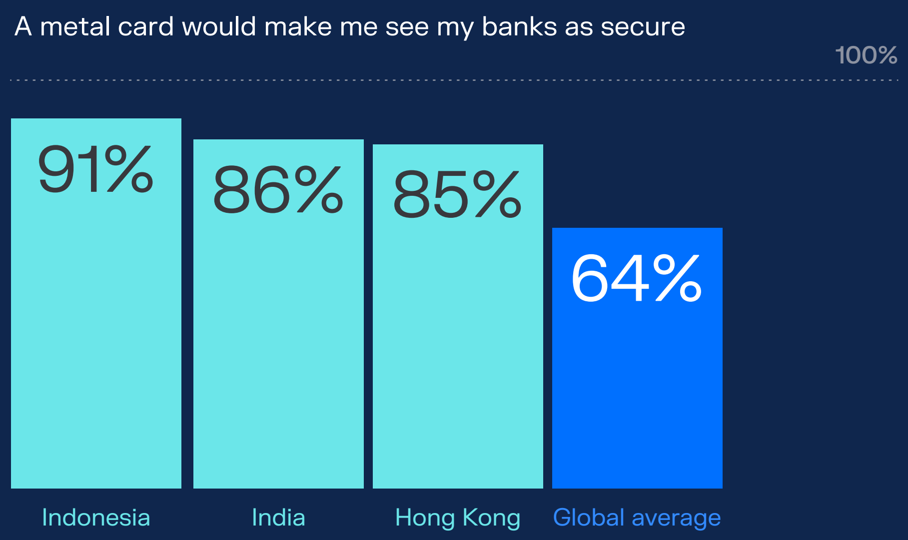
The Asia-Pacific region (APAC) represents the world’s largest population, significant gross domestic products, and rising incomes. A substantial share of the world’s debit and credit cards are issued in this vibrant region.

While metal cards have made notable inroads in India in recent years, much of this vast market remains untapped in terms of metal card offerings. However, research shows that the APAC population would be highly receptive to metal cards. One important reason being that the APAC population places much greater value on experiences and symbolic benefits over purely functional ones. This is not to say that a metal card lacks functionality, but rather that it offers an elevated experience and is a strong symbol of lifestyle and identity compared to standard plastic cards.

The warmer markets are towards the idea of metal cards, the more interested they are in symbolic or experiential benefits over functionality (e.g., durability). It seems that these emotional elements are a key differentiator.



Although the APAC population is highly digital, they appreciate the tangible security that a metal card embodies.



Summary

This research highlights how metal cards are more popular today than ever before. Consumers around the world are captivated by the aesthetics of these cards, the way they feel in their hand, their weight, and the distinctive sound they make when dropped on a counter. Banks and FinTechs can leverage metal cards not only to improve acquisition, spending, and retention among selected segments like (U)HNWs, Elites, Innovators, and the Up and Coming, but also to enhance the overall brand perception among all customer segments.

Attracting high-value customers

Metal cards have proven to be an incredibly efficient tool for attracting high-value customers, encouraging them to spend using the card (making it top-of-wallet), and retaining their loyalty.

Reinforcing the brand

Including metal cards in a bank's or FinTech's offerings enhances brand perception across broad customer segments.

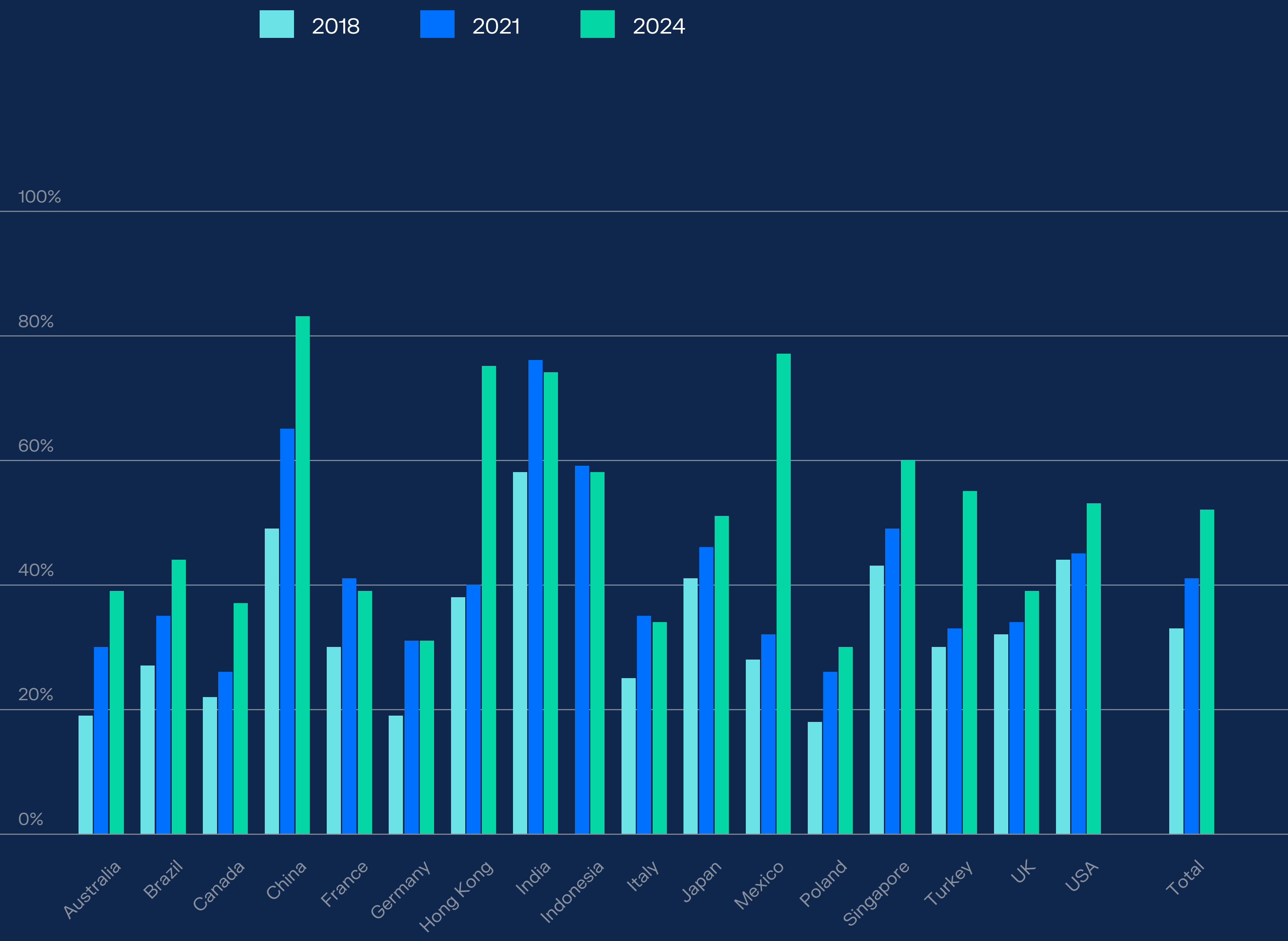
Tapping into untapped potential

Metal cards have massive potential with customer segments like Innovators and Up and Coming, as well as in growing regions like APAC

Appendix

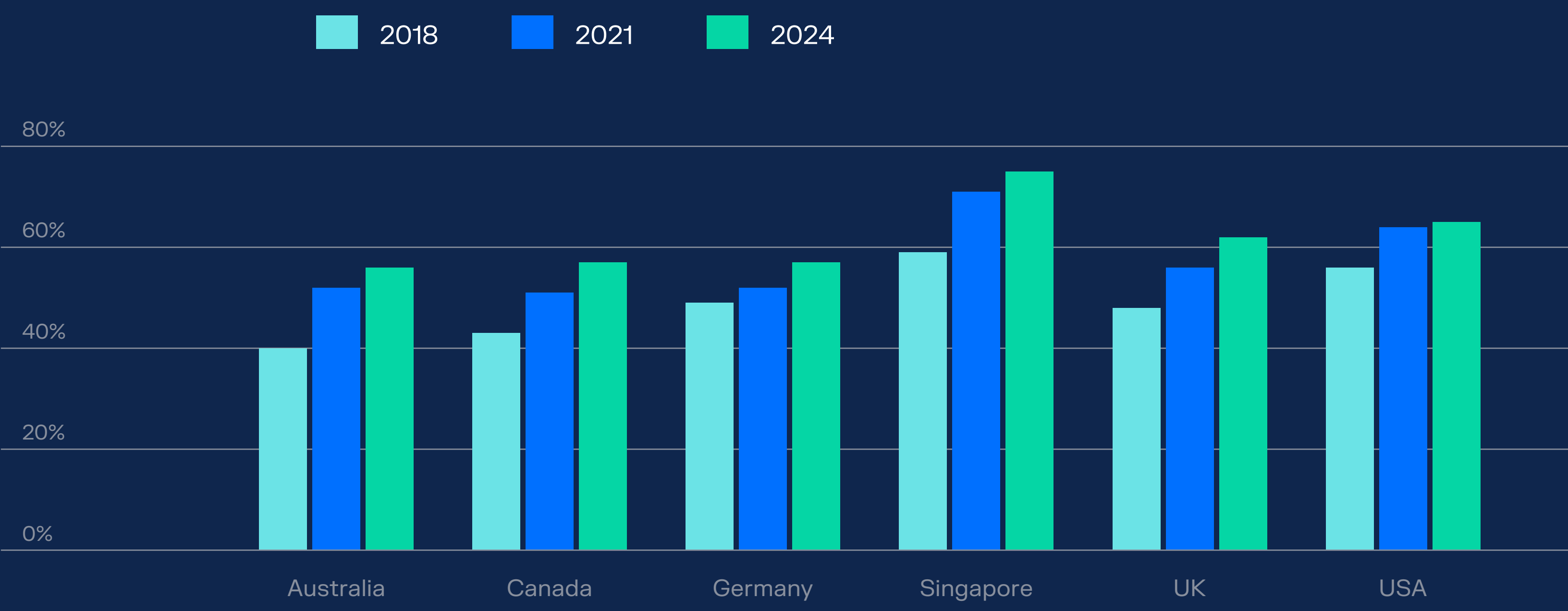
“Before today were you familiar with payment cards (e.g. debit and credit) made of metal?”

| NET familiar or own



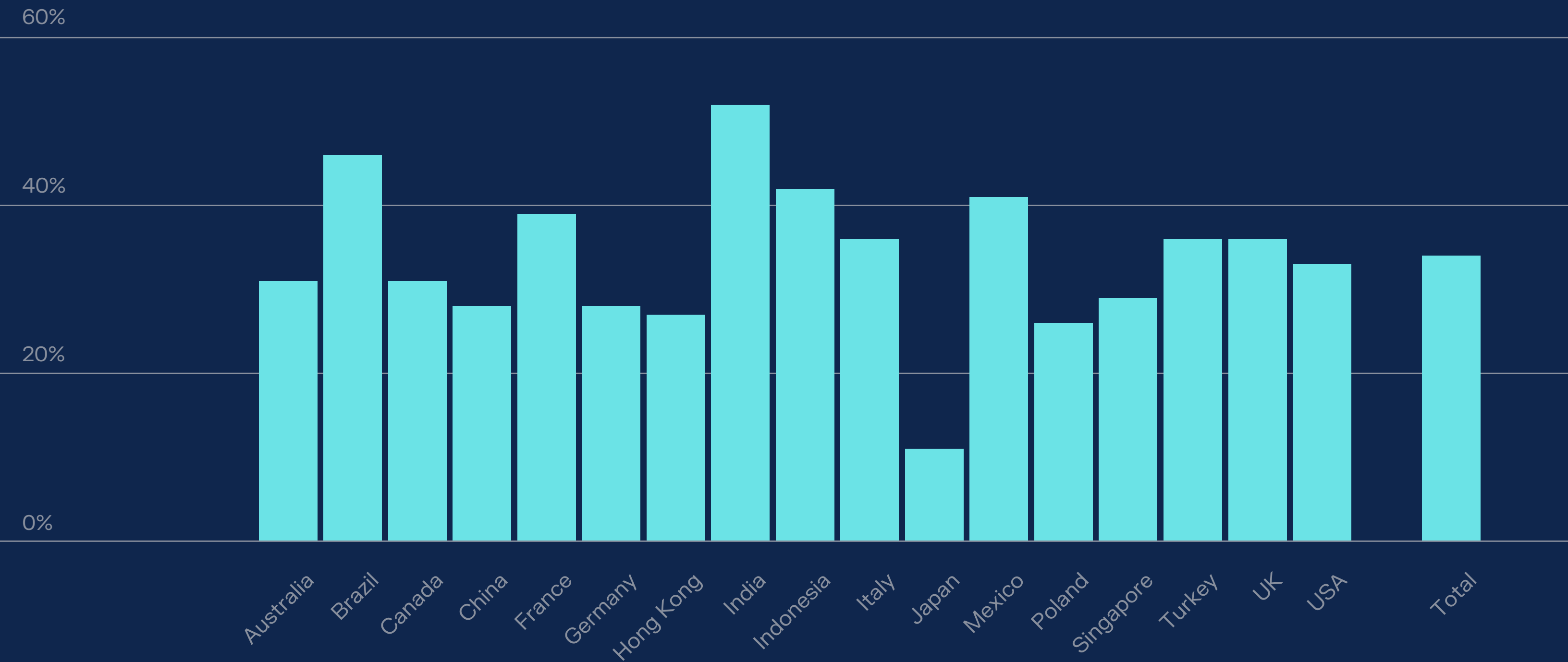
“If all rewards/benefits were equal, how likely would you be to select an offer that has a metal card?”

| NET likely



“What are your most important reasons for using a metal payment card? Select all that apply.”

| It’s more sustainable / eco-friendly



CompoSecure

Premium Cards for the Physical & Digital Worlds

Delight your customers with a card they'll be proud to carry. Choose from beautiful finishes, unique textures, and a variety of metal card constructions that exquisitely highlights your brand.

About CompoSecure

Founded in 2000, CompoSecure (Nasdaq: CMPO) is a technology partner to market leaders, fintechs and consumers enabling trust for millions of people around the globe. The company combines elegance, simplicity and security to deliver exceptional experiences and peace of mind in the physical and digital world. CompoSecure's innovative payment card technology and metal cards with Arculus security and authentication capabilities deliver unique, premium branded experiences, enable people to access and use their financial and digital assets and ensure trust at the point of a transaction.

For more information, please visit www.CompoSecure.com and www.GetArculus.com.