



Servis 1st Bank®

AGENT CREDIT CARD  
PROGRAM CASE STUDY

## Top-of-wallet:

Chesapeake Bank grows its business with ServisFirst Bank's Agent Credit Card program



Throughout its history, Chesapeake Bank, a \$1 billion-asset bank in Kilmarnock, Virginia, has been committed to delivering a robust portfolio of services to businesses and non-profits. The bank, which has its roots in the sandy Northern Neck of Virginia where it was founded in 1900, has remained a go-to bank for small businesses in the region—even in the face of fierce competition. It has done so by steadily expanding and updating its services to include the latest in cash management, lending and payments processing, while maintaining a meticulous focus on customer service.

About four years ago, Chesapeake Bank recognized that something was missing from its product mix: credit cards.

"I started keeping a list of who had asked for corporate credit cards in a six-month period. I truly saw a need," said Melissa Crawford, the bank's vice president of business development. "That's really where the work began. It was later approved by Senior Management."

Today, Chesapeake Bank has a thriving credit card program that is meeting the demonstrated needs of business customers and enhancing bank profitability while mitigating portfolio risk. The program the bank chose—an agent card relationship with ServisFirst Bank of Birmingham, Alabama—provides a solution and a source of significant incremental revenue. While ServisFirst Bank owns the portfolio, Chesapeake Bank truly owns the relationships.

### Strengthening Relationships

The ServisFirst Bank Agent Credit Card Program has afforded Chesapeake Bank the ability to offer credit cards, rewards cards and purchase cards, known as P-cards, to its business customers. "That has strengthened our relationship with community businesses and given them a way to keep their relationship with a community bank instead of going to large financial institution. It keeps us on that competing edge," Crawford noted.

Chesapeake Bank is competing at a time when the 10 largest issuers of general-purpose credit cards account for 81% of outstanding receivables, according to Nilson Reports. As daunting as that figure is, the top 10 market share has actually eroded over the past decade, from

“ That has strengthened our relationship with community businesses and given them a way to keep their relationship with a community bank instead of going to large financial institution.

**IT KEEPS US  
ON THAT  
COMPETING  
EDGE.”**





87% ten years ago and 84% five years ago,<sup>1</sup> an indication that the market has made room for more competitors.

Helping smaller banks issue their own credit cards is a specialty of ServisFirst Bancshares, Inc., an \$11.9 billion-asset bank holding company based in Birmingham, Alabama. This ABA-endorsed solution offers programs for consumer, business and purchase cards to help banks meet their needs. The agent bank receives 20% of net profits, and the program can serve as a stepping stone to bringing the credit card portfolio in-house for the bank to manage directly. For ABA members, the \$5,500 cost for full customization is waived.

Community banks that want to offer credit cards have three options for doing so, according to Karen Grahn, senior vice president and credit card division manager at ServisFirst Bank. “They can self-issue, partnering with a processor that provides financial technology services. But there’s a very large capital expense to start self-issuing, and you really have to scale in order to pay full-time employees to manage that product offering.” Self-issuing is not practicable for most community banks with less than \$5 billion in assets, she added.

“Another option is to enter into a program where a bank can hold the outstanding accounts, so they really do own those credit card accounts but they’re still outsourcing a lot of the servicing to a third party,” Grahn said. “Or they can enter into an agent program, which is what we offer, where we own the accounts, but we share a percentage of that profit back with the bank.”

Chesapeake Bank had no credit card program at all before it teamed up with ServisFirst Bank. “For them to enter into the market and self-issue, it would have easily cost \$250,000 just to get a program up and running,” Grahn said. Down the road, if the bank decides to self-issue, ServisFirst Bank would work with them by selling the portfolio back to Chesapeake and helping them transition. At this point, however, Crawford says Chesapeake Bank has no such plans.

Adding a business credit card had been a strategic goal for Chesapeake Bank for several years, Crawford said. But in the fast-paced business of banking, “something else always seemed to take precedence, so it got pushed to the bottom.” After she gathered data on customer demand, the bank started forging ahead.

<sup>1</sup> <https://nilsonreport.com/mention/490/1link/>



## Making the Selection

Chesapeake Bank looked at upwards of eight vendor demos before whittling the pool down to their final candidate, Crawford said. ServisFirst won because “the way they take care of their customers is how we take care of our customers.”

ServisFirst Bank’s program is unique, giving banks access to a credit card solution that allows them to apply their own branding, customer service and even underwriting. “Implementation is simple, and the revenue share calculation is clear,” said ABA Vice President Edward Gross.

The participating community bank, or “agent bank,” also has the option to participate in underwriting decisions, Gross noted. As the card issuer, ServisFirst Bank underwrites the loans. If a bank customer receives an unfavorable decision, the agent bank has the opportunity to work around it. For example, the agent bank can request a cosigner or even guarantee the account itself. If the bank provides a guarantee, it receives a larger portion of the revenue share for assuming that risk.

Defining the agent bank’s role is very important because the customer relationship is so vital to community banks, Gross said. “You’ve got to have some flexibility to help people as a community banker,” he said. If the agent bank’s customer gets turned down for a credit card application by an issuing bank, the agent bank needs to be able to have a discussion with the issuing bank.

Chesapeake Bank has found that the ServisFirst Bank technology, including powerful online account management capabilities, is helping to keep the relationship seamless. However, no amount of technology can replace the human touch in community banking, Crawford noted. For instance, the bank can accept credit card payments in the branch. “We can talk to the customer, and if they have a legitimate reason because they missed a payment or are late, we can listen and decide to waive the \$25 penalty. We can communicate that to ServisFirst Bank, and they are more than happy to oblige,” Crawford said.

## ABOUT CHESAPEAKE BANK

Chesapeake Bank is headquartered in Kilmarnock, Virginia and operates 15 community banks in the Northern Neck, Middle Peninsula, Williamsburg and Richmond region. Founded in 1900, Chesapeake Bank is primarily a lender to small businesses and is active in each of the communities it serves. It was named in 2019 by American Banker as one of the Top 200 Community Banks and a Best Bank to Work For.





This ability to be involved goes hand in hand with another of Chesapeake Bank’s goals for the ServisFirst relationship: bank customers who contact ServisFirst need to feel that they are being treated as they would be treated by Chesapeake, Crawford emphasized.

Chesapeake Bank’s customers attest to their satisfaction with the new credit card offerings. In a series of conversations, two businesses and a nonprofit explained how they are using the credit cards. Each one stressed the role the program is playing in cementing their primary relationship with Chesapeake Bank.

### **ACI Fire and Rescue**

Chesapeake Bank’s agent card program has enabled Air-Care Inc. of Hayes, Virginia, to put credit cards into management’s hands. They have also been able to put purchasing cards into the hands of its technicians, according to Brook Thomas, the firefighter-owned company’s vice president. The company, a seller and servicer of breathing apparatuses and other fire and safety equipment, is located in the state’s Hampton Roads metropolitan area and does business as ACI Fire and Rescue.

Five of ACI’s employees are technicians who crisscross Virginia performing maintenance on equipment such as breathing compressors and hydraulic rescue tools, which are used to extricate people from their vehicles. Regulations require that safety equipment must be serviced on a regular schedule, said Thomas, who founded the company with his brother, Chris, who is president. Two other employees focus on sales, and an office manager rounds out the staff of ten.

ACI relies on Chesapeake Bank for its banking needs despite constant pitches from competitors who want to offer services, including lower-interest-rate credit cards. Thomas sees value in the comprehensive relationship he’s enjoyed with the bank for years.

“Although they’re growing, they’re still a community bank. I can call Melissa Crawford with a problem, and she will either answer my question or immediately put me in contact with the right people,” he said.

Thomas had been asking Crawford for years if Chesapeake Bank could find a way to offer a credit card. His cards were with a leading bank, which did the trick, but he was looking for a higher level of customer service. “I was nothing but a number. It was a card; that was all I could say about it.”

Now he and his brother have corporate credit cards and the technicians carry P-cards so they can deal with maintenance issues on the run. “If a technician is four hours away and loses a tire, he’ll get it taken care of on the road,” Thomas said. “If they’re on a job and run out of supplies, they can pick up what they need. It’s there for the necessary emergency purchases they need to do their job proficiently.”



All the cards have a limit, and only once—when a technician’s truck broke down—was the limit insufficient. In that case, Thomas made the payment with his card.

Calls to switch to another bank keep coming in. Thomas’ answer to these pitches is simple: “I’m not interested. There are things that are more important to me than half a percentage on a credit card rate.” Thomas added, “Chesapeake Bank holds the mortgage to my business. They have my business bank accounts, my vehicle loans, my personal money, my personal mortgage. I guarantee you that Chesapeake Bank has got my back.” The cards have streamlined ACI’s purchasing process, making expenditures easier to monitor and reducing strains on a small staff.

### **Green Top Sporting Goods Corp.**

Blaine Altaffer, president and CEO of Green Top Sporting Goods Corp. in Ashland, Virginia, knew that a stable, knowledgeable staff kept customers coming back to his business. Catering to hunters, fishers and outdoor sports enthusiasts, with a 67,000 square foot retail location and a thriving online shop, the company was competing effectively against big-box retailers and internet providers alike.

There was one thing customers wanted: rewards. In the four years since he became CEO, customer surveys turned up the same theme again and again, Altaffer said: “All these other stores reward me for shopping with them. You’re my store, why don’t you reward me for shopping with you?”

That’s where Chesapeake Bank came in. In Feb. 2020, Green Top partnered with the bank through its relationship with ServisFirst, to launch the Green Top Rewards Card—a store-branded credit card that enables customers to accumulate points with each purchase. After a brief pause due to the COVID-19 pandemic, Green Top relaunched the program in time for Father’s Day in June with the theme, “Put a little green in your pocket.”

**THE CARDS HAVE  
STREAMLINED  
ACI’S PURCHASING  
PROCESS,**  
making expenditures easier  
to monitor and reducing  
strains on a small staff.





The program features were designed to appeal to the cardholder demographic. Customers earn 1% on all purchases—and double points for purchases at Green Top. Customers can apply directly from the Green Top website. Plans are afoot to expand member perks, perhaps by offering first and early access to new products.

The Chesapeake Bank solution was a big improvement on what Altaffer had seen previously. He started exploring other white label options for creating a rewards card and quickly discovered that most were designed for companies with thousands of applications per month. The economics of these programs would have forced Green Top into high-pressure efforts to get customers to sign up, and he didn't want that. "I want people opting in because they feel like it's a good thing," Altaffer said.

"Chesapeake Bank was the enabler to put me together with ServisFirst Bank, whom I'd never heard of, and the sea parted once we connected," Altaffer said. "This is my rookie season as a card issuer, and it went smoothly, even the card design and the name."

The rewards card is a reflection of the way Green Top does business, Altaffer said. He pointed to his marine electronic sales specialist, Steve Lane. "Steve always ends the sale with, 'You're going to need an owner's manual with that,' and the customer says, 'What, isn't the owner's manual in the box?' He gives them his business card and says, 'I come with this product.' And you will not believe how many people call when they're out on the boat, something goes wrong with their fish monitor, and he can troubleshoot and get it running."

"When I talk about my customers, making sure they stay happy and pleased, coming up with a rewards program, this is serious work because our brand carries a promise, and because we could damage it with a rewards card that doesn't live up to the promise," Altaffer said.

### **Gloucester Volunteer Fire and Rescue Department**

A greatly increased need for masks, rubber gloves and other personal protective equipment (PPE) changed the purchasing equation for the Gloucester Volunteer Fire and Rescue Department in 2020. Faced with a growing need to facilitate purchases of equipment during bursts of activity, the department found a solution in Chesapeake Bank's P-card.

The 165-member fire and emergency medical services department has experienced periodic upticks in call volume since the start of the pandemic in 2020, and found its members needed to replace PPE on the go, said Lewis Horsley, the department's treasurer. At a time when regular suppliers were frequently running out of equipment, it was sometimes necessary to "go to a company we didn't have an account with," Horsley explained.



Horsley, a 48-year member of the volunteer squad, said the fire department has deployed eight or nine P-cards, most with a \$1,000 limit. One member who is responsible for equipment repair has a higher limit of \$5,000.

“Now our people can buy emergency replacement items right away without waiting five days to get a purchase order,” Horsley explained. Another common use is to buy meals for a team that is in the midst of fighting a fire. When equipment breaks down, the chief engineer might need to get a replacement part wherever he can find it, and “it might not be somewhere we have an account.” The transactions are transmitted directly to the department’s CPA office, simplifying financial reporting.

The volunteer fire department had tried a P-card before, but this one is working better, Horsley said. “It’s totally different. You don’t have to save receipts because a phone app records them.” Volunteers have a tendency to lose or misplace receipts or even run them through the wash, he added, so the phone app has enhanced accuracy and recordkeeping. Having the P-cards as a formal mechanism for making emergency purchases has also put controls on how many people make purchases.

Chesapeake Bank is pleased to be able to add value. “The P-card has really helped the local volunteer fire department with their management and requisitions,” Crawford said.

A 501(c)(3) organization, the volunteer fire department has other business with the Chesapeake Bank—it keeps savings and checking accounts there, and it obtained Paycheck Protection Program (PPP) funding from the bank when no one else was lending. “We really do appreciate what Chesapeake did for us with the PPP, because a lot of people didn’t get into that.”

“ The intent of the program was to build a stronger business corporate relationship with our customers.

## **IT HAS GIVEN US A STRONGER SUITE OF PRODUCTS,**

so to our corporate customers, we can do it all. They don’t have to go somewhere else to get a corporate credit card,” Crawford said.





Responding to fires and medical emergencies has changed tremendously in Horsley's five decades as a volunteer because technology is more sophisticated and helps save lives. Volunteers work with expensive equipment, such as defibrillators, "and it takes a lot of training to stay on top of that." And training results in PE costs and equipment wear and tear, just as much as fire and rescue calls do.

### **A Better Bank in Their Market**

The agent card program is still relatively new at Chesapeake Bank, but it has clearly succeeded in one significant respect, according to Crawford.

"The intent of the program was to build a stronger business corporate relationship with our customers. It has given us a stronger suite of products, so to our corporate customers, we can do it all. They don't have to go somewhere else to get a corporate credit card," Crawford said. Added revenue is a bonus, but it wasn't the overarching goal. "We did not bring this option or product on thinking it was going to be a big money maker for us. That was not the intent," she emphasized.

"They've been able to be a better bank in their market by using credit cards to strengthen their customer relationships", Grahn of ServisFirst Bank agreed. She added that ServisFirst Bank plans more product innovations, including contactless cards

"Ease was instrumental to our decision, knowing that we have the ability to service our customers in the way that we want to without having to bring that service in-house," Crawford added. "ServisFirst Bank enabled us to make the relationship stronger without bringing up costs."

“ They’ve been  
**ABLE TO BE A  
BETTER BANK IN  
THEIR MARKET  
BY USING CREDIT  
CARDS**

to strengthen their  
customer relationships.”

# About ServisFirst Bank



**ServisFirst Bank** is a full service commercial bank focused on commercial banking, correspondent banking, cash management, private banking and the professional consumer market, emphasizing competitive products, state of the art technology and a focus on quality service. Recently, the bank announced its assets exceed \$9 billion. The bank offers sophisticated cash management products, internet banking, home mortgage lending, remote deposit express banking, and highly competitive rates.

## To learn more about ServisFirst Bank's Agent Credit Card program, visit

[www.servisfirstbank.com/correspondent-banking/agent-credit-card-program](http://www.servisfirstbank.com/correspondent-banking/agent-credit-card-program)  
or contact Karen Grahn, SVP, Credit Card Division at  
(205) 949-0330 or email at [KGrahn@servisfirstbank.com](mailto:KGrahn@servisfirstbank.com).