TRANSCRIPT

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HOST
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SPEAKER
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PRESENTATION

MATT O'CONNOR: Up next is Citigroup. Joining us is Jud Linville, who heads up Citi branded Cards, as well as the Costco portfolio. Growing North America card has been one of the key strategic priorities of Citigroup. So, like it is a very timely event to have you here. So, Jud, welcome. And we'll just go jump right into the fireside chat, no slides, and then, switch it to the audience for some questions.

JUD LINVILLE: Well, I have to say, that's the first time I've been introduced as also the Costco portfolio. So, I welcome that new introduction. Thank you.

MATT O'CONNOR: And maybe we can, first talk, just big picture, how your business fits within the broader Citi organization. Obviously, your unit makes a lot of money and the returns are very high on a standalone basis. But as you think about running a global card franchise at a global company, how does it fit in the grand scheme of things?

JUD LINVILLE: Sure. Sure. So, let's start with a lot of money and returns, because I like that. If you think about it, the card business globally generates about $1 out of every $4 roughly in both revenue and earnings. $130 billion of loans, about $18 billion in revenue, so, from a scale perspective is a very important contributor just in terms of its size.

Second is, as you mentioned, returns and efficiency. So the operating efficiency of this business, think cost to income or expense to income ratio, runs at below 45%. I think many of you know what our targets are. They're well north of that, about thousand basis points north of that. So, it plays an important role in highly efficient business of scale.

And then third, the returns are very attractive. I think first quarter, we talked about the targets somewhere between 2% and 2.5% return on assets, so think 2% and a quarter. That's on assets. On capital, you can appreciate a kind of similar phenomenon or roughly at least 2X of what the target is for the company. So, from a contribution standpoint, financially, I also think about this business is – this is the sharp edge of the wedge that can help restore the brand. The consumer product and the card product in particular is a high engagement product. It's something that builds a high degree of emotional as well as kind of rational connection. And so to me, it's another piece that's important for the enterprise overall.

I guess, that was a kind of two-part question there. The word you used was franchise, which is a word I like a lot. Before we get into any particular market, but the thing that we've realized and push very hard on, when I first arrived was that, we were running what was really a loose federation of local banks. And so that – across I think close to 40 markets, when you've got a global footprint like ours and one that is unique, distinct and very tough to replicate, that underplays the huge leverage you have in running a global business.

And so, we quickly put in a bunch of management routines not just – if you think good franchise, they set strategy, they handle investment prioritization, they set operating principles and I can go into what those look like, they set performance standards, so, think even risk appetite ratios. That's what a good franchise does, and a lot of that was frankly missing.

The second thing is we quickly set out to say, okay, that's kind of the how but what we want to do is massively reduce the complexity of the products that we have, over 800 products. So, moving from a very complex, highly fragmented product set not only because of the complexity and thereby cost and control issues, but if you're going to stand for something, you got to do it on scale, and you have to do it across markets. So, we can talk a bit about not just the simplifying, but also standardizing products, which I'll be glad to get into.

The second was, we had 11 different reward programs. In this business, certainly as you're going after and prospecting for emerging affluent and affluent, having the right rewards is absolutely critical. We had 11 different platforms and 50% of the market. You had to call in to redeem. There's no online redemption. But today, over 90% of the cards revenue in markets we have a consistent, common global rewards platform, think the ThankYou platform that many of you may know here in the States. And it's not only from a control standpoint, but think about it from building that brand and frankly from negotiation.

So, we have a chance to then go to global partners, we've got about the 20 of them, about 160 in total, where I can go and say, if you want to do a program at Hilton Hotels and do an offer in Singapore, in the U.S. and Mexico, I can light it up with the same tools, and obviously it gives me considerable volume clout.

And then lastly, networks. So, we had about I think over 50 different contracts with the different networks, Visa, MasterCard, Amex, we even had some legacy Discover – I'm sorry, not Discover, Diners. Although, when I got there, there was a discussion whether we should be doing in a deal with Diners, and I said this is madness and we negotiated a single contract with one provider, MasterCard, that unlocked billions of dollars of value, but more importantly, gives us a very important seat as we begin to look at the role that networks play going into the future. So, to me, it's from an enterprise perspective, an important financial contributor, important brand driver but also important in demonstrating how you run a global business.

MATT O'CONNOR: In the past, you've also talked about a big improvement in the service experience, which I think many of the investors in the room probably have experienced it as a card holder. So, when you put it altogether, you step back, the new products, the new rewards, the service, do you feel like you are where you want to be from an offering and it's just execution or are there still major holes or areas that you're working on filling in?

JUD LINVILLE: Yeah. I think, if I disaggregate it by region and think – break it out in the U.S., Asia and Mexico, in the U.S., first off, even if I thought I was done, I would never say publically I'm done because I never want an organization to get complacent and believe we're done. And I still think there's, from a product set in the U.S., we've got the right combination, because when you think about these businesses, it's like any investment portfolio, you're constantly thinking about how you rebalance your portfolio. And these are simply different asset classes that do different things, co-brands versus proprietary cards. Within proprietary cards, cards that are focused on high end transactors versus prime revolvers.

And how we – that efficient frontier that we use to optimize our mix, and when we're thinking acquisition campaigns, and how you then drive outcomes that will be clear two to three years from now, that I feel like I've got the right product set and those product lines are now chassis that we've rolled out. So, Prestige, which is top of the line for ThankYou, we have in 13 markets around the globe. Simplicity, we have in five different markets; Ultima, high-end card in Asia, we have in five, PremierMiles. So, we're building out the chassis in a way that I feel good about.

In terms of capabilities though, these are businesses that are analytically-derived and driven. I think from a – people joke about big data now and this has been a business that's been big data for decades, I can give you plenty of stories. To me, the lack of analytic rigor around the risk and decision science we built up, that I also feel very good about, that's something that can transport globally.

Servicing, we talked about going from a customer satisfaction of whopping 0% to now well over 50%. And our digital servicing, which was lagging both phone as well as even IVR is now ahead of both of those. So we got the digital servicing on the right path. So in the U.S., it's the place to invest and certainly to compete.

And I think if you look at our numbers for the first quarter, our sales were up 12%, and so we're clearly picking up share.

Asia, I would say is also in a good place with respect to the product. When I think product, I think not just the actual offering, but the embedded servicing that goes along with it, is in a good place. To me, the real opportunity there is actually in digital acquisition. We acquire over 50% of our cards in the U.S. through digital channels. In Asia, it's well south of that, think closer to 0% than 50%. And in Asia, as many of you know, a lot of these products are sold through a direct sales agent, in a variety of different mechanisms.

So the opportunity, it's not just the cost arbitrage, the ability to take – it's not like folks in Asia don't walk around with smartphones. And here in the States, we know our e-mails, three-quarters of our e-mails are opened up on a smartphone today. In the U.S. when somebody is shopping for a card, two-thirds of them go on their mobile device to shop, that's where they actually end up applying.

All the tools we've built, so the decision science, the targeting for digital, how you set the right offers to the right person, how you build search optimization, all that stuff is imminently transferable. So to me, that's a huge opportunity. And then it's just a question for our ability to invest in Asia to get the growth so, first quarter, I know John talked about the fact that we feel confident where Asia's headed that some of the – it's been a market that's gone through a lot of regulatory change. So I think everything from rate caps to interchange regulations, to just the restrictions on lending overall.

And so, Australia, Hong Kong, Singapore, Malaysia, all have been hit. And there's still some stuff out there, Indonesia, we can talk about, but frankly that grower should be a bit easier, and that's a right set of products. And Mexico, I'd say, we as a firm we have conviction on Mexico overall, the economy. But I will also say within Mexico, it's a little bit like we were in the U.S. and making sure that Mexico, which just had such a dominant, powerful branch footprint and had such command in share, how we make that business forward compatible on everything from risk and fraud to digital acquisition. So, that's kind of the long thesis on that one.

MATT O'CONNOR: Maybe you can talk about some of the specific products. One question I get asked a lot is, how some of these were profitable or profitable enough, given kind of how rewarding they are to consumers. So, I guess the two cards that often get a lot of attention are the 2% cash back, how you're actually making money on the interchange there, maybe that's not the play. And then we can segue into the Costco one as well, but maybe starting on just, I guess, very big picture, as you think about trying to regain maybe some lost customers or lost share and gain share, what is the approach to how you're pricing these products essentially?

JUD LINVILLE: So, let me start with Double Cash. It was evident a couple of years ago that, when I looked at the Cash Back product that we had in the marketplace, not a good product, not performing well, frankly not economical, no amount of kind of reverse engineering of the existing base was going to make a ton of sense. Secondly, eight out of 10 households in the U.S. had some form of a Cash Back product. And so, in my mind, we weren't even participating. At that point, I turned off acquisition of Cash Back. And then third, to me, any good consumer business has to be maniacal about who the desired target is and what you can uncover that's a human truth that somehow you think you can tap in a way that creates something that's unique and valued and perhaps differentiated and tough to replicate. This one was – fascinating things were, you'd listen to prime revolvers. And so no big surprise, that you can have a barbell strategy. You can bring in high wallet transactors that do a lot for that portfolio in terms of its loss and then risk-weighted assets, but also prime revolvers that you can build a deep profit pool in.

And what they said was, we don't have a card that works for us. Those reward products don't work for us because we never build up enough points that we can get an airline ticket and that's kind of the mentality of – it's the airline ticket. So no amount of lower cost redemption really was working their mind emotionally. What they said was, we're doing this, we're borrowing temporarily and then paying back, but we get no reward for paying back, which when you think about a payments business, that's what we're in the business doing, getting paid, not just on the spend or the loan volume. And so the whole notion of 1% when you spend and 1% when you pay just resonated unbelievably.

The other was that the feedback we have was the products have so much gimmickry to it, so many asterisks, it feels like trip wires, you have to sign up every quarter, revolving this or – and so every time you think you got figured it out, it changes on you, or that resorts to a lot of kind of acquisition bonusing and certain things but then after that first year dies off.

And so our modeling was all built around if you simplify the language, if you make it – people probably have seen the ads that are running right now in terms of double cash really means double cash, taking all the junk out and just simplifying that offer and then the economics are what's the right balance you have got between transactors and revolvers. The second piece, I will point out that is evident in the market place, we do absolutely no acquisition bonusing, so everybody we compete against does anywhere from $100 to $200 acquisition bonuses out there.

Secondly, a vast majority of these cards are coming in through online channels because we have built them for acquisition. That's a far cheaper channel to acquire. That doesn't mean we're not doing direct mail, but it's the channel this thing is built for and that actually pops unbelievably on a bunch of different sites because of the nature of that preposition and it's built for online and I'll leave it at that. And then lastly, it rides on the high tier largely of MasterCard interchange because of the overall spend characteristics. So, those are kind of factor inputs that as you guys are putting for models might give you some ideas of how things might be a little bit different.

MATT O'CONNOR: And then switching to the Costco, just before we get into some of the detail there, as we think strategically, obviously for the firm overall, it boosts earnings, it helps in the DTA consumption, probably helps on branding. From your perspective, why is it beneficial strategically for your business?

JUD LINVILLE: Yeah. So, just a step back, highest level. Several years ago, as we were in fact at a conference like this, not too long ago, talked about, first, we had to fix the basics and everything from just risk and fraud models and like. The next was build – simplifying it, radically simplifying it and build out the right product proposition starting with proprietary. And then I brought in some industry consultants folks may know, folks that do these RFPs for co-brand that are, so, I think do these RFPs for co-brands but they have worked from one to another. I brought them in to evaluate how we were viewed as a co-brand player. And they came back and you could see kind of the averted eyes and shuffled feet and I said, my management team is here, I want you to give an unvarnished view and they said, nobody really knows where you are in co-brand. This is Citi. Citi used to be a powerhouse in co-brands.

Secondly, you've got a management team that you've built from a bunch of different players that are not Citi but know co-brands really well. And so, individuals on your team know them very well by both the consultants and many of the different – but, you're not even being asked. And it was a little act of kind of shame everybody and so, okay, now it's time to play to win. And we've put together a list that Susan and others know well of. Here's the different verticals that you can play in. Here's how the economics work from a travel, airline different than hotel, retailer different than X. And here the principles we're going to put in place.

One is we got to plan scale. I've seen too many people try and do the old MBNA string of pearls and what you end up with is something highly customized and way too costly. We work well on scale. The second one, as you pointed out, it had to be brand-accretive. So something that we look at that says, this is a brand that we want to be associated with, and they too with us. The third was that it's got to have a loyalty program that stands for something, and distribution capabilities. Because in essence, that's what I'm paying a fee for entry on. So both the distribution capabilities outside of my acquisition channels, and an incredible membership base.

There's a bunch of other considerations about financial stability and others which you can fully appreciate on a risk model like ours. But those are the basics, and we kept winnowing and winnowing down the list. And the thing that was evident in the portfolio reviews we did, and I'll tell you, Brian Leach, who was the Chief Risk Officer when I first got there, I said, striking the right – this is, Brian, like any other investment portfolio, you got to rebalance the assets and we haven't done that. And so, the balance between proprietary and co-brand is not in the right place. And we're heavy on travel portfolios, so airline and hotels, so when you think Expedia, Hilton and American.

So, Costco became an easy to see, hard to even think that it was going to be possible, another anchor tenant. And now that we add them, if you think about it, high spending portfolio, low losses, in some respects, performs more like an airline co-brand than just about anything else and a brand, I mean, number two retailer, and a brand that is incredibly disciplined, they are incredibly clear about what they stand for. A management team that I know very well that I've seen them stand behind, not just the negotiations, but also how they invest in this product with us.

MATT O'CONNOR: So from an earnings point of view, Mike and John talked about the Costco portfolio acquisition being relatively neutral to earnings initially. I think it's mostly accounting things like building reserves and amortizing the premium. But looking past that, I think you've talked about the ROA being similar to the overall division ROA, do I have that right at 2% to 2.5%?

JUD LINVILLE: That's a good leading question. But I don't know that I've talked about it. I don't know that John has talked about it. But, on an overall basis, the portfolio will continue to perform at that level as you add any of the deals that we've talked about in this, including what John talked about, American. So, that any of that kind of guidance on returns, this is what the portfolio should perform at when you have these run through your numbers.

But I can also say is that we've been very clear that this was a deal that hit all of our hurdles right from the start, there was no assumption about DTA, that was kind of – we had a set of principles that we can't run P&Ls based on DTA consumption, and hit the hurdle, and not the hurdles only for that deal, but what it does to the portfolio, short, medium and long term over the course of a long-term contract.

The other piece I'll add is that, when you have the right kind of partner, so if you think about this offer as 4% back on gas, 3% on travel, entertainment, 2% in Costco. And I can tell you the CEO, Craig Jelinek was involved even down to the plastic design, which I love. There's at some point, when you say, look, I know this part of the business pretty well. So, funny stories on that one.

The passion with this organization is deeply embedded in their DNA, and also how to create value back to members. And so, as we talked about how do you construct something like this, they were willing to also go in and say, hey, we're in this with you, we want to make this product the best. And so, you can imagine that can make negotiations and some of the financials perform a little bit different.

MATT O'CONNOR: In terms of the size of the portfolio, I think it's $12 billion or $13 billion?

JUD LINVILLE: $12 billion is what Amex has been publicly saying.

MATT O'CONNOR: And then, I assume your hope is that you can scale that up over time?

JUD LINVILLE: Hope is not a strategy. I would tell you that – here are a couple of things to think about. I think folks have been pretty clear at Amex that they couldn't find the ways that make the economics work. I think that's probably one part of an equation, but any time you've seen a sales organization lose something, it's either rules weren't fair or the other guys priced it out. I think there's more to it than simply price. The second thing is that, as you look at they've been pretty public about holding on to parts of that portfolio. So I think that will play out over the next year, we'll see how that goes.

The third is that there's pent-up demand. So, Costco and Amex have not been acquiring new customers all this year. So, think about that, think about the pent-up demand of folks who are looking at – and they see a 4, 3, 2, 1 with a very different product value that's clearly in the – you look at just the site that we set up alone, the hits that we're getting on it. We haven't released any numbers. It's pretty astounding. And the amount of plastic that we've already produced in the hands of Costco customers who are calling us to register because they can't activate yet because it's not an active card until June 20. But once they register, they will be.

And so there's pent-up demand and the other piece that's going to be just an interesting play. And I couldn't give you any guidance on how to model it, but it used to be just Amex and for the primary it was the Amex. If you think about it, now it's Visa. Now, is that a good thing or a bad thing for us? If you have a Visa card, you can go into Costco now and shop, you need a Costco membership.

And one could say, boy, maybe that's how do I figure out the interchange that's going to be paid on that card in Costco on a Visa card, but how do I think about it if it's a Costco card member, who's got a card, they go in and use their Visa card, is that, boy, a damage to our assumptions, and our model or actually is it one of the greatest prospecting tools I've got to have a wave of Visa card members come in?

And I encourage anybody to go visit a Costco store, don't to it June 20 or June 21, but in the subsequent weeks, and see what that process is for signing up because I can tell you I have an immense amount of confidence in Costco's operational excellence, and I can't say how much time we spend on what it looks like entering that store, walking through the store, the Wi-Fi that's going to be boosted, the iPads that are going to be in people's hands. So I think it's going to be an interesting one to see, but I certainly, am not looking at this with plans of how it just stays static.

MATT O'CONNOR: Switching to the existing partnerships today, big one for you, American Airlines. We've seen re-upping of these partnerships, that's in competing banks, prove very costly. I think your partnership runs through next year, but there may be an early renewal according to some of my airline guys specifically. What could you tell us on the American Airline relationship? It's been a very long-term relationship for Citi both ways. What can you tell us about that?

JUD LINVILLE: Yeah, so a couple of things, it's very long, it's 20 plus years, and I can remember in a prior role when it was passed on and we were reminded countless times on the value that was created by building that relationship that's being built with American. I can also tell you when I got to – I can tell you in a prior life I did everything I possibly could to unseat that relationship, everything from getting high-end cards access into their Admirals Club lounges which is no longer, interesting to have to work both sides of that parade, also building middle market products for American for that other card so that it's a highly desired sought after portfolio.

When I arrived, I was distressed to be honest about the nature of the relationship. It felt like almost all of our co-brand relationships were driven by the contract, oftentimes managed by more lawyers than commercially oriented folks. I can tell you that one co-brand which will remain nameless was managed out of the intellectual property division of the General Counsel's office. That's not a way to build a commercial relationship, like lawyers in the room but like the business people making the final calls.

I'd tell you right now, if you were to ask American folks the commercial relationship has never been better. If you look at – since we don't breakout the portfolio, you can't look at but the investments, probably the easiest way to look at it, the investments that we've made. So, investments when they were going through bankruptcy, investments we made when they were emerging with U.S. Air. Investments, we've made in new products that were quite a lot, investments we've made in their lounges, all those places.

So, I would – while we don't break out the performance, I think the commercial relationship is as strong as it's ever been. I think the interesting piece of our negotiation period of which, I think we've signaled that in fact, we feel pretty close to getting something done but nothing is done till it's done. And for whatever portfolio statements we've made, we've worked assumptions into those statements about the portfolio that are consistent with a revised deal with different economics. And I know Jamie and Gordon have been probably the two most public in terms of what it means to their re-upping with some of the airlines.

SPEAKER 1: How would American Airlines compare with Costco, roughly speaking in terms of balances versus spending volume?

JUD LINVILLE: So, we don't break that out and I'm not going to comment on Costco yet because it's with another portfolio, but think that – think about these as two anchor tenants that have some very similar dynamics. And so when I said, different asset classes, in a co-branding you typically pay for is the loyalty program and distribution. So cost per mile is an example and balance these on acquisitions typically structured that way, similar kind of notion within a Costco and many co-brands.

So we have cost per point that tends to be higher than a proprietary product. You also when you have a high spending portfolio, you tend to have lower losses, but they both have very attractive lending portfolios associated with them. And I think you heard Amex describe briefly not just the number of cards, but also what percent of their loan portfolio that was. So, think about these as kind of comparable anchors, but have slightly different dynamics based on macroeconomic environment. I'd love to go deeper, but obviously there isn't time.

SPEAKER 2: American Express has said that 70% of the spend is outside the warehouse on the Amex Costco cards. Why couldn't Citi have negotiated an exclusive where only Citi Visa could be used in Costco because a new card, it's going to be difficult to get 70% outside of the warehouse.

JUD LINVILLE: Yeah. So that was one of the questions I threw out to the group and I think it's an entirely fair question. A couple of things, one is you want to build scale. Secondly, when you want an acceptance network, and you want an acceptance network that is broad. That's one of the reasons, we speculate, that Costco went to Visa, just simply more coverage. In that, there's also the belief that I think Costco would tell you that they believe that the ability to attract customers onto their product in their warehouse is awfully high.

The next, to your question thesis – so on an earlier career, I had ended up with a portfolio that had a lot of in-warehouse sales, and we built something that had a very different reward mechanism that drove that 70%. I'll tell you the reason it drove the 70% is because it was Costco loyalists who loved that check, at the beginning of the next year, when they can go in and they can go shopping for free. So, much like airline reward junkies in terms of how they think about their bank, Costco loyalists are the same and they're getting incented for gas purchases, for travel, for entertainment, not just Costco spend. The more spend they have on the card, the bigger that check is at the beginning of the next year.

SPEAKER 2: Weren't you with American Express?

JUD LINVILLE: Yes, 20 years.

SPEAKER 2: So you probably had a lot to do with Citi getting the Costco account, right?

JUD LINVILLE: There's a lot of folks on the Citi team that are pretty familiar with Costco.

SPEAKER 2: You must not be welcome in American Express.

MATT O'CONNOR: A question, we focus lot on the revenue side on the expense side, outside of the class of rewards, what's the progress being made in terms of bringing down things like service cost that you have to increase service levels, but you've also consolidated the systems? You've talked about more electronic sign-up or account opening process, but maybe lagging in some regions. Just all-in, as you think about the outlook for the cost whether it's per account receivables, however you think about it, what's the outlook on that?

JUD LINVILLE: Yeah. It's a great question. So whether it's acquiring new customers, the cost to serve existing, the embedded costs of fraud and the like, in an earlier life run customer service operations, I look at these as massive transaction processing businesses that, first and foremost, customer service businesses that generate immense amount of information exhaust and if you know how to use that information exhaust, which we may get into the ability to use machine learning in this business is just massive. Banks don't talk about it a lot. A lot of folks in Silicon Valley talk about it more. I think there's some more that needs to be done there.

But in terms of the transaction processing, for an engineer, it's an engineer's delight because the ability to identify scrap and bad input that happens in these big processes is massive. And so, to me, my expectation is anywhere from 5% to – and this is a rate and volume game. And without getting too deep into it, I am constantly looking at unit costs, and so from operations, I'm constantly looking for at least a 5% to 10% improvement in that unit cost every year and that's just efficiency. And then whether it's operations or a take acquisition and there is the effectiveness measure as well.

So, part of it's just bad volume, bad input, but the other is that how do I build better targeting models so that, in fact, I'm not making that offer to the person I think has a higher probability of either future default, but more importantly even just responding, particularly in digital channels, which is kind of it feels like it's the direct response equivalent of the kind of mail version, 1990s kind of thing, how you build because the signals within digital data are just very different than how direct mail operated two decades ago and that figuring out that signal to noise ratio and how other data can be used.

So, constantly looking for both improvement in rate and then constantly looking for volumes, which is so it's in our service center, our call volumes have come down dramatically, and so I get a benefit there as well not just on rate, because it – I'd tell you don't want to be gamed on, hey, my costs are coming down, I want to see both rate and volume because as we move to digital servicing and not only it's faster, but are cheaper. It's not just about cost arbitrage, I know and this is where I think FinTech has done a great job of challenging the model of how banks serve. Same team, it's kind of like, we didn't want to be the clamshell packaging the consumer products companies use.

Anybody, like just over weekend, I bought a razor, I won't name the brand, trying to get it open, I cut myself. By the time, I've opened razor, I'm so angry at the product and the company. And said look at banks could easily become the clamshells or actually how do you think about creating that service experience that is so much simpler, so much easier. I think that's where FinTech is kind of the disaggregated the parts and raised the game. So, that to me is kind of next challenge. If I think about where I spend my time, it's more around digital acquiring, digital servicing and digital spend, the e-commerce spend and not tap and pay. I'm talking e-commerce where there's $2 trillion of spend this year.

And then on fraud, again it's, when I first arrived, the story I got from the Head of Fraud was, we got world-class fraud. So, what do you measure? He said, fraud losses. What else do you measure? Fraud losses. And I said, that's it? That's it, I manage fraud. Scariest answer I had ever been given and got into what the system was and it was 1,800 rules that fired off sequentially in a world where neural networks are being built for the stuff.

So, to me it's about the total cost of ownership and we quickly re-platform – not quickly, it took a year and a half, to a SaaS platform that nobody at that point used and brought in the decision modelers and our fraud now is that not something I talk publicly about because I never want to put a bullseye on it, but our, I would say that we're best in class. And it's not just about losses. It is also about think at the point of sale that false positive where you decline somebody because they're traveling overseas or they look like a likely suspect. And I'd say that our false positive declines are now at or better than the industry, certainly better than the industry average and close to who I considered to be the leader. So to me it's not just the cost play. It's about effectiveness and making sure you've got the full set of spectrum of performance metrics around these processes.

MATT O'CONNOR: We're out of time, but Jud, thank you very much.

JUD LINVILLE: Thank you.

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