



Extraco Banks®: An Extraordinary Discover® Debit Success

When financial institutions want to improve the bottom line, a good place to look is their debit program. That's what Waco, Texas-based Extraco Banks did about a decade ago, and the decision to make a card-brand switch to Discover has helped them add millions in revenue.

Founded in 1902, Extraco works to create economic vibrancy, job growth and enhance quality of life in communities across central Texas. Its over \$2 billion in assets make Extraco the largest locally owned bank between Dallas and Austin.



“We’re in a different environment now in terms of customer experience, expectations and margins,” said Mostiller. “Debit economics were important a decade ago, and they are more important now.”

An analysis of Extraco’s Discover Debit program compared to its previous card brand reveals a measurable economic difference:

“Extraco is dedicated to supporting people, businesses, and communities with creative and innovative excellence, and debit provides an opportunity for creativity and innovation,” said Misti Mostiller, Executive Vice President, Director of Consumer Banking and Enterprise Innovation at Extraco.

Mostiller points to two key factors that drove the decision to switch to Discover for its debit brand: economics and dedicated support.

Superior Net Economics

Mostiller notes that margins for community banks were tightening a decade ago, and the environment has become considerably more challenging in the years since. Financial institutions face a range of intense pressures, including high interest rates, scrutiny of fees, regulatory uncertainty, and intense competition.



The gross interchange revenue Extraco receives is

4% higher

with Discover than it would have been under their legacy card brand.



Program fees are

53% lower

with Discover.



Overall, Discover Debit’s contribution to Extraco’s bottom line has been

45% higher

than it would have been if it hadn’t made the switch.

Source: Extraco internal data

“

We make more per transaction, and for a small organization like us, the pennies add up. In this environment, every community bank should be looking at their debit relationships and make sure they are optimizing them.”



Misti Mostiller

Extraco Banks

EVP, Director of Consumer Banking & Enterprise Innovation

This focus on debit explains why Extraco Banks is best-in-class in terms of key debit performance metrics such as penetration and active rate.

Mostiller says Discover’s competitive interchange and low fees are just part of the story. The simple billing statement is among the benefits Mostiller appreciates most.

“We used to be burdened by a statement that was hundreds of pages and required a full business day or more to decipher. It was crazy,” she said. “Now, our statement is two pages. It is easier to manage and reconcile the portfolio. Discover’s streamlined, transparent billing is a game changer.”

Value-Added Support

With its rich history and commitment to excellence, Extraco Banks truly cares about its customers and community. Their Discover Debit program and value-added support helps them deliver on this commitment.

“Getting customers to adopt debit first on all transactions is really important,” said Mostiller. “When you have customers that are engaged regularly with debit, you have more share of the customer’s attention and it creates a positive experience they associate with us, their bank. It also provides invaluable data intelligence. Debit is a window into the customer relationship, and it creates an opening for you to learn so much more about your customers. This, in turn, can help us live out our mission to build our customers and communities.”

Extraco’s penetration rate is nearly

91%

Which means **more than 9 out of 10** of its customers have a debit card

That’s over **13% higher** than the industry average*

Extraco’s active rate is nearly

83%

Which means **more than 4 out of 5** of their cards are used at least once monthly

That’s over **25% higher** than the industry average*

*According to the 2024 PULSE Debit Issuer Study.

“Our philosophy is that, if we can get our customers to use their debit card just one more time each month, that’s one more touchpoint of engagement, and we can keep building from there,” said Mostiller. “We approach it transaction-by-transaction, so when the experience is good, they trust their Extraco debit card for other purchases, and it adds up.”

Discover’s marketing team helps Extraco with engagement in myriad ways. For instance, the team provided marketing support for Extraco’s Savvy Savings program, which enables debit users to round up purchases to the nearest dollar and deposit the spare change into their savings account. Discover also provided support for Extraco’s Community



▲ Pop-up event sponsored by Discover

Cares giving initiative, as well as backing events with customers and local merchants.

“We aren’t asking them to do this,” said Mostiller. “They’re taking the initiative and coming to us with ideas.”

To help Extraco make debit even more attractive, Discover provides valuable benefits to consumer and business cardholders at no cost. These include dark web monitoring, credit monitoring, and FICO® credit score access, backed by Experian®. Each benefit comes complete with marketing materials and support to help issuers drive awareness and engagement with cardholders.

Factors to Consider

Extraco Banks was one of the first financial institutions to adopt Discover Debit. It was a decision its leadership did not take lightly.

Learn more at DiscoverDebit.com/Win



It goes beyond our excellent account executive and extends to everyone we meet with Discover. They all are committed to helping us in both small and big ways. As a community bank, it’s nice to be treated like you’re much larger, and you have experts that are available to help. Our partnership with Discover has even made us have higher expectations of our other vendor partners.”

-Misti Mostiller

“It’s a serious, heavy decision, because debit doesn’t lurk in the background,” said Mostiller. “It is our primary point of connection with customers and intimately tied to how they think of us. We were very intentional and did a very thorough analysis that stretched over 90 days.”

Extraco reviewed its debit program 10 years ago wanting to improve the economics while achieving greater flexibility and control. While interchange and fees were top of mind, what they were not expecting was the level of client service and communication they receive with Discover versus their legacy provider.

