by Ben Brown, Ryan McDonald, Abigail Karl, and Joseph Kraut, 18 September 2025

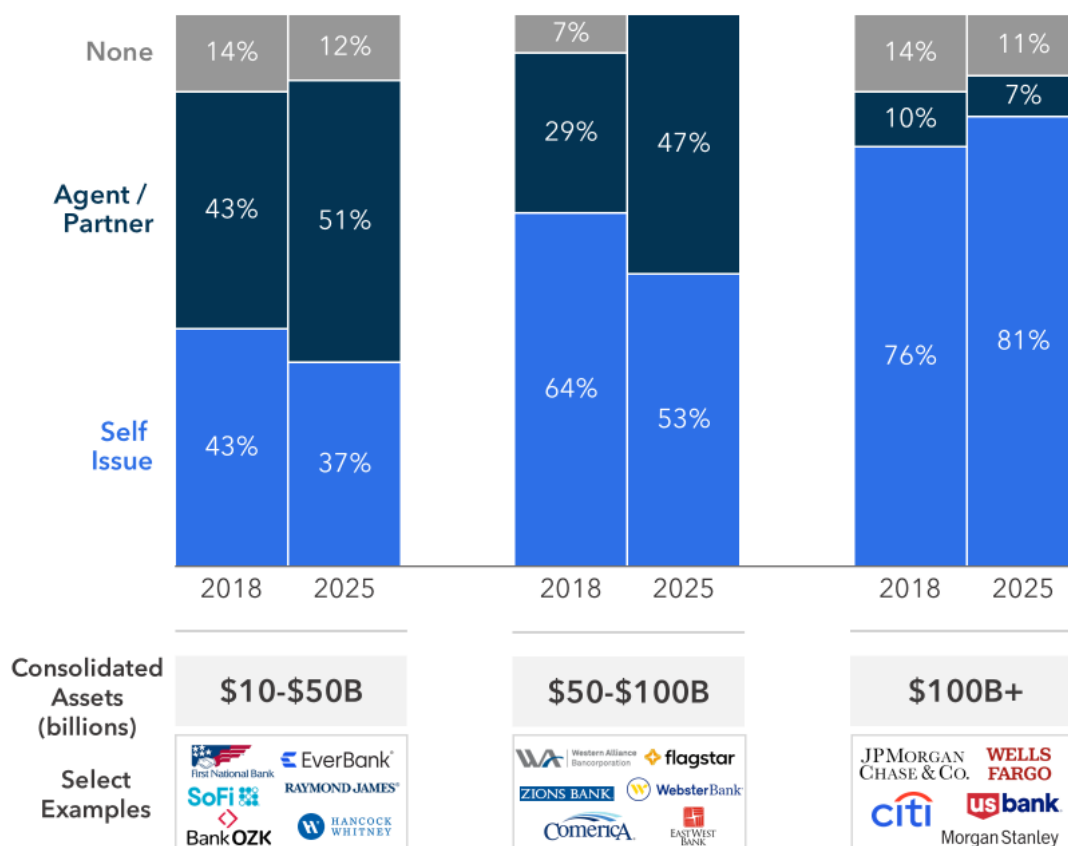# In-House vs. Outsourced Program Management: Time to Rethink the Lines in the Sand

Credit Card Landscape

Credit card issuing programs have long followed two primary operating models: managing everything in-house or outsourced arrangements through agent banks or program managers. These models evolved as natural responses to the complexity of credit card issuing and the very different levels of scale, capital availability, risk tolerance, and operational capabilities that financial institutions have. Large FIs have typically decided to own and operate their credit card business in-house (usually with the help of a third-party processor) while smaller FIs have typically relied on program managers.

Each approach offers a distinct set of trade-offs. In-house programs offer full control, better long-term economics, and ownership of the customer experience but they require significant capital, talent, and time. Outsourced models provide a straightforward way to offer customers a credit card product with less operational complexity, faster time to market, and reduced capital and compliance implications – but with limits on flexibility, profitability, customer experience, and program differentiation.

Our analysis of the top 130 U.S. banks indicates that this natural alignment of operating models to scale continues to hold true. Only two banks with more than $100 billion in assets partner with an agent bank issuer but about half of banks with $10 billion to $100 billion in assets use this model (as do the vast majority of banks with less than $10 billion in assets). Over the last seven years, since just before the pandemic, the agent model has actually become much more popular among midsize banks.

Figure 1: Est. Distribution of U.S. Banks by Credit Card Program Model
(among top 130 U.S. banks by assets)

	$10-$50B		$50-$100B		$100B+	
	2018	2025	2018	2025	2018	2025
None	14%	12%	7%		14%	11%
Agent / Partner	43%	51%	29%	47%	10%	7%
Self Issue	43%	37%	64%	53%	76%	81%

Consolidated Assets (billions)

Select Examples:
- $10-$50B: First National Bank, EverBank, SoFi, RAYMOND JAMES, Bank OZK, HANCOCK WHITNEY
- $50-$100B: Western Alliance Bancorporation, flagstar, ZIONS BANK, WebsterBank, Comerica, EAST WEST BANK
- $100B+: JPMorgan Chase & Co., WELLS FARGO, citi, US bank, Morgan Stanley

Note: n = 83 ($10-$50Bn in assets), n=19 ($50 - $100Bn), n=27 ($100Bn+), n=1 (<$10Bn).
Source: Flagship Advisory Partners, FDIC, Company websites
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Recent developments, however, are changing the calculus. A new ecosystem of cloud-based issuing enablers – modern processors and program managers, SaaS tools for operational automation, and sophisticated tools for credit risk assessment and fraud prevention – has lowered barriers to entry and reduced the need for extreme scale. On top of that, agentic AI promises to automate much of what used to require armies of specialists and years of integration work.

The result? The traditional "lines in the sand" that dictated who should outsource vs. in-source have begun to blur. Today, any issuer, whether a regional bank or a hypergrowth fintech disruptor, should re-evaluate their issuing strategy in light of a rapidly evolving landscape.

The Case for In-House Issuing: Control, Customization, and Scalable Economics

At its core, in-house issuing is about control. It allows financial institutions to define their own roadmap rather than adapting to someone else's. Issuers can shape credit policy to match their brand's risk posture, design features that truly stand out in the market, and adjust pricing, rewards, or customer experience without being constrained by what their partners can and will do. For FIs that see credit cards as a strategic tool for customer engagement – not just a revenue stream – this level of autonomy is crucial.

Ownership of the full credit card issuing P&L is another key advantage. Rather than splitting revenue with a partner or accepting pre-set fee structures, in-house issuers retain 100% of the interchange, interest income, and fees. They also gain full visibility into program costs and can manage them proactively – from servicing to fraud management to marketing.

Critically, in-house programs integrate more naturally across a bank's broader product set. The value proposition of the credit card, how it's marketed, and the data generated through its use can be designed to complement the checking account (and debit card), enhance an FI's enterprise-wide loyalty program, or support cross-sell efforts into lending or wealth. In the past, this level of integration helped enable more profitable and long-lasting relationships. In the future, with the rise of AI, this level of data integration may be table stakes to keep pace with the market. The next five years will be a time of rapid evolution in using data to understand the needs and mindset of each individual customer, providing real-time support and solutions, and personalizing product value propositions.

That said, the in-house path isn't for everyone. Success depends on having (or building) the right capabilities. Issuers must attract and retain specialized talent across credit, fraud, operations, and tech. They must be ready for the scrutiny that comes with full regulatory ownership. They must tolerate profitability that changes quarter over quarter, with ROAs fluctuating between 3-4% over the last 10 years but sometimes touching 1% or even going negative, as they did during the pandemic. And they must commit to continuously investing in products, marketing, and customer experience to remain competitive.

Figure 2: ROA of Large Credit Card Focused U.S. Banks
(banks >$10B assets maintaining consumer CC balances >15% of assets since Q1 2020)
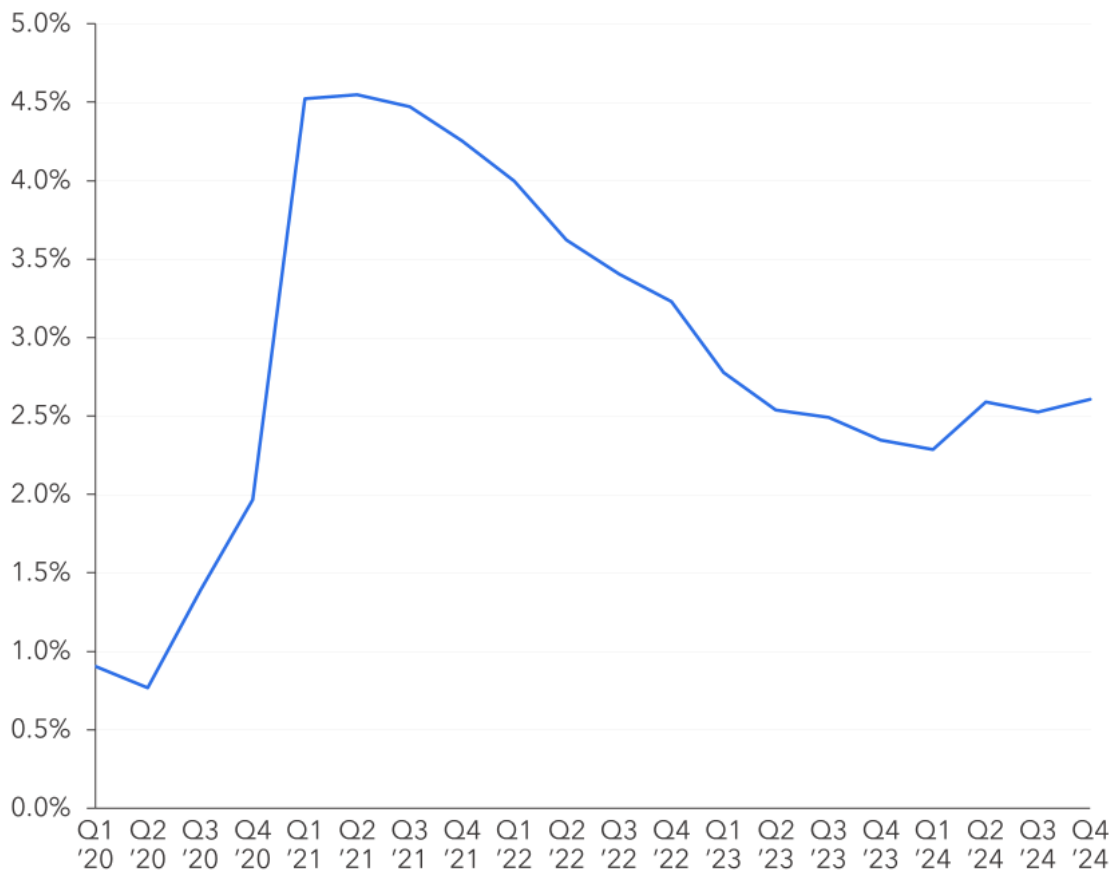
Note: n =12; ROA Asset-Weighted
Source: Flagship Advisory Partners, FDIC
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Fortunately, some of these barriers are eroding. Today's issuers can build atop modern, modular issuing platforms that reduce the burden of development and integration. Third-party fraud tools, underwriting engines, and servicing capabilities can be combined into tailored stacks. This enables smaller or mid-sized issuers to operate with the sophistication of a top-tier bank – without the legacy tech drag.

The Case for Outsourced Issuing: Speed, Simplicity, and Leverage

For many issuers – especially those testing new markets or operating under capital or regulatory constraints – outsourcing credit card issuance can offer an appealing fast track.

Partnering with an agent bank or program manager allows institutions to launch and scale a card program without shouldering the full operational burden of this complex product. Much of the heavy lifting – technology integration, customer servicing, fraud management, regulatory compliance – is handled by the partner. This enables leaner teams to move quickly and focus on growth.

Perhaps the most important benefit is risk transfer. In an agent bank model, regulatory compliance and credit risk often largely sit with the agent, easing the issuer's exposure to

audits, CECL requirements, and reputational risk. For organizations not equipped to own a card program under today's regulatory microscope, this insulation can be the difference between "go" and "no-go."

Outsourcing is also more capital-efficient. In agent relationships, the agent typically owns the receivables, which means the partnering institution isn't required to hold large capital buffers against expected losses. That frees up balance sheet flexibility for other initiatives.

Today's outsourced programs are evolving beyond the vanilla. Leading agent banks now offer modular integrations, digital wallet compatibility, highly customizable rewards engines, and BNPL/installment overlays – all features that just a few years ago were limited to in-house players. Creative contract structures can even allow for partial control or co-governance in some cases, and shared profitability in others, which helps issuers maintain strategic influence without full operational ownership.
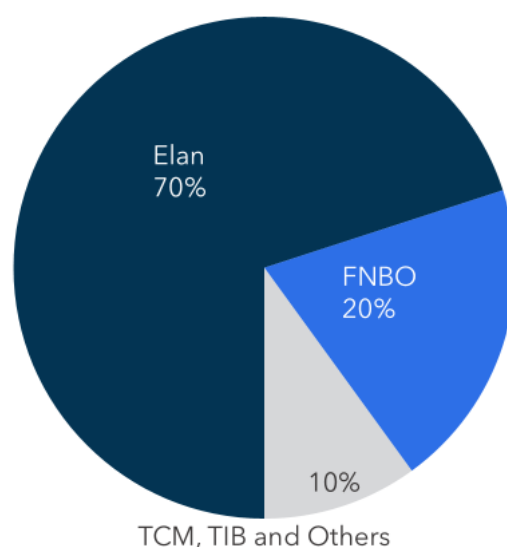
Most of the partner options in credit card outsourcing are obvious: Elan Financial Services and FNBO are the largest agent bank issuers (but certainly not the only ones); TSYS, Fiserv, and FIS are the largest credit card processors, all offering managed services in addition to third-party processing; and Velera dominates the group service provider market with more than 4,000 clients (though it's not public how many of those use Velera's managed services for credit card issuing).

Figure 3: Credit Card Provider Market Share

Issuer Processing Platforms, by Accounts

- In-house processing 45%
- TSYS 45%
- 4% FIS, Jack Henry and Others
- 9% Fiserv
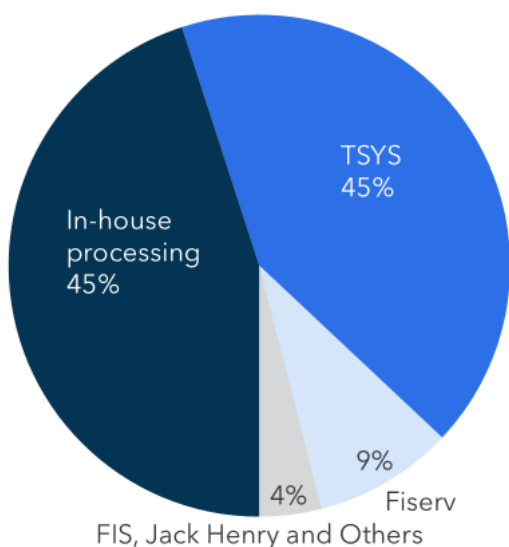
Agent Bank Issuers, By Receivables

- Elan 70%
- FNBO 20%
- 10% TCM, TIB and Others

Source: TSYS, company reports and earnings call transcripts, UBS estimates, Flagship estimates
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In the last few years, a new set of providers has entered the market: Galileo, CoreCard, Cardless, Tallied, Highnote, Zeta, Marqeta, i2c, Lithic, Thredd, Episode Six, Pismo, Vervent, and others. This is a harder option set to navigate because each player has slightly different capabilities (some are pure play processors, others offer managed services). But for financial institutions who want more flexibility and integration to real-

time data feeds without the operational complexity of in-house issuing, these new processors and program managers present an exciting alternative.

Conclusion: Rethinking the Issuing Strategy

The old dividing lines between in-house and outsourced issuing are no longer fixed. With cloud-based platforms, AI-driven automation, and an expanded roster of partners, issuers now have the ability to rethink the trade-offs and design models that combine the best of both worlds. The right choice is no longer determined primarily by your scale, it can be based on your strategy.

Issuers should start by defining what role credit cards play in their broader customer engagement and growth agenda. From there, they can evaluate whether control, speed, capital efficiency, or risk insulation matters most and build the appropriate operating model. With today's rapid pace of innovation, the right decision five or ten years ago might not be the right decision today, so issuers should re-evaluate their strategy ahead of every key contract renewal date in order to stay competitive in an industry where the lines in the sand are shifting faster than ever.

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