# Reward Points

Customers

Reward

Node

Blockchain
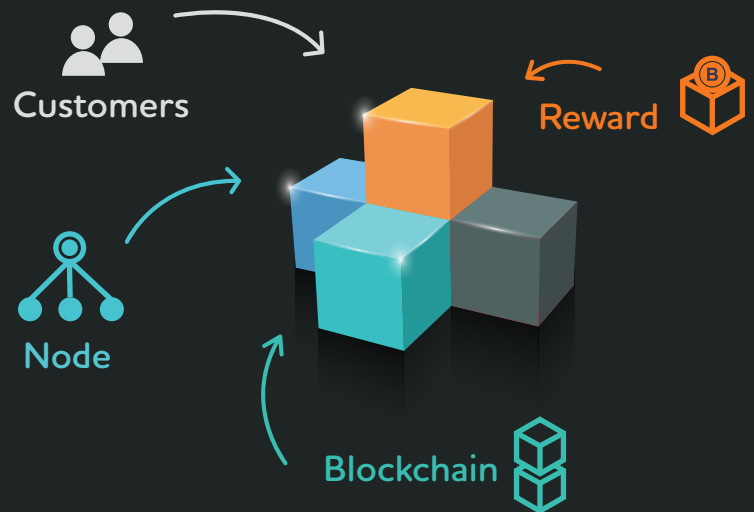
## Background

Reward Points are typically offered by banks to their customers for usage of credit/debit cards, as well as by large merchants/Retail chains on purchases made in their stores/portal. The primary objective of Reward points is to ensure customer loyalty and to incentivize further spends through utilization of these points. However the current Reward points management process comes with a number of inefficiencies including a basic **lack of fungibility** of reward points. A customer cannot use them for purchases at an online store or a grocery super market and is instead forced to redeem the points with the institution which may not be always be possible or meaningful for the customer.

Other challenges include – a **cumbersome** process for redemptions, **significant delays** in delivery or settlement for transactions made using Reward points. Issuers of Reward points also face challenges since each of them **need to maintain systems** to track Reward points issued to each customer/member, and also **need to deal with reconciliation issues** as a result of delayed settlement and lack of real-time availability of Reward point balances. Unused Reward points are also treated as **liabilities in the Issuer's balance sheet,** thus posing further complications.

## Reward Points management on Blockchain

The Quartz Reward points solution on blockchain helps create a powerful ecosystem in which Issuers of Reward points (Banks, Merchants etc), and the Acquirer/Payment processor can operate as Nodes on the Blockchain. Each participating Issuer can maintain information pertaining to their customers/members and their **point balances on the blockchain.** The Acquirer/Payment processor can facilitate use of Reward points across a vast chain of Issuers thus **providing flexibility** to the customer in using the points. A combination of Reward Points/Funds can therefore be **accrued and redeemed seamlessly** on blockchain.

## Business Benefits

- Flexibility in using the Reward points, across a vast network of Issuers/Merchants without any restrictions

- Instant Settlement of transactions using Reward point balances on blockchain

- Real time view of transactions and balances for Issuers and the Payment processor

- Elimination of reconciliation overheads for all entities in the ecosystem

- Audit Trail for a complete history of transactions

- Vastly superior customer experience as a result of fungibility, simpler operational processes while redeeming the points

- Better utilization of Reward point balances, leading to healthier balance sheets for Issuers

- **The Quartz Advantage**

- Smart Contracts for accrual and redemption of funds and Reward Points

- Data Privacy: Quartz ensures confidentiality of data, allowing access only to authorized participants

- Quartz Gateway helps integrate existing systems to the blockchain thus facilitating the set-up of the ecosystem on blockchain

- Administration and Monitoring of the ecosystem through the Command Center.

### About Quartz

Quartz provides foundational technology, tools and business components that harness the power of next-gen technologies including DLT, AI/ML for organizations across varied industries. Quartz caters to organizations across Industry segments including Financial Services, Banking, Supply Chain, Energy & Utilities and eGovernance. Backed by awards from the Asian Banker (Best Fraud Prevention Technology Implementation 2023), Financial Technology Forum (Best New Post Trade Solution of the Year 2022), Asset Servicing Times (Outstanding Innovation Award 2022) and recognition from Analysts (ranked #1 Best Performing Fraud Management Solution by IBS Intelligence 2022) Quartz can help organizations operate at the forefront of technology innovation.

To know more about Quartz, please write to us at **tcs.quartz@tcs.com** or visit our website **https://www.tcs.com/quartz**

### About Tata Consultancy Services Ltd. (TCS)

Tata Consultancy Services is an IT services, consulting and business solutions organization that has been partnering with many of the world's largest businesses in their transformation journeys for over 56 years. Its consulting-led, cognitive powered, portfolio of business, technology and engineering services and solutions is delivered through its unique Location Independent Agile™ delivery model, recognized as a benchmark of excellence in software development.

A part of the Tata group, India's largest multinational business group, TCS has over 601,000 of the world's best-trained consultants in 55 countries. The company generated consolidated revenues of US $29 billion in the fiscal year ended March 31, 2024, and is listed on the BSE and the NSE in India. TCS' proactive stance on climate change and award-winning work with communities across the world have earned it a place in leading sustainability indices such as the MSCI Global Sustainability Index and the FTSE4Good Emerging Index. For more information, **visit www.tcs.com**