



ACCESS THE WORLD

ISSUE 31 | Summer 2015

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UConference15

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AUGUST 20-21, 2015 | COLUMBIA TOWER CLUB | SEATTLE

Younger consumers who require new financial products represent a huge opportunity for financial institutions. That's why MAP is fortunate to welcome Ron Shevlin, Director of Research at Cornerstone Advisors, as keynote speaker at our 15th Annual Users' Conference on August 21. Mr. Shevlin is a recognized thought leader for his pioneering research on right channeling consumer interactions. Recently, Ron predicted an increase in credit card ownership that will be



Ron Shevlin

fueled by the next wave of Gen Y'ers. Credit cardholders are expected to grow 6.6 percent through 2018. Millennials are more likely than older consumers to open checking accounts, need car loans, and apply for mortgages and credit cards.

Joining Ron on Friday morning is Mark Nelsen, Senior Vice President of Risk Products and Business Intelligence at Visa. As VP of Risk, Mark manages Visa's global fraud detection and decisioning solutions such as Visa Advanced Authorization and Visa Risk Manager. He also oversees global authentication platforms such as EMV chip technology and

See Annual Conference on next page

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*for a whole new
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Mark Nelsen

3D-Secure authentication for e-commerce. "Strong authentication is vitally important as the future of payments becomes increasingly mobile and digital," states Mr. Nelsen, who was just named #8 of BankInfoSecurity and CUInfoSecurity's third annual list of influencers in banking information security.

MAP is pleased to welcome back Dr. Quincy Krosby, Economist and Chief Market Strategist for Prudential Annuities. An attendee favorite, Dr. Krosby will share her insights on the economy and markets, both nationally and from around the world. Frequently quoted in the financial press and on business television, Dr. Krosby is a former Assistant Secretary of Commerce and past U.S. Representative to the International Monetary Fund.



Quincy Krosby

Thursday's program will feature payment industry experts with a focus on Marketing and Card Program Management. Leading off the day is Shari Storm, a leading voice in card marketing and Net.Banker's Innovator of the Decade. Shari's seminar is about how to "Build a Wildly Profitable Plastics Portfolio." She will be joined by Ondine Irving, founder of School of Credit Card Program Management. Ondine will demonstrate the fundamentals of credit card portfolio



Shari Storm



management, touching on expense, savings and income opportunities.

Thursday Evening Client Dinner - MAP's "Cook-A-Long with Tom" is a casual mixer where guests are greeted with appetizers and beverages while they get settled. It will be a "family style" cooking class where everyone will get to participate - at their own comfort levels - in preparing the dinner. The Hot Stove Society will draw on the entire chef staff of Tom Douglas Restaurants including Executive Chef Eric Tanaka and Bridget Charters, a well-respected Chef Instructor. Located in a bright industrial space inside the stylish Hotel Andra, the presentation area boasts a wide curved prep area where guests can gather for lectures and get up close to the instructor.



Hot Stove
SOCIETY

MAP's 2015 Annual Conference will be held August 20 and 21 at the Columbia Tower Club, located on the 76th floor of Columbia Center. At nearly 1,000 feet, it is the highest meeting space west of the Mississippi. The 360 degree panoramic view includes Mt. Rainier, the Cascade Mountains, Elliott Bay, the Olympic Mountains, the Space Needle and the city of Seattle. Guest accommodations are available at Seattle's Arctic Club Hotel.

To register, go to uconference15.com. For more information, please contact your client services manager or Karl Kaluza at 866-598-0698 x1618 or karl.kaluza@mapacific.com.



MAP Welcomes Arroweye's On-Demand Card Manufacturing



With MAP's new Arroweye On-Demand Card Manufacturing, a credit union can deploy targeted card campaigns in days, not weeks. Whether you're testing a niche offering, promoting a mass reloadable reward program, tailoring card layouts, or developing targeted marketing strategies for a new audience, our fully integrated, print-on-demand system can easily fulfill your program needs.



On-Demand Card Manufacturing and Fulfillment – Cards are printed as needed, eliminating forecasting requirements and pre-printed inventory. With no inventory to manage and unlimited choices in design, issuers can harness new marketing and revenue opportunities, deepening their reach and gaining competitive advantage.



Unique Packaging – With Arroweye, issuers can access unlimited customization options for cards, carriers, and packaging. From brand logo to individualized card carriers and mailing inserts, Arroweye powers a more personal approach to marketing.



CustomerConnect – A responsive card solution combining its award-winning digital on-demand technology with virtually any additional customer data stream helps card issuers build targeted, personalized marketing programs.



EMV On-Demand – With the looming issue of EMV and its complex implications for all payment players, Arroweye's latest innovation extends the flexibility and low-risk platform for financial institutions to ease their transitions.



Online Ordering – Arroweye's best-in-class solution provides an order management suite that supports both self-service and full-service ordering.

For more information about MAP's new Arroweye On-Demand Card Manufacturing, please contact Mike Reynolds, mike.reynolds@mapacific.com, 866-598-0698, x1628.

Industry News

Credit card use continues to rise. Due to lower gas prices reducing the amount of credit used at gas stations, credit union credit card loan balances grew at a modest 4.8 percent seasonally-adjusted annualized growth rate in March according to CUNA's credit union trends report. The outlook for credit unions' credit card lending is positive because of strong consumer fundamentals like the improving labor market, rising home and stock values, faster wage growth, greater levels of consumer confidence, and greater access to credit.

Square Launches NFC/EMV Chip Card Reader.

Square has introduced a wireless reader that enables any business with a tablet or smartphone to accept Apple Pay and contactless payments, as well as EMV chip cards. The Square reader is ready out of the box, connects with the Square Stand or wirelessly with a mobile device, and pairs with Square's free point-of-sale app. Brick-and-mortar retailers and mobile businesses can use the reader as part of their countertop points of sale, or slip it in their pockets to accept contactless and EMV payments on the go.



27 percent of global online transactions are now on mobile devices. Online payments made using mobile devices continue to rise globally, according to Adyen's quarterly Mobile Payments Index (MPI), which now account for 27.2% of the total online payments made in Q1 2015. It means an increase from 25.8% on the traditionally high online spending period of Q4 and up 39% increase on the corresponding period of 2014. The average transaction value (ATV) of digital goods purchased via tablets has surpassed the figure for desktops/laptops for the first time since Adyen began publishing the Mobile Payments Index in June 2013.

Apple Pay use increasing beyond early adopters. The use of mobile payments is continuing to grow and broaden, as nearly half (46%) of iPhone 6 owners have successfully used Apple Pay, up from 42% just two months ago, a recent report reveals. According to Auriemma Consulting Group, there are high levels of repeat usage, with 63% reporting that they use

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Getting Ready for EMV Chip Migration

EMV chip migration is in full swing as we near the October 1, 2015 liability shift date. Americans are starting to receive new credit and debit cards that use more secure chip technology. At the same time, consumers will start noticing new chip terminals at checkouts. In support of this, we are launching a monthly newsletter to keep our clients up to date on the industry readiness, key topics, and available marketing resources.

Readiness Report

The numbers speak for themselves: The industry is continuing to make progress in EMV chip migration with growing issuance of secure chip cards and installation of EMV chip terminals. Below is a sampling of notable statistics and updates on EMV chip technology saturation in wallets, at terminals, and with merchants.

- An estimated 1 in 5 Visa credit cards have a chip in them today.
- Approximately 78 million Visa EMV chip cards have been issued.
- 57M Visa credit cards and 92 percent of credit volume are processed through EMV chip enabled BINs.
- 21 million Visa debit cards, a 107 percent increase since beginning of 2015.
- Several debit issuers actively issuing; multiple pilots underway.
- DPS completed EMV chip certification.
- EMV chip-activated merchant locations grew to 181,000 - an 18 percent increase from March to April 2015.
- A number of large and small merchants have started piloting EMV chip with plans to rollout/turn on chip enabled terminals in the coming months.

Spotlight: Branch Training

- To support branch staff members' ability to answer cardholder questions, Branch Training (<http://www.visachip.com/branchtraining>) is an online module that drives a deeper understanding of chip technology and includes a quiz to test branch staff understanding.
- This training has 10 sections including how chip technology works, its benefits, how to use chip cards, and FAQs.

Broad EMV Adoption May Not Occur Until 2020

According to a recent report by Forrester Research, while EMV chip technology prevents skimming fraud, it should not be seen as a solution for deterring massive card breaches.



Since encryption takes the added step of obscuring card details sent over payment networks, and tokenization would allow for encrypted card data to be sent from the accepting point-of-sale (POS) terminal, Forrester recommended that security and risk professionals demand tokenization from all payment chain participants. Contactless payment methods offer built-in tokenization to protect card numbers from being exposed on the Internet. And the prospect of shifting to contactless payments would also result in merchants spending less money, complying with PCI-DSS, since they would no longer need to store credit card numbers with the digital wallet systems.

Small Business Month

May was recognized by many organizations as Small Business Month. To maximize our efforts during this time, Visa brought education and training resources to business owners. Highlights include the launch of the VisaChip.com website, the 20-city "chip education" tour, and the creation of the online toolkit.

Through these initiatives, Visa hopes to help small businesses better understand the security benefits of chip-enabled cards and

help them fully understand how the technology works. Visa is also offering to more than 10,000 U.S. financial institutions customizable marketing materials to help share educational materials about the subject.

For more information about Visa's chip card technology, go to Visa's dedicated chip website, www.Visachip.com.





Falcon Fraud Manager Product Update, v6.4

Falcon Fraud Manager is undergoing a complete re-architecture of the databases, Case Manager, and Expert Rules that will provide increased system performance, fewer maintenance events, improved client functionality via the workstation, additional neural network models, and a new rules engine. A phased rollout will begin in mid-2016.

Enhancements available with Falcon 6.4 will include:

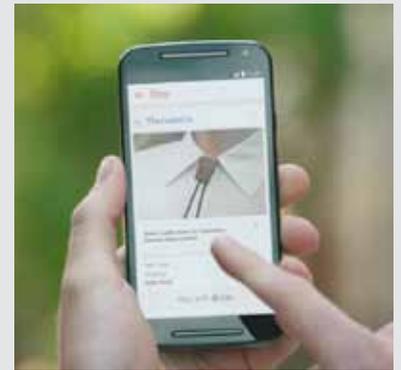
- Three levels of customer data will be provided for case management at the customer, account, or service (PAN) levels.
- Expanded API. Visa will begin using the expanded API, version 2.5, which adds new fields and new values in existing fields and is an expansion of Debit version 2.1. New User Data fields are available in each of the three customer levels.
- Supports multiple scoring models on a single platform. The US Debit model (e.g., Base Model), the Global Intelligence Profile (GIP) model, and the Adaptive Analytics model can all be configured to support multiple scores.
- Transaction Tagging: You can also tag a transaction within Case Manager as fraud or not fraud. This enhancement enables clients to benefit from the Adaptive Analytics model. Visa Full-Service Call Center clients will have transactions tagged by Visa Call Center agents. A new transaction tagging report will be available in Processing Reporting Services (PRS).
- Falcon Expert rule bases have been combined. The production case rule base has been combined with the production authorization rule base. Only one rule is needed in Falcon to decline the transaction and create a case.

As an MAP client, Visa will install Falcon version 6.4 on separate hardware and the new application will run in parallel to the existing Falcon Fraud Manager. Once Falcon 6.4 is in production, clients will be migrated to Falcon 6.4 based on a phased schedule.

If you are interested in understanding more about MAP Risk Management solutions, please contact Mike Reynolds, mike.reynolds@mapacific.com, 866-598-0698, x1628.

Visa News

Visa Digital Enablement Program. Visa announced a new program that connects financial institutions and technology companies to simplify and accelerate the roll out of new payment and commerce services. Visa's new Digital Enablement Program (VDEP) builds on the company's secure token technology and adds a turn-key, toll-free commercial framework accessible to more than 14,500 Visa financial institution clients and leading technology partners around the world. Google, with its Android Pay payment solution, is Visa's first international program partner.



The Visa Brand Ranks High. The Visa Brand is the 30th most valuable brand according to Forbes who just released its 2015 ranking of the World's Most Valuable Brands, an annual list in its fifth iteration. According to Forbes, the most valuable brands are ones that generate massive earnings in industries where branding plays a major role. Visa was ranked as the 30th most valuable brand, moving up three spots and seeing an increase in brand value of 17 percent. Visa landed ahead of MasterCard at 53rd, yet fell behind American Express, ranked 22nd. Apple, Microsoft, Google, Coca-cola and IBM topped the list, placing first through fifth respectively.

CUs Can Name Breach Merchants. In a letter to the California and Nevada Credit Union Leagues, Visa has confirmed to that card issuers are allowed under their network rules to divulge to members the names of merchants involved in data breaches. "Visa Rules do not prohibit an issuer from identifying by name a confirmed breached entity or a suspected breached entity when that information is independently developed or procured separate from Visa," stated Visa Head of U.S. Government Relations Robert Thomson. "Where a data breach event is publicly confirmed, Visa Rules do not prohibit Visa from sharing that information with its clients, who are also free to share it with their consumer clients." Naming names carries one very significant risk, however: Issuers might name the wrong merchant. That could create a host of legal and reputational problems, which is why the card networks, including Visa, warned issuers to be careful.

Consumers' Digital Interactions Influence \$2.2 Trillion of In-store Sales

The rise of the Internet, social media, and smartphone devices has radically changed consumers' shopping habits, according to a new report by Deloitte. The report, *Navigating the New Digital Divide*, has revealed that digital interactions will influence 64 cents of every dollar spent in 2015, or \$2.2 trillion. That marks an increase of half trillion dollars from the \$1.7 trillion of in-store sales influenced last year. Two years ago that figure was \$.33 trillion.

Mobile influence on in-store sales has actually jumped to nearly \$1.0 trillion from only \$.16 trillion in 2012. One-third of consumers who use digital devices to make purchases say they actually spend more because of their use of digital devices. The report says that it is because digital shopping allows users to do a product search, which leads them to buying complementary or more expensive items. Another explanation is that users take advantage of discounts or vouchers that leads them to spending more overall.

The rise in digital purchases has also led to much higher conversion rates – people who use digital while they are actually in-store convert at a 20 percent higher rate compared to those who do not. Also, the report finds that many consumers are using digital as a way of generating ideas rather than simply as a price comparison tool. In fact, digital consumers are 30 percent less likely to use mobile for price comparisons than they were a year ago.

"While retailers tend to view digital technologies as a threat, our research suggests that digital technologies can complement—or not help to revitalize and grow—their core store businesses," said Kasey Lobaugh, a principal with Deloitte Consulting LLP.

Social media can also have a significant impact on retail sales. The report found that shoppers are 29 percent more likely to make a purchase the same day when they use social media as a shopping tool. Furthermore, the consumers who use social media are four times more likely than non-users to spend more on purchases. All of these findings seem to suggest that the rise of digital purchases is less of a threat to retailers than originally thought. In fact, 45 percent of respondents said that digital has made in-store shopping easier.



Visa Checkout: Big New Merchants, Big Summer Plans

Continuing on the success of the co-marketing and advertising campaigns implemented over the last year, Visa will kickoff several new campaigns throughout the summer months – ranging from surprise and delight consumer promotions to social media campaigns. These marketing programs include "Cinematic Pin" from Pinterest and FIFA Women's World Cup.

"Cinematic Pin" from Pinterest: Pinterest announced that Visa Checkout will be among its initial launch partners for the highly anticipated "Cinematic Pin," which goes live this summer. The Cinematic Pin is a new ad format that includes motion in the Pin which is controlled by the user. When a user scrolls, the "Pin" image moves; when a user stops, the "Pin" image stops, enabling more motion-based storytelling. Virgin America and Crazy8, a Gymboree brand, will be among the first Visa partners to utilize Cinematic Pin with Visa Checkout.

FIFA Women's World Cup: For the first time ever, the field boards during this year's FIFA Women's World Cup will be branded Visa Checkout during select games in the U.S., Canada and Australia. This represents a new way Visa will use its world-renowned sponsorship assets to promote Visa Checkout.

Large Merchant Partnerships: In tandem with some of the top retailers across the Web, Visa will activate large-scale marketing campaigns with several new merchants including Dunkin' Donuts and Williams-Sonoma. More than 125,000 large and small merchants and 260 financial institution partners now offer Visa Checkout globally.

VISA Checkout

Visa Introduces Report About How Americans Spend

Visa has released its first publicly available Retail Spending Monitor Report (RSM), which offers a monthly assessment of overall U.S. retail spending including a variety of individual merchant categories. The report reflects Visa's estimate of retail spending growth on ALL forms of payment based on VisaNet data. What makes the report unique is that it provides a snapshot of consumer spending in the United States 7-10 days before the U.S. government releases its own data in the Census Bureau's MARTS survey.

Retail spending in April was up 4.5 percent from the prior year, excluding automobile and gasoline purchases. Amid a strengthening housing market and renewed confidence in the economy, Americans continue to open their wallets for restaurant meals, hotel stays, household goods like appliances and furniture, and other more day-to-day needs. Several discretionary categories showed solid increases in April from the prior year, with some eclipsing their March growth rates. The increase suggests that American households with incomes greater than \$100,000, which are more likely to contribute to discretionary spending and less likely to be impacted by fluctuations in gas prices, may be driving the increase in spending. For instance:

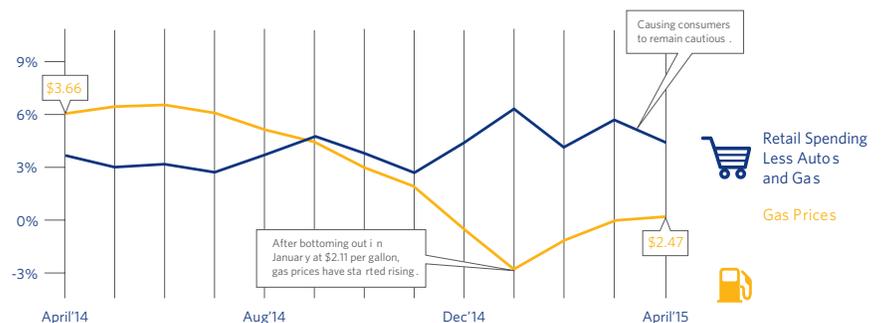
- Restaurant spending rose 9.5 percent from the prior year in April, compared to a 7.6 percent increase in March.
- Hotel spending was up 9.4 percent from the prior year in April, compared to a 9.2 percent increase in March.
- Household good spending, at places like electronics, appliance, and furniture stores, increased 5.1 percent in April from the prior year, compared to 1.5 percent in March.

Gas prices continue to affect consumers' mindsets and spending behavior. Prices have fallen 30 percent over the last year, averaging \$2.47 per gallon in April. Consumers received an unexpected windfall on average of \$1.19 per gallon compared to a year ago, or between \$50 and \$75 a month in average household savings.

However, a recent Visa survey found that, amid the increase in gas prices that began in February, more than half of respondents (52 percent) said that they planned to save the unexpected windfall from lower prices at the pump, while nearly a quarter (24 percent) said they planned to use it to pay down debt. Only 30 percent said they planned to spend more at other places.

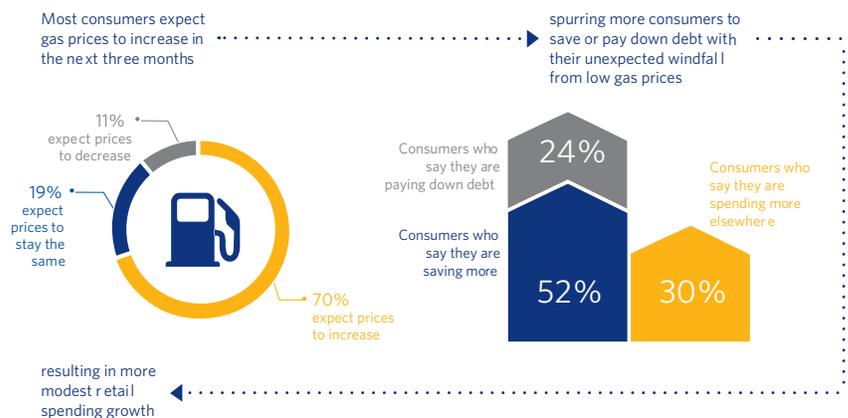


These survey results are evident in Visa's RSM data. Although April retail spending (excluding autos and gas) was up 4.5 percent from the prior year, it has slowed significantly since the first three months of 2015. In January, when gas prices hit their recent



lows, retail spending was up 6.0 percent from the year before. There was also a noticeable impact in consumer spending in several major categories.

Visa's Retail Spending Monitor is available online each month at visa.com/vps, under the topic of "Ideas, Insights and Outlook."

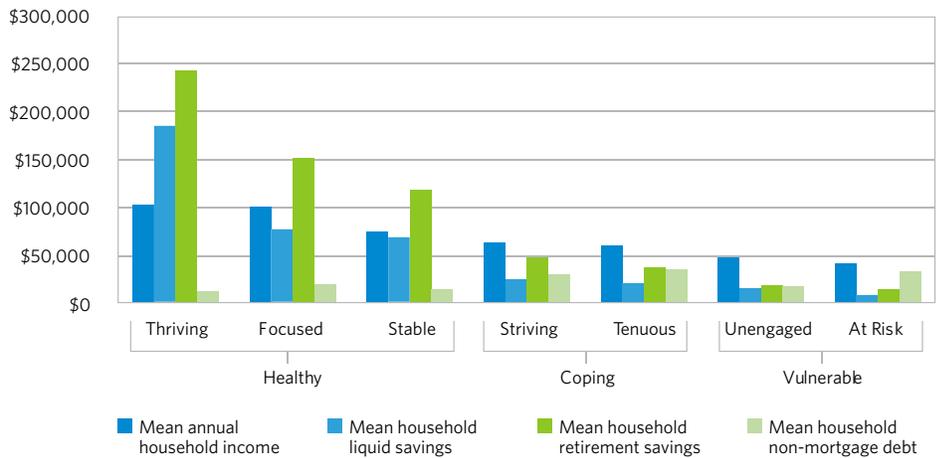


Understanding Americans' Financial Health

More than half (57%) of Americans describe themselves as struggling to pay bills and credit payments, and more than one-fifth have no idea how long they could make ends meet in the event of a job loss. This is distressing for these Americans and a concern for the United States as a whole. It is also a call-to-action for the financial service industry according to a groundbreaking study by the Center for Financial Services Innovation (CFSI) of consumer behaviors, attitudes, and preferences. In it, CFSI defines seven consumer financial health segments based on a combination of behaviors and attitudes, offering an analysis that goes beyond income, age, education, or credit score and shows Americans that are financially "Healthy," "Coping," or "Vulnerable" as illustrated in the graphic below.

The research, entitled "Understanding and Improving Consumer Financial Health in America," concludes that financial services companies need to provide new mechanisms to spend, borrow, save, and plan that will provide real and lasting value to their customers while also creating long-term revenue streams.

The banks, credit unions, retailers, financial technology companies, and others who put their customers' success at the center of their business strategies will experience increased customer loyalty and trust, as well as deepened product usage and engagement. This may be difficult or impossible to track in quarterly gains; however, over the long term, those financial providers who align their profitability with their customers' financial health will experience positive reputational and economic results. And as their customers move up the economic ladder, the financial services providers who invested in their customers' success will see those relationships expand further.



PayPal ranks #1 among mobile wallet contenders

In recent months, Apple, Samsung, and Google's Android have all garnered much excitement and press with their mobile payments solutions. Yet, a new survey from Chadwick Martin Bailey (CMB) shows that new mobile wallet adopters will opt for PayPal. The survey of 1,716 US adults was conducted from late March through early April of this year.

PayPal came out ahead of other brands: 71% of likely mobile wallet adopters or consumers who haven't made an in-store mobile payment but plan to make one in the next six months selected PayPal as their preferred provider. Apple, Amazon, and Google followed closely behind: A slight majority of this constituent said they'd use Apple followed by 49% and 48% for Amazon and Google, respectively.

It's very likely that Apple Pay has eroded PayPal's wallet business, but it's clear from the new survey that PayPal still has a highly visible brand, which it should be able to leverage as it works to create new mobile payment products.



Fed Reports Tokenization Efforts Are Coming Together



Payment tokenization has a number of competing definitions and products already in the market and under development, but the current state of payments tokenization may be coming together into a coherent scheme. That's the assessment of the latest report from the Mobile Payments Industry Workgroup, whose members come from the Federal Reserve Banks of Boston and Atlanta and private-sector payments and technology firms.

The paper, entitled "Is Payment Tokenization Ready for Primetime?" examines the varieties of payments - tokenization services either in use or in development. "One thing we found is it's probably not as disjointed as it looks to the world," states Marianne Crowe, vice president of the Federal Reserve Bank of Boston. "As we learned, there are different types of tokenization programs and they do different things."

Some tokenization programs, like the one used in the Apple Pay's mobile payment, are used when initiating a payment. Others, like those used by merchants to stand in for sensitive card data in their point-of-sale systems, have been available since the mid-2000s and are used post-authorization. Additionally, some tokenization programs are developed under the auspices of private organizations, such as vendors and the card brands, while others are based on the work of standards bodies.

Among the recommendations in the 51-page report is that communication be improved between emerging wallet providers such as Apple Inc. and Google Inc., card issuers, and processors. By sharing more technical details, processors and security providers would be able to perform a strong security analysis of the tokenization programs, the report notes.

The paper is available from the Boston Fed's website: <http://www.bostonfed.org/bankinfo/payment-strategies/publications/2015/tokenization-prime-time.htm>.

Industry News

Continued from page 3

Apple Pay at least weekly. Consistent with the finding that the newer users might be less technologically adept, a significant number are reporting problems in setup. The April survey found that 45% of respondents reported having issues setting up Apple Pay. Among those who reported issues setting up Apple Pay, 62% acquired their iPhones in 2015, compared to 38% who got their iPhones in 2014, the research notes. Despite these issues, the study highlights that user satisfaction is very high, and their main complaint is the lack of retail venues accepting Apple Pay. 67% of those who have used Apple Pay in a brick-and-mortar store say they are migrating to merchants that accept Apple Pay. And 51% say that they are using other payment methods, such as cash, less often since they began using Apple Pay.

Apple Passbook Is Rebranded. Apple Passbook, now Apple Wallet, was launched in September 2012 to keep things like airline boarding passes, movie tickets, and gift cards all in one place, letting the user scan their iPhones or iPod touches to check-in for a flight, get into a movie, redeem a coupon, and more. With the change, Apple is hoping that consumers will have more of a reasons to use it. When Apple updates its mobile operating system to iOS 9 this fall, Apple Pay users will be able to add private-label, store-branded payment cards to Wallet, as well as loyalty cards. BJ's, Kohl's, and J.C. Penney. are among the first retailers to announce private-label card support for Apple Pay, while consumers who frequent Dunkin' Donuts and Walgreens will be able to add loyalty cards to Wallet from those respective merchants. Coca-Cola, Panera Bread, and Wegmans Food Markets also will bring their respective rewards programs to Apple Pay. Apple's addition of loyalty cards to Apple Pay and Wallet comes a week after Google announced a similar feature for the upcoming Android Pay.

Issuers Forecast U.S. Shift to Chip Cards to Be Nearly Complete by 2017. The Payments Security Task Force (PST) today provided an update on financial institutions' plans to issue chip-enabled credit and debit cards in the U.S., strengthening forecasts originally issued in August 2014. Eight financial institutions representing approximately 50 percent of the total U.S. payment card volume estimate that 63 percent of their credit and debit cards will contain EMV chips by the end of this year, expanding to 98 percent by the end of 2017. The forecast reaffirms the ongoing commitment to chip migration as a step toward increasing U.S. payment security across the ecosystem.

Overdraft Fees. The Next Payment Dinosaur?

According to a recent report in *The Wall Street Journal*, financial institutions are losing revenue derived from overdraft fees. In fact, deposit institutions will collect an estimated \$30.6 billion from overdraft fees in 2015, down 4 percent year-over-year (YoY), based on annualized Q1 2015 data from Moeb's Services, Inc. And overdraft fee revenues have declined every year since 2011 with the exception of a slight bump in 2012.

Overdraft fees are a relatively small line item to an institution's bottom line, but added up across millions of accounts, they equate to hundreds of millions in revenue. Large institutions, those with assets over \$10 billion, generate 6% of their revenue from overdrafts on average, according to *The Wall Street Journal's* research. As overdraft regulations tightened in recent years, some have begun to lower overdraft fees or offer alternatives. But not all. The Pew Charitable Trusts recently released its third evaluation of bank practices – including checking account disclosure, overdraft policies and dispute resolution. The verdict: so-so.

The new report, "Checks and Balances: 2015 Update," reviews the practices of 45 of the 50 largest banks as well as trends among the 32 institutions that have been examined in all three reports. Pew defines "best practices" as those that are most effective in providing checking account holders with clear and concise disclosures about fees and terms, reducing the incidence of overdrafts, eliminating practices that maximize overdraft fees, and allowing consumers to choose the method by which they resolve a problem with their banks rather than requiring pre-dispute binding arbitration.

Overdraft fees have been so common because it doesn't take much to trigger one – the median value of transactions that incurred an overdraft fee in 2014 was just \$24, according to the Consumer Financial Protection Bureau.

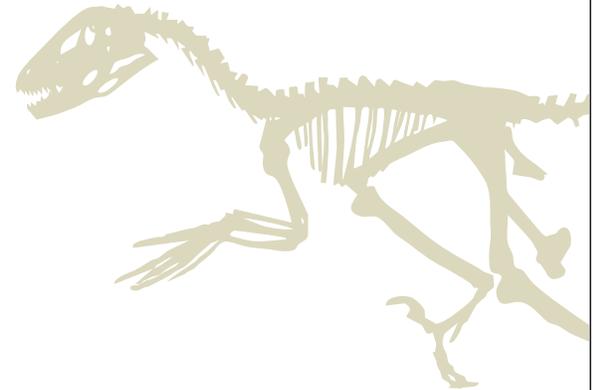
Most banks continue to charge an additional fee if a customer does not repay an overdraft within a certain amount of time. Fifty-nine percent of the 32 banks analyzed in all three studies charged extended overdraft fees this year, up from 56 percent in 2013.

"These banks charge \$35 or more for overdraft fees and many reorder transactions in order to maximize the number of fees that are incurred," says Susan Weinstock, director, consumer banking project, The Pew Charitable Trusts.

Weinstock points to the lack of improvement in this year's report as further indication that fundamental reforms are needed. "The Consumer Financial Protection Bureau needs to write new rules to make checking accounts a safe and transparent product for all consumers," says Weinstock.

She adds that while setting up a bank account can seem as innocuous and ubiquitous as getting the electricity turned on in your new home, it's not. "Admittedly, the banking industry has cleaned up its act a great deal since the debacle of 2008, but we are still very much in an environment of *caveat emptor*, or buyer beware."

Be mindful of all terms, especially concerning binding arbitration, class-action waivers, and loss, costs, and expenses clauses (which means the consumer pays the bank's costs of fighting a dispute no matter who wins), says Weinstock. "The rights you blithely sign away when opening that ubiquitous bank account can cost you real money before you ever know you have a problem," she says, "That old adage of 'always, always, always read the fine print' couldn't be more true if it jumped up and charged you a \$35 fee."



Overdraft	
Practice	Proportion
No ATM overdrafts	16%
No debit point-of-sale overdrafts	16%
No high-to-low transaction reordering	53%
Limited high-to-low transaction reordering	84%
Threshold amount to trigger an overdraft	69%
No extended overdraft fee	42%
Limited number of overdraft fees per day	91%

Letter from the CEO

Satoshi Nakamoto, the anonymous coding genius (or possibly a group of several geniuses) who created Bitcoin, mysteriously disappeared five years ago. Since then the promise of this revolutionary payment system has captivated everyone from Silicon Valley venture capitalists to the big Wall Street bankers. During that time the best and the brightest have tried to monetize Satoshi's peer-to-peer invention, but Bitcoin has remained a fringe payment solution. If not for the Winklevoss twins and Silk Road, Bitcoin would have remained a much talked about but still underground technology that eventually would have disappeared like its inventor.

That was until clearXchange launched this month. This bank-led digital payments network is offering a real-time payments system that is figuratively the "blockchain" distributed ledger system that Bitcoin has always promised it would be. Thanks to the account power of five of the nation's largest banks, clearXchange is enabling transactions to pass from bank to bank without a centralized clearinghouse.

Of course, clearXchange is not a "blockchain." It uses the same transaction data – routing and account numbers – that we've been using for decades to process paper checks. Which begs the question, "Is Bitcoin needed?" The megabanks that created clearXchange didn't think so. Even though Bitcoin is a free, open-source technology, clearXchange was built from the ground up and is now available to 100 million online banking consumers.

I believe that, in the end, the importance of Satoshi's invention will be that it got us to envision different and more innovative payment solutions. In the last five years there have been more payment innovations than in the previous 20 and it's exciting to contemplate what the next five years will bring. For a "whole new thinking about payments," I encourage you to join us for our Annual Users' Conference. This looks to be one of our best user conferences yet as we explore the most important issues of concern for our credit unions, including a new and expanding array of fraud and risk solutions and proven card marketing and management solutions. See *uConference15* on page 1.

At MAP, we strive to make our clients more competitive by providing payments solutions that best serve their members. Our success comes from providing cost effective, best-in-class solutions for our clients. For more information about how MAP can best serve you and your institution, feel free to call me, 1-866-598-0698, ext 1610 or email me at cyndie.martini@mapacific.com.



*Cyndie Martini
President/CEO*

A handwritten signature in blue ink, appearing to read "Cyndie Martini".

The origins of Bitcoin: Nakamoto's blockchain mathematics is a solution to a famous game theory puzzle called the Byzantine Generals Problem, in which competing armies are planning an attack but they're worried about traitors lurking in their midst. Trust no one! But of course, an army needs to communicate to launch an attack. So the General needs to find a way to pass a message along that cannot be sabotaged. This is where the blockchain comes in. Every single time you make a transaction on the blockchain, that transaction is sent out to many nodes in the Bitcoin network. Basically, everybody participating in the Bitcoin process also has a copy of that ledger and can check it for inconsistencies; it's a decentralized ledger. The order of transactions is also verified by a cryptographic process that relies on the combined computational power of the crowd. So if you try to pass off a fake exchange, you'll get caught because your fellow Bitcoin users can trace every alteration and exchange that goes down.

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