



ACCESS THE WORLD

ISSUE 23 | Summer 2012

### Inside this issue . . .

- P.2 – uConference12
- P.3 – Visa Advanced Authorization
- P.4 – Industry News  
– CFPB Announces Rulemaking for Prepays
- P.5 – Millennials Use Alternative Services
- P.6 – Visa News  
– M-Payments on Display in London
- P.7 – MAP Launches Training Center
- P.8 – The Rise of Online to Offline Commerce
- P.10 – The future is as close as your phone
- P.11 – Letter from the CEO

### Contact Map at:

16000 Christensen Road, Ste 240  
Tukwila, Washington 98188

Phone: 1.866.598.0698

Fax: 206.439.0045

Email: [info@mapacific.com](mailto:info@mapacific.com)

[www.mapacific.com](http://www.mapacific.com)

## Catch the wave early at MAP's uConference12

"We're at the early stages of a massive wave of innovation in the payment industry," states Reid Hoffman, the well-connected Silicon Valley LinkedIn founder, venture capitalist, and original member of the team that started PayPal.

In his Forbes article (The Credit Card Is The New App Platform, March 1, 2012), Reid acknowledges that "in spite of the promise of mobile payments, plastic cards are not going away any time soon." However, he states there is a huge market opportunity for "online to offline" commerce. "Up to 70% of consumer spending is influenced by Web and mobile research," he said, "but over 90% of actual transactions are still conducted in the physical world."

Today, financial institutions are at the nexus of this wave of innovation. Credit unions know much about what and how a member spends. As others look to harness the "online to offline" revolution, credit unions are uniquely positioned to capitalize on their leadership and expertise in the payments environment.

As anyone who has used Groupon can attest, more people are paying for experiences online and experiencing them offline. This online-to-offline trend means that brick-and-mortar



Thomas Cornelius

Register at [www.uconference12.com](http://www.uconference12.com)

merchants finally have access to the tracking and measurability that are key pieces of internet economics. Understanding how this will impact credit unions over the next 5 to 10 years is invaluable information for forward thinking credit union managers and a topic not on the schedule at most credit union or bank conferences.

Member Access Pacific is pleased to welcome Thomas Cornelius, online payments pioneer, CEO and Founder of Adility as keynote presenter at our 12th Annual User's Conference at the World Trade Center

*Continued on page 2*

*Continued from cover*

# MAP's uConference 12 is a 2-day event

- Seattle on August 24, 2012. Thomas is a leading voice in the industry and at the forefront of building a "next generation commerce network enabling online-to-offline commerce that will fundamentally change how consumers transact. He will explain the opportunities and pitfalls facing credit unions (See "The Rise of the Online to Offline Commerce Network" on page 8 and "Letter from the CEO" on page 11 for more about this year's keynote presentation).

MAP is pleased to welcome back Dr. Quincy Krosby, Economist and Chief Market Strategist for Prudential Annuities. Dr. Krosby returns to 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 has worked as a senior investment strategist for The Hartford, Deutsche Bank, Credit Suisse and ING Barings. She earned her master's and doctoral degrees from London School of Economics, and she served as a U.S. diplomat in Washington and U.S. embassies abroad. Dr. Krosby is a former Assistant Secretary of Commerce and past U.S. Representative to the International Monetary Fund.



*Dr. Quincy Krosby  
Prudential Annuities*

Joining Mr. Cornelius and Dr. Krosby will be Visa payment industry experts and analysts to overview the current state of the consumer debit, credit, ATM and mobile products and markets. Our featured speaker is Greg Brochardt, Business Leader for Visa's Consumer Debit Products. Greg is kicking off the conference with an overview of the current state of the payments industry. Well known to many MAP clients, Greg has been indispensable in helping our credit unions grow their sales volume by identifying portfolio opportunities to increase penetration, activation and usage – as well as improving operational efficiencies with programs such as Debit Optimization.



**The Golf Club at Newcastle**  
15500 Six Penny Lane  
Newcastle, Washington

He is a former VP/Product Manger at Bank of America, First Nationwide Bank and former Product Manager at Fair Isaac.

## Networking Day: Thursday, August 23

MAP is once again pleased to offer a full day for networking with your credit union colleagues. The day will include breakfast and lunch at the Golf Club at Newcastle with sponsored activities for golf and a varied Seattle tour program. Clients and sponsors will join MAP at this year's Welcome Dinner at Teattro ZinZanni.



*Tricia Duryee  
AllThingsD.com*

Thursday's lunch will feature a presentation and conversation with Tricia Duryee, technology and commerce reporter for the Wall Street Journal's AllThingsD.com. Tricia has been covering software, mobile and e-commerce for more than a decade, including eight years at the Seattle Times. Tricia's presentation will include her coverage and insights into Starbucks' Mobile Payments Initiative. Starbucks has processed more than 20 million mobile payment transactions since its m-payment service was launched in January 2011. The Starbucks system allows customers to pay with their mobile devices by scanning 2D barcodes on the screen at store registers.

MAP's 2012 Annual Conference will be held August 23 at the Golf Club at Newcastle and August 24 the World Trade Center - Seattle. Guest accommodations are available at Seattle's Waterfront Marriott. To register, go to [uconference12.com](http://uconference12.com). For more information, please contact your client services manager or Karl Kaluza at 866-598-0698 x1618 or [karl.kaluza@mapacific.com](mailto:karl.kaluza@mapacific.com).



**World Trade Center - Seattle**  
2200 Alaskan Way  
Seattle, Washington

MAP'S  
UCONFERENCE 12

Register at [www.uconference12.com](http://www.uconference12.com)

# Now All Networks can benefit from Visa Advanced Authorization (VAA)

Once only available for transactions routed over VisaNet, Visa Advanced Authorization (VAA) is now available for all networks, including the MAP Interchange Network, Credit Union 24, and COOP. Using patent-published risk detection technologies, VAA evaluates authorizations on all your networks and then alerts you to potential fraud in real time. Using VAA, credit unions are armed with a powerful tool that detects domestic and international fraud schemes that range from single incidents to large scale assaults. This service will integrate seamlessly into your existing risk strategies and enable participating credit unions to benefit from the risk intelligence currently applied to all transactions.

Visa Advanced Authorization delivers three types of predictive and descriptive risk information in real time:

- **Risk Score** – indicates the probability of a given transaction becoming fraudulent.
- **Compromised Account Risk Condition Code** – provides descriptive information about high-risk compromise events detected across the payment system. Using its holistic view of global payments, VAA is capable of detecting unusual events, and/or spending behaviors, then assigning a descriptive risk evaluator that can be used to fine tune your strategies.
- **Compromised Event Reference ID** – provides the association between a compromised account and its specific Compromised Account Management System (CAMS) compromised event.

Visa Advanced Authorization offers the following features and benefits:

- A comprehensive view of risk by combining VisaNet transactions and all other issued network transactions into common account profiles used in scoring.
- Detection of new and emerging domestic and international fraud schemes by evaluating authorizations and alerting issuers to potential fraud in real time.
- Unique tools to help issuers prevent fraud.
- Risk scores indicate the degree of risk associated with a given transaction.
- Expanded set of Managed Real-Time eligible transactions to include transactions from non-Visa networks.
- A new, detailed report with processor- and institution-level information about transactions that receive the Visa Advanced Authorization score, including the transaction date, time and amount, the Acquirer Network ID and Visa Advanced Authorization risk data.

If you are considering this new optional feature, please contact Cyndie Martini or Herb Tajalle at (866) 598-0698 to learn how you can benefit from risk intelligence on all network transactions processed through MAP. Please note that although this service is optional and billable, certification is not required.



Visa Advanced Authorization uses the intelligence derived from the millions of transactions processed on VisaNet every day to provide you an unrivaled confirmed fraud feedback loop. Any instance of fraud is reported back into the processing system to improve the accuracy of ongoing risk detection. By incorporating this dynamic view of fraud, Visa Advanced Authorization can pinpoint emerging fraud faster and more accurately.

## Industry News

### Fed Data a "Snapshot" of Durbin's Early Effects.

The Federal Reserve Board recently released data about banks' debit card interchange income now that the Durbin Amendment is in effect. Not surprisingly, the numbers show that interchange for regulated card issuers plunged.

The nation's leading retailer trade group took the occasion to decry the Fed, even though merchants are paying almost 50% less to accept most debit cards than they did a year ago. The Fed noted in a report and accompanying spreadsheet that the average per-transaction interchange fee collected

by regulated financial institutions, those with more than \$10 billion in assets, declined 45% in 2011's fourth quarter to 24 cents from 43 cents in 2009. The decline came after the Fed's cap of 21 cents and 0.05% of the sale, plus a 1-cent fraud-prevention adjustment, took effect Oct. 1.



**Durbin Supports Revamped Debit Regulations.** U.S. Sen. Richard Durbin, author of the now-famous amendment bearing his name that upended the debit card industry, made a figurative trip to court this week to show his support for retailers challenging the Federal Reserve Board's final rule implementing his provision in 2010's Dodd-Frank Act. In a friend of the court brief filed with the retailer lawsuit, the Illinois Democrat argues that the Fed exceeded its statutory authority in regulating debit card interchange and failed to properly implement the amendment's network-exclusivity provisions.

**Most Acquirers Support EMV Programs.** The re-terminalization of the merchant point of sale to accept EMV chip cards could generate more than \$6 billion in revenues for independent sales organizations and other merchant acquirers, but the changeover is fraught with competitive and operational risks, according to a new research report by Aite Group. Although only about a quarter of the respondents oppose the networks' programs, most are concerned about the nearing deadlines. "The only problem they have is with the date that they have to comply with, that is April 2013," says Aite senior analyst Adil Moussa. "That is a very severe deadline." Some 35% of respondents said

## CFPB announces rulemaking for prepaid reloadable cards

While exempted from fee controls that affected debit cards in the Dodd-Frank Act, the Consumer Financial Protection Bureau (CFPB) is looking to strengthen regulations for general purpose reloadable (GPR) cards in the not too distant future.

The CFPB announced in late May it will release an Advance Notice of Proposed Rulemaking (ANPR) pertaining to the nation's growing prepaid card market.

Richard Cordray, CFPB director, described a general prepaid reloadable card market

that was growing "by leaps and bounds at an expected rate, we're told, of over 40 percent each year from 2010 to 2014." Cordray said that the manager of the largest prepaid program in the U.S. had told him that the number of prepaid users had more than doubled in three years from 3.4 million active cardholders to more than 7 million.

"All of these consumers need and deserve products that are safe and whose costs and risks are clear upfront. Yet right now, prepaid cards have far fewer consumer protections than bank accounts or debit cards or credit cards," Cordray said. "We have a duty to make sure that these products are safe for consumers and that prepaid card managers do not make money by relying on trips and traps that are unsustainable for cardholders," he added.

Cordray said the CFPB would initiate a rulemaking process to address prepaid cards — particularly in the areas of safety and transparency. "[T]hese are and should be important hallmarks of all consumer financial products and services. As part of our rulemaking, we will explore how best to extend these basic protections to prepaid cardholders whose funds may be at risk."

The public is invited to submit comments on a number of points outlined in the CFPB's Advance Notice of Proposed Rulemaking. The comment period will last for 60 days following the ANPR's publication in the Federal Register. In addition to the ANPR, Cordray also announced the launch of a new interactive online tool, "Ask CFPB: Prepaid Cards." The service will provide answers to more than 80 consumer FAQs, that Cordray said will give an overview of prepaids and address consumers' questions about obtaining, reloading, and using prepaid cards.



*President Obama welcomes new CFPB Director Richard Cordray at a White House ceremony*

*Continued on page 7*

# Millennials Use Alternative Financial Services Regardless of their Income Level

**A** new survey of underbanked Millennials – 18-34 year olds who supplement their bank accounts with alternative financial services such as prepaid debit cards or check cashing – challenges the stereotype of alternative financial service users as the poorest members of society who are forced to turn to alternative products. The survey found that underbanked Millennials with mid to high levels of income are using alternative financial services at rates similar to, and in some cases higher than, their lower-income peers. The survey also found that the majority of Millennials who reported using payday loans and other forms of emergency cash are satisfied with the experience of using these products and consider them an important financial tool.



The study surveyed 640 Millennials who have used some type of alternative financial services product within the last year and earn less than \$75,000 in annual income.

The survey found that several alternative financial products were used at similar rates regardless of income level, debunking the myth that only the poorest rely on alternative financial services. Millennial respondents with annual incomes significantly higher than the national median of \$39,945 (U.S. Dept. of Commerce, Bureau of Economic Analysis) reported using alternative financial services at rates similar to peers who earn well below the national median. Products and services used at similar rates by Millennials at both the higher and lower ends of the income range include:

- **Prepaid debit cards** – 51 percent of those making less than \$25,000 in annual income reported using prepaid debit cards within the last year. The percentage was the same for those who earned \$50,000-\$74,999.
- **Check cashing services** – 34 percent of respondents who earn less than \$25,000 reported using check cashing services, while almost as many in the \$50,000 – \$74,999 range (29 percent) turned to check cashers.
- **Rent-to-own stores** – 15 percent of respondents making less than \$25,000 and 17 percent of those who earn \$50,000-\$74,999 reported using rent-to-own stores.
- **Pawn shops** – 29 percent of respondents who earn less than \$25,000 reported using pawn shops compared to 21 percent of respondents making \$50,000 – \$74,999.

Surprisingly, some of the alternative products that showed significant differences in usage across income level were more heavily

used by mid – high income respondents than low income respondents. These products include:

- **Emergency cash products** – Usage of payday loans, cash advance and other emergency cash products was higher among people making \$50,000-\$74,999 (22 percent) than those who earn less than \$25,000 (15 percent).
- **Overdraft protection** – 58 percent of respondents making \$50,000-\$74,999 reported using overdraft protection compared with 31 percent making less than \$25,000.
- **Bank direct deposit advance** – 37 percent of respondents who earn \$50,000-\$74,999 reported using bank direct deposit advance compared with 22 percent of respondents who earn less than \$25,000.
- **Money transfer service** – 39 percent of respondents who earn \$50,000-\$74,999 used money transfer services within the last year compared with 29 percent of those who earn less than \$25,000.

Sixty-two percent of Millennial respondents who use emergency cash products said they consider the products to be extremely, very or somewhat important. A significant majority (83 percent) of respondents who use emergency cash products had a positive or neutral experience with 21 percent describing themselves as extremely satisfied, 34 percent describing themselves as somewhat satisfied and 28 percent saying the experience was neutral. Alternatively, 37 percent of survey respondents reported having had a bad experience with their bank at some point.

## Visa News

**Antitrust Officials Investigate Visa.** Visa Inc.'s pricing plans for merchant acquirers in the wake of the Durbin Amendment have generated controversy in the acquiring industry, and now they're attracting scrutiny from the U.S. Department of Justice. Visa said in a regulatory filing that the DOJ's Antitrust Division on March 13 issued a so-called civil investigative demand for documents and information about PIN debit and Visa's new Fixed Acquirer Network Fee, or FANF. The inquiry involves possible violations of the Sherman Antitrust Act. Visa said it met twice with division officials in March and provided materials. The DOJ's request is just one more effect of the Federal Reserve Board's rule implementing the Durbin Amendment in 2010's Dodd-Frank Act that imposed debit card price controls on big banks and gave merchants more freedom to route debit card transactions to their preferred networks. In response, Visa, whose U.S. debit market leadership is threatened by the new regulations, reduced some variable charges and introduced the FANF, which it said would lower many acquirers' total costs. But some acquiring executives, when they first got details about Visa's pricing schedule a few months ago, questioned whether that would happen. How the new plan will work in the real world won't be known for months because acquirers don't actually start collecting the FANF until July 1.



**Visa Doubles Floor Limit for Credit And Debit at Grocery, Discount Stores.** Visa will double the current \$25 purchase limit in its Visa Easy Payment Service to \$50 under which no signature or PIN entry will be required for credit and debit card transactions at grocery and discount stores. The new limit will begin in October. The network also is changing some chargeback procedures. In an effort to speed transactions, Visa will exempt merchants from giving customers a receipt for small transactions unless requested. Visa said it might expand the new \$50 floor limit to more merchant categories after it evaluates initial reaction from discount stores and supermarkets, their customers, and card issuers. About 80% of Visa's U.S. face-to-face transactions are under \$50. Visa, MasterCard, Discover, and American Express all have permitted no-signature floor limits for low-risk, card-present transactions under \$25 from certain merchant categories since at least 2008. Visa says the current program has been available to the majority of its merchants since 2010, and that merchants asked to have the floor limit boosted to \$50.

## M-Payments on Display in London



Today there are already more than 60,000 locations in London that accept contactless payments. Taking advantage of the extensive network of contactless terminals, Visa is teaming up with mobile phone maker Samsung to launch an "Olympic" smartphone that uses near field communications for contactless mobile payments during the 2012 Olympic Games. To promote mobile payments, Visa and Samsung are planning to give away the phones to the Olympic athletes. Others will be able to purchase the phones in the UK through mobile network operators and other distributors.

To make payments, users open the Visa mobile contactless application embedded in the device, select "pay," and hold the phone in front of a contactless reader at the point of purchase. The app will also let users view their transaction histories. The phone will feature Olympic-themed content. A Visa-enabled SIM card will be installed in the phone for purchases from retailers who offer the contactless payment system.

The companies said they plan to expand the service to other countries in Europe and around the world in the near future.

The 2012 Olympics and Paralympics, which between them will run from July to September, will provide a global showcase for the companies to display the new technology.

"Visa, like Samsung, shares the vision of leveraging our Olympic and Paralympic Games sponsorship to leave a lasting legacy in the market for banks, retailers, mobile operators and consumers," said Visa Europe chief executive Peter Ayliffe. "We are not only breaking new ground for Olympic partnerships, we are committed to enabling consumers to connect with mobile and contactless payments technology for 2012 and beyond."



## MAP Launches Online Training Center

Member Access Pacific (MAP) has launched its new Online Training Center ([mapacific.com/training-center](http://mapacific.com/training-center)). In conjunction with MAP's newly redesigned website, the Online Training Center will offer expanded education resources for clients.

In addition to offering extensive resources regarding card processing solutions, the Online Training Center provides clients with product tutorials, on-demand training videos, and third-party training tools.

MAP seeks to continually update its online services with the development of dashboards and popular collaboration capabilities, including social, blogs, wikis, tagging and ratings, as well as updated analytics support and reporting.

### MAP Welcomes Conrad Spotts as Training Manager

Conrad comes from a background in software testing and operations for online applications in the technology industry. Most recently he developed a dynamic training team at Google to support and improve daily operations at their largest office for Google Maps in the United States, providing onsite and remote training to team members across the globe.



Conrad has a great deal of enthusiasm and passion for seeing people get on the same page and equipped with the knowledge needed to reach their goals together, and brings that with him to the credit union industry.

Since joining MAP in February 2012, he has been developing and organizing product training to help credit unions meet their goals as well as providing MAP clients comprehensive cost-free training in the areas of core processing solutions, debit, credit & ATM services, and Prepaid Administrative Tool (PAT) systems, both on site and through Web-based tools.

## Industry News

*Continued from page 4*

they don't expect to meet the deadline, only a year away, while 50% expect to be EMV capable on the deadline and 15% before it.

### More Americans 'Flunk' in Personal Finance

Financial advisers have a saying: When the stock market is going up, everyone looks like a genius. These days, folks aren't feeling so smart—and not just about their investments, but about many aspects of their personal finances. Indeed, 42% of Americans give themselves a grade of C, D or F when it comes to personal finance, according to the 2012 Consumer Financial Literacy Survey. That's up from 35% in 2010, and it suggests that the enduring slow economy is leading to some cathartic moments in millions of households. For example:

- 80% of adults say they could benefit from the advice of a professional when it comes to everyday financial decisions—up from 76% last year.
- For adults seeking help with a debt problem, the first choice (27%) remains friends and family. But 13% say they would contact their lender first—up from 8% last year.
- The proportion of adults who have ordered or received their credit score in the past 12 months jumped to 44% from 37%.

These findings draw a picture of consumers coming to grips with their inability to navigate the long economic malaise. The proportion of adults not paying their bills on time jumped to 33% from 27%. Two in five are saving less than they did last year and the proportion of adults with zero savings (39%) has been on the rise for two years. Yet the weak economy is not entirely to blame. The survey also found that just 43% of adults have a budget; 22% have no idea what they spend on housing, food and entertainment. A budget is your best tool for making ends meet. Start with a simple strategy—50% of net income for daily essentials like rent and groceries, 20% of net income for financial priorities like retirement savings and paying down debt, and 30% of net income for lifestyle choices like shopping and traveling.

Meanwhile, millions are turning to prepaid debit cards as their plastic of choice; 15% of adults have used one in the last 12 months because they are convenient (78%), prevent over drafting (72%), and are safer than carrying cash (73%). All true. But these cards are often laden with fees. Some charge activation fees, monthly maintenance fees, cash withdrawal fees, reloading fees and inactivity fees. If you're a fan, keep these costs to a minimum by shopping for your prepaid debit card at MAP.

# The Rise of the Online to Offline Commerce Network

by Thomas Cornelius

Looking back at the Internet's brief history, we have seen a number of successful online media categories emerge, such as ecommerce, search, social, gaming, blog, wiki, etc. As these categories have grown, we have also seen a parallel commoditization of the category, diluting the market power of the early entrants.

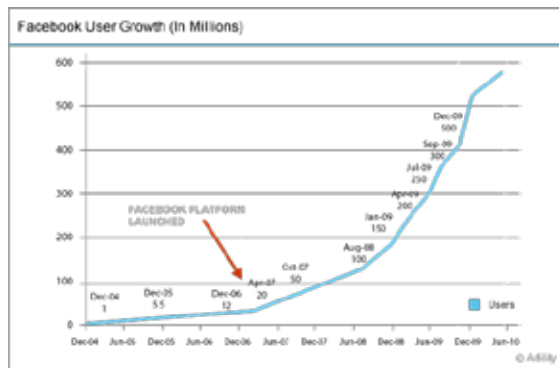
This is very similar to the way television networks and movie studios copy their competitors. A successful hour-long drama about coroners who solve crime breeds competing dramas about doctor detectives while a successful movie based on a comic book equals more movies about comic book heroes.

Some copycats improve on the original, knocking the leader off their perch, like Facebook did to MySpace. But, in most cases, there is a democratization of the category, which levels the playing field, leaving competitors to vie for marketshare instead of leading their respective category.

Looking at the Online to Offline Commerce Category from the Daily Deal perspective, we currently have a fairly stale model that is driven by two early entrants, Groupon and LivingSocial. You see hundreds of "me too's" trying to succeed at a business model using the same building blocks as the market leaders, who at the same time defend their position vigorously.

In contrast, Amazon and Facebook have recognized the importance of participating in developing an ecosystem and rather than defending data, they started to share data and open up infrastructure.

Facebook's core value is derived by the aggregation of connections and the effect created by these social network connections, rather than defending their position and creating a monolithic structure, they created the Facebook platform with Open Graph, API's to access and utilize the information across any application. In addition Facebook Connect transported the user's identity to other applications. The result after these changes was an accelerated user growths curve across the world. The Facebook Developer Platform was launched on May 27, 2007, a point in time



where Facebook had about 30 million users and about a year later we have seen the impact of the open platform with an accelerated user growth for Facebook around the world to today 800 million users.

Offline data needs to be "freed" and turned into a utility to drive more accountable Online to Offline enabled commerce transaction. We will need the current closed structures to change and break them into data consumable bits. Our society has changed perception of what is acceptable private and public information, we will need to get a similar paradigm shift in retail and consumer commerce data provisioning. The democratization in this process has different options, as we have two parties at the table; the merchant and the consumer.

The beauty in this waltz is the ability to get both sites to dance and contribute, which I believe will ultimately speed up data availability and will make data access a commodity.

## There is a variety of data sets that need to be freed:

1. Consumer Data: Credit Card processing companies hold the data of their merchant's transactions. The merchant has access to the data and can analyze monthly statements based on customer spend, repeat visits, etc. This data can already be obtained by a merchant's marketing partner with the merchant's consent from the back end processors.

2. Level 3 SKU Data: Today merchants and retailers point of sale (POS) and business management systems have SKU level data with rich transaction history and inventory levels. This data can be extracted from the POS in most cases, and some systems today provide an actual data feed. Milo has started to attack this problem and has inventory levels online.

3. Offer Content: Merchant and Brands create various types of offers, coupons and promotions for a variety of channels. For each online to offline or offline to offline promotion partner they are working with, they use a different process to set up the promotion, how to settle, track and measure it. Access to the offline retail content and offer content should be standardised



and the content should be made readily available.

4. Redemption: Brands and merchants use a variety of systems to manage redemption, their existing POS, mobile redemption applications, web enabled redemption and card linked redemption. The access to these redemption methods should be a standardized gateway.

Commoditization leads to democratization; some of this data and functionality is already available, other data still needs to be freed. All of the data needs to be normalized, aggregated and made available via a single access point to drive innovation.

The point of democratization is not to kill competition, it's usually to enable competition and innovation to take place at a higher level than was previously possible. Utilizing free access to POS data, simplified fully integrated redemption, accessible distribution for offline commerce products and services online will create a level playing field. This will quickly empower application developers and online content providers to increase the discoverability of available offline products, services and events.

### The Beneficiaries of Democratization

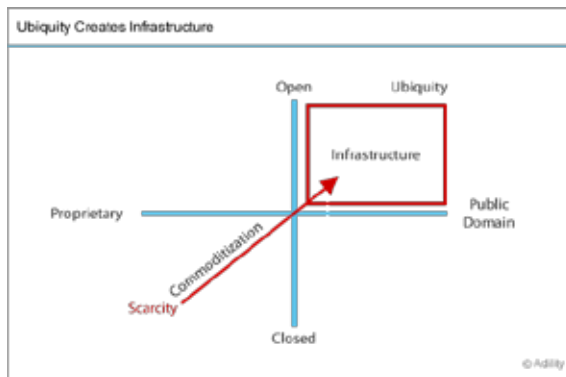
New entrants will be able to tap into these data streams as a utility and create new products and services that will help the consumer and merchant to find and transact with each other.

Ultimately the readiness of data will bring not only opportunities to new entrants, but will increase the overall market size of online enabled offline commerce and will bring new growths to existing companies ready to help facilitate closer connections between merchants and consumers.

To the right is a slide from an Ebay presentation to Wall Street Analysts and it shows the commerce opportunity at different levels. Ebay is preparing to move upstream to large merchants, and the GSI acquisition was just the first step. In order to connect offline and online commerce Ebay bought Magento, one of the largest ecommerce platforms today, and Milo, a shopping engine that utilizes inventory data from over 140 larger offline retail partners.

The group that will benefit directly the most though are application developers, who will gain enormous capabilities with instantly available data connections and will be able to focus on extracting value through their applications for their audience, rather than dealing with building diverse connection points into retail on their own.

A majority of the ecosystem is already built. Online commerce has led the way and established a surrounding ecosystem that will gravitate to include online to offline commerce. The next phase is the enabling of the ecosystem with a network. There are hundreds of islands out there, retailers, white label providers, e-commerce players, merchant dashboards and all are isolated without connections.



### The Rise of the Commerce Network

Before we come to the part where we talk about the tremendous power of the evolving and connected Commerce Network, we have to soften the enthusiasm a little,

recognizing the very fragmented network of platforms and systems. This is not another Facebook, this is cross platform connectivity and data exchange at a new level. Now the exciting part, the required data to account for online to offline commerce can be reduced to a single, unique identifier.

The Commerce Network will recognize online-to-offline enabled commerce via an equivalent to Credit Card rails, we will see gateways that will slowly connect the commerce islands of the world, one by one.

Participation and connectivity will be easier as more and more of the services are moving to the cloud. The first step is the availability of the data in the cloud, the next step is to open up the data across different cloud services and provide nodes.

Once these connections are made, we will see a rise of what I call the Commerce Network, a new infrastructure of rich data for both online and offline transactions. The combination of the social graph with the new Commerce Network will enable marketers to move the purchase closer to the purchase

intent, we will have real time accountability of transactions and, with that, monetization capabilities for any kind of application that helps a consumer to navigate their offline surroundings.

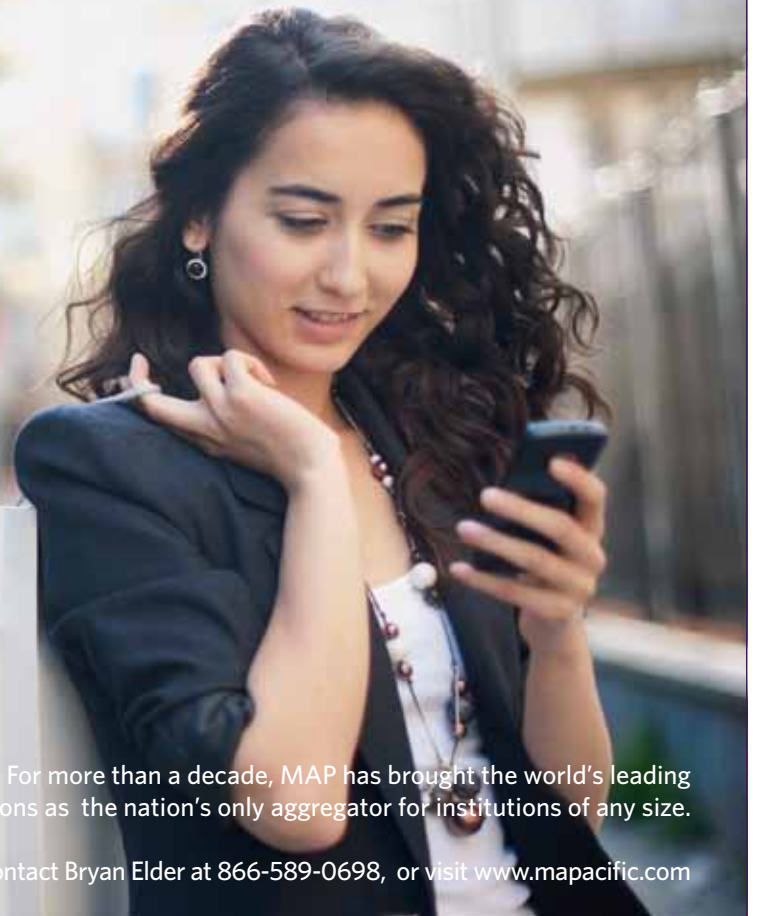


# The future is as close as your phone.

- ◎ Mobile Contactless Payments
- ◎ Account Balances On-Demand
- ◎ Electronic Receipts
- ◎ Location-based Services
- ◎ View all your Accounts, Transfer Funds, and Deposit Checks Remotely
- ◎ View all your Transactions & Alerts
- ◎ Make Person to Person (P2P) Money Transfers
- ◎ View and Redeem Offers & Coupons



With MAP, your members can experience all of your credit union's payment solutions from any device and from any carrier.



MAP is a CUSO, started by credit unions for credit unions. For more than a decade, MAP has brought the world's leading issuer processor, Visa Debit Processing Service, to credit unions as the nation's only aggregator for institutions of any size.

For more information about our innovative products, contact Bryan Elder at 866-589-0698, or visit [www.mapacific.com](http://www.mapacific.com)

# Letter from the CEO

## *This year's conference is not to be missed!*

In planning for MAP's annual conference, we looked at the convergence of many issues happening to both credit unions and the payments industry, namely, the impact of the new debit card regulations on credit union's interchange income. This will have a long-term impact on credit unions as market conditions incrementally reduce non-interest income during a period of record low interest rates.

During the last few years we have seen a surge in the number of alternative payment startups looking to take market share from traditional players like Visa and MasterCard and this trend is only expected to grow. We are literally experiencing a 21st century gold rush where new players are staking claims daily in everything from mobile wallets and payments to virtual coupons and location-based advertising.

At a time when revenue from card programs seems so unpredictable and the industry is changing so rapidly, I thought we needed to look outside our traditional topics for a different perspective about what we will be experiencing over the next 5 to 10 years.

I am very excited to welcome Thomas Cornilius, CEO of Adility, to our 2012 conference. As mentioned in the cover story on page one, reading Reid Hoffman's article in Forbes (The Credit Card Is The New App Platform, March 1, 2012), which I recommend to anyone interested in the future of payments, helped framed our planning for this year's conference. In speaking with Mr. Hoffman, he suggested Thomas Cornilius as one of the leading voices in the online to offline commerce. Mr. Cornilius' career has focused on the convergence of online and offline sales, including the development of early ecommerce platforms and mobile ecommerce applications. While much of his experience has been on the retail side of transactions, he is just as involved with assisting financial institutions and he has expressed great excitement about working with credit union leaders to help them focus on the most profitable next steps for their institutions.

I am also pleased to welcome Tricia Duyree of the Wall Street Journal's AllThingsD.com. Tricia will share her experiences in covering the Starbucks Mobile Program as well as other emerging concerns in mobile commerce. Understanding the growing trends in mobile will be vital to our credit unions. Research firm Gartner states payment transaction values will surpass US\$171.5 billion in 2012, a 61.9 percent increase from 2011. Gardner expects 42 percent annual growth between 2011 and 2016, with 448 million users by 2016.

This is unprecedented growth, something we have not seen since the early days of debit. While exciting, Gartner cautions that there are "few global players that have the scale and resources to serve large customers and the mass market whose requirements can be readily satisfied by standard solutions." In light of their concern, I feel even more confident about our solution from Visa. As illustrated in the graphic to the left, MAP is investing with Visa in a wholistic and long-term solution that brings together mobile payments, account management, mobile commerce and security in a complete and easy-to-use platform. Visa mobile experts will be on hand at uConference12 demonstrating our mobile platform.

Making the most of opportunities is fundamental to our mission at Member Access Pacific. We are here to ensure that our client credit unions can access the payment solutions they need to successfully serve their members. This summer we are especially pleased to welcome you to our Annual MAP Conference - a forward-looking event that will present the latest in payment solutions. As noted in the cover article, we have assembled a "Who's Who" of industry experts to present at this year's conference.

I hope to see you at the Annual MAP Conference, and, as always, I am available to hear your concerns and answer any questions you might have. Feel free to call me, 1-866-598-0898, ext 1610 or email me at [cyndie.martini@mapacific.com](mailto:cyndie.martini@mapacific.com).

Best regards,



Cyndie Martini  
President/CEO



*Cyndie Martini*  
President/CEO

PRSR STD  
US POSTAGE  
**PAID**  
SEATTLE, WA  
PERMIT #1445



16000 Christensen Road, Ste 240  
Tukwila, Washington 98188

**Phone:** 1.866.598.0698

**Fax:** 206.439.0045

**Email:** [info@mapacific.com](mailto:info@mapacific.com)