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# MAP Launches Prepaid Card Program

*MAP's Prepaid Card program, which provides a full featured and reloadable stored value card with full service support, was recently launched by Connection, Verity and Waterfront credit unions in Washington State.*



"The MAP Prepaid Card gives credit unions a multi-functional product that can be used to serve the large number of unbanked individuals in the U.S., enhance small business account services, or access member funds through products such as student or travel card programs." said Cyndie Martini, MAP President and CEO. "Prepaid cards can be tailored by credit unions to define how the cards will interact with cardholders, and also offer credit unions an excellent opportunity for getting their names out to consumers and businesses."

The opportunity that prepaid cards presents is enormous. It positions credit unions in an area of service that traditionally goes untapped.

The unbanked market that prepaid cards attract is projected to be over \$15 billion dollars nationwide by 2010, according to research performed by industry analyst firm Celent Communications. Today, the unbanked market is primarily served by payday lending and check cashing stores that charge high fees and interest rates. Over 33 million unbanked households are accustomed to doing business through these channels, so effort will need to be expended to win them over. Prepaid cards offer similar services at reduced cost.

Prepaid cards also work well as gift cards, or as a means through which parents can transfer money to children who are away at college, or as substitutes for travelers checks.

The MAP Prepaid Card is reloadable up to three times, and credit union members and businesses may reload either online or at any credit union branch. The MAP Prepaid Card can reload up to \$1,000 each day per load, but credit unions have discretionary control over where they want to set the maximum load value for reloads.

*For more information on Prepaid Cards, contact Herb Tajalle at 866.598.0698 x7116, or email Herb at [herb.tajalle@mapacific.com](mailto:herb.tajalle@mapacific.com).*

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# MAP Business Partner Focus: BancVue

Each year, credit unions focus on building profitable member participation in checking accounts, and the reasons couldn't be clearer. A recent FDIC report revealed that community-based financial institutions' share of assets has fallen 50% since 1985. In the same period, the asset share of the top 25 banks more than doubled. These banks, insurance companies and other non-traditional competitors have multi-million dollar R&D, marketing, and acquisition budgets. They offer consumers big incentives in exchange for checking accounts and other products. It's an "uphill" battle for credit unions to compete against these institutions, but BancVue, a MAP business partner, offers a proven methodology that works.

"The financial services industry is where the travel industry was ten years ago," said Don Shafer, BancVue's President and CEO. "Think about it. If you attended a travel agency convention back in 1997 and asked the 10,000 attendees how many of them were going to be out of business by 2007, I dare say that only a handful would have seen the handwriting on the wall. Today, thousands of those travel agencies have gone out of business, replaced by Orbitz, Priceline, Hotels.com and Travelocity. In travel, Internet-based travel options have won the war against most of those traditional travel agencies. The consumers shifted away from the traditional travel agencies to options that they found to be more cost effective and convenient."

Credit unions are now fighting a similar war... and their opponents are ING, HSBC, E-Loan and E-Trade, who are offering high interest paying accounts for savings and checking accounts that can be opened online.

Shafer said that credit unions have to be more aggressive in their e-marketing efforts to compete with large financial services companies and even non-financial organizations for members. This includes offering ways for members to open accounts and conduct financial transactions over the Internet—in addition to other elements that go into a successful member checking program.

For instance, a stronger checking account product will give credit unions more profitable members, because it can be combined with card activity and other factors.

Here are several examples of credit unions that have been using the BancVue program for at least three months:

Credit union A added 2,300 new accounts, 300 new member relationships, 180 new members, and grew the average balance in member checking accounts from \$1,300 to \$3,800. Monthly debit card transactions per account rose from eight to 23, and overall cost of deposits was .7%. Credit union B added 3,000 new member accounts, 352 new member relationships and 210 new members. Average checking account balances rose from \$1,700 to \$5,400. Monthly debit card transactions per checking account increased from 14 to 31 and cost of deposits was 1.27%. Credit union C added 8,750 accounts and 2,300 new member relationships. It added 1,780 new members and grew checking account average balances from \$1,000 to \$13,000. Debit card transactions per checking account increased from 17 to 28, and overall cost of deposits was -1.1%.

Program results vary, based on the size of the credit union and how the credit union chooses to define and position its program. The good news for credit unions, which function with lean staffs and many projects, is that BancVue has the experience in marketing the program and sits down with each of its clients to work up a "best fit" program design and implementation.

"The first thing we do is spend time with the credit union and perform an analysis of what the Rewards Checking program can do for the credit union," said Don Shafer. "We then work with the credit union to put together an effective product and marketing program for its checking accounts that will differentiate the credit union offering from those of the large retail banks that garner 80% of the retail checking market. At the same time, we project the range of performance from the program that we expect."

No checking program is exactly the same for every credit union, but Shafer observed that credit unions offering the Rewards Checking program typically have average checking account balances of around \$5,000 and use their debit cards 20 – 30 times monthly. Nearly 80% receive e-statements and use Direct Deposit and online banking.

The BancVue program combines with MAP debit processing by offering an attractive checking account interest rate with refunds of all ATM fees when members use their debit cards a specified number of times each month. Credit unions find that they can pay the higher interest rates on checking accounts through the savings

### *Security Update: Internet Security at the Heart of Consumer Concerns Continued.*

they recognize from fewer paper checks and statements to process, the lower costs of electronic (versus teller-based) transactions, and the increase in interchange fees from the higher debit card usage.

"On the consumer side, we have found that refunds of ATM fees are a huge perceived benefit," said BancVue's Don Shafer. "22% of consumers are willing to change their financial institution for free nationwide access to ATMs."

The technical implementation of BancVue Rewards Checking takes from 90-130 days. It includes the training of CSR's and MSR's--and mystery shopping that BancVue performs to ensure that the program is being well communicated to members.

"We track over 700 pieces of data in the program and review the data from the program along with the credit union's performance with each client every month," said Shafer. "The most important things for the credit union are to make sure that the word is getting out to the members and to the community on the new checking program--and to have top-down support within the credit union itself."

Since ATM card transactions are a key contributing factor to profitability in the BancVue checking program, BancVue Rewards Checking is a great "complement" to MAP's core offerings.

"Our partnership with BancVue brings our debit card processing services full circle because we now have an end to end solution for our clients that helps them in their overall relationships with their members," said Cyndie Martini, MAP CEO.

## Industry News

### More Financial Institutions Personalize ATMs

More financial institutions are starting to personalize their consumer ATM experiences through the use of video. This video includes advertisements from business customers, and encourages businesses into forming commercial relationships with the institutions for the opportunity to promote themselves at an ATM. The video operates on ATMs that use a Microsoft Windows operating system. Video content is actually stored on institutional servers that employ Internet communications to transfer content to the ATMs. This means that no one has to physically go out to each ATM to change the video content. Industry analysis firm Celent says that 22% of worldwide ATMs are now running next generation software on a Windows operating system that allows them to carry video. Celent projects that this figure will grow to 39% of worldwide ATMs by 2009.

### Signature Debit Continues to Dominate PIN Debit

When surveyed, financial institutions are evenly split over whether signature or PIN-based debit cards will predominate in the future. Signature-based debit has had an advantage because issuers have more actively promoted it in the past, since they receive higher Interchange fees for debit-signature transactions. Market research also indicates that consumers charge more on signature-based transactions than they do on PIN-based counterparts. On the other hand, the cost of PIN pads has plummeted, making merchants more inclined to adopt them. As an example, many multilane stores have now installed PIN debit machines. Les Riedl of industry analysis firm Speer & Associates says that PIN-based transactions are growing at twice the rate as signature-based transactions—but that there still is a very wide gap between the two that will take time to change.

### Most Issuers Drop Debit Card POS Fees

A majority of the largest debit card issuers have dropped PIN- and signature-based debit card fees at the point of sale. The move is attributed to the increasingly competitive climate among financial institutions—which now demands low-cost checking accounts and debit cards. While fewer financial institutions are charging for PIN-based debit, more offer perks to encourage the use of signature-based transactions in the form of cash back or airline miles.

### Debit Continues to Make Inroads against Credit

Since debit card use finally surpassed usage of credit cards in 2006, debit cards have continued to grow in popularity. Debit cards are popular because many consumers find that debit promotes money management, convenience and security. The higher interest rates and penalty fees of credit cards have also shifted many consumers to debit.

## MAP Gets New Logo

MAP, has replaced its familiar lighthouse logo with a modern, dynamic look and "swoosh" as part of a re-branding initiative coordinated by Washington design studio, Coeur Creative. The updated look and feel of the MAP brand reflects the company's expanded presence and the global reach of affordably priced, cutting-edge card processing solutions that MAP offers to credit unions via VISA USA and it's affordable rates. Cyndie Martini, President and CEO of MAP, commented, "While MAP has always been on the leading edge of progressive technologies, its brand had more of an organic feel in line with the overall image of most credit unions. Our new image reflects the advancements offered by MAP in response to member demands for state-of-the-art, high-tech products and services."

## Kelly Watson Joins MAP Client Services

Kelly Watson joined MAP Client Services Specialist in June. Kelly brings with him a broad depth of financial industry knowledge, and recent work experience with BECU. His areas of expertise include network and ATM processing through Accel/Exchange. Kelly's special interests include golf, skiing, and of course, red wine!

## ATM Trends

### Catering to the Unbanked

At least one convenience store ATM network was recently acquired so it could be targeted to the unbanked, who spent \$12 billion in 2004 for services that included check cashing, money transfers and cell phone top ups. Market research indicates that the unbanked prefer to access these services through an ATM or kiosk. Even a fee-based ATM can provide a competitive cost and convenience edge when compared with payday loan and check cashing services.

### Growth in Cell Phone Top-offs at ATMs

More consumers are beginning to use their mobile phones for online payments. An enabler of the mobile payments process is the ability to "restock" mobile banking accounts with prepaid cash which in turn funds mobile payments. For over five years, ATMs in Europe have been access points to cash by consumers with cell phones, who simply load up their prepaid cards for mobile accounts and pay their bills by mobile phone. Major U.S. cell phone providers like T-Mobile have also started to offer the service.

### Sales of Stamps at ATMs

Increasingly, ATMs are being used to vend more products to consumers than simply cash. The U.S. Postal Service recently began selling the Liberty Bell (or Forever) stamp through ATMs. The Postal Service says credit union and bank ATMs will be major distribution points.

### ATM Shipments Continue to Decline

As a mature and expensive delivery channel, ATM sales continued to decline as many institutions have completed their ATM upgrades and replacements to accommodate Triple DES and other security requirements, as well as adding operating systems like Windows--which allows for video communications with consumers. It is anticipated that another cycle of ATM spending will begin at the end of 2007--beginning of 2008, as new ATMs with check imaging features begin to appear in the market. With ATM imaging, the consumer can deposit checks and cash into an ATM without using an envelope.

## MAP Business Partner News

*CU\*Northwest, a Spokane-area CUSO founded by Spokane Firefighters, Spokane Media Federal, Spokane Catholic and Inland Empire Trades credit unions, has experienced phenomenal growth in its Washington data center and affiliated services.*

MAP provides card processing services and products to several CU\*Northwest credit unions and founding members. "CU\*Northwest is more than data processing, and our credit union members can expect more ATM and debit card services at lower cost," said Smith, of CUNW. "It is part of our 2007 motto: excellence in execution."

*Tallahassee, Florida-based Credit Union 24 signed \$1.6B Tower Federal Credit Union to its cooperative EFT network.*

CU24, a MAP business partner, is the largest national point-of-sale (POS) network owned by credit unions, and offers more than 100,000 ATM locations. The admission of Tower Federal Credit Union to Credit Union 24 adds a number of new ATMs to the network, and allows Tower's more than 115,000 members access to approximately 12,000 surcharge-free ATMs nationwide. Access to surcharge-free ATMs is passed on to MAP credit union members by virtue of MAP's business alliance with CU24.

## MAP Annual Users Conference— An Event to Remember

This year's MAP Users Conference featured spectacular speakers, concentrated educational sessions and an exciting evening at the Emerald Downs horse track. It was a great opportunity for credit unions, business partners and industry experts to exchange ideas and network!

Featured conference speakers were: Ann Buderus and Bob Brunton from Visa DPS; Jason Perkins from Visa USA; Bill Resler, University of Washington professor and Roosevelt High School girls basketball head coach; and Greg Lander of BancVue. Topics included: State of the State from Visa USA; Falcon Risk Management; MAP Prepaid Reloadable Program; and BancVue's reward program. MAP extends a big "thank you" to all of our guests who traveled in from out of town, to our speakers, to our sponsors (Kaye-Smith and Total Merchant Concepts), to our clients, and to staff for making our annual conference an event to remember!



# Visa Focuses the Spotlight on Security

Visa has focused efforts on security awareness and improvements throughout 2007, and hopes to raise awareness of security threats and concerns well into the future.

This effort has involved discussions and collaboration with major e-vendors, such as eBay, and with national business associations like the National Federation of Independent Business (NFIB).

"Our industry took a step toward driving fraud out of the payments system," said John Philip Coughlan, Recent Past President/CEO of VISA USA, in Visa's USA Member Communication.

"Participants from across the payments chain came together at a top security summit hosted by Visa....Our goal was simple: to convince every participant and observer that data security must be a top priority."

NFIB and Visa are rolling out a joint data security education program for small businesses.

In his Visa USA Member Communication, John Philip Coughlan stressed that the stakes for security were high. Coughlan emphasized the importance of maintaining consumer trust, and of inserting strong policies, procedures and technologies to maintain a robust security environment.

"There is nothing more important to me or our industry than trust," said Coughlan. "I look forward to sharing ideas with you as we all find ways to invest in the health and success of our industry."



## Visa News

### Breaking with Tradition

Breaking with previous practice, Visa has gone public with its InterChange rate schedule. The VISA InterChange Rate is 1.77%, slightly higher than last year's.

### New Common Point of Purchase Form

The Visa Fraud Investigations and Incident Management teams have worked with issuers to develop a new Common Point of Purchase (CPP) form. The form is to be used by issuers to report possible data compromise. A Common Point of Purchase is determined when an issuer identifies a group of accounts with legitimate cardholder usage that contains a single common merchant identifier prior to fraudulent activity, and not associated with a previously reported data compromise. This form is required before an investigation is considered. The form is not a replacement for the reporting of fraud reporting through the Fraud Reporting System (FRS), and is only to be used for investigative and tracking purposes. For more information about the Visa Common Point of Purchase Form, contact Herb Tajalle at herb.tajalle@mapacific.com or at 866-598-0698 x7116.

# Letter from the CEO



Cyndie Martini, CEO- MAP

*The financial products market is getting more competitive every day, with new technologies and services being offered, only forward-thinking financial institutions will pull ahead. Now more than ever, it's time for credit unions to offer innovative solutions that create stronger relationships with members while making a real contribution to the bottom line.*

Rising interest rates and tremors in the home buying market have combined with other factors to weaken consumer confidence and slow the growth of loan products, with credit unions being among the hardest hit. Recent CUNA data also points to the fact that the age of the average credit union member continues to rise, another factor which also contributes to slower loan growth. These are all compelling reasons for credit unions to seek new non-loan sources of income generation. They can do this by offering fresh and innovative products that meet the needs of both current and future members.

One of the best opportunities for new income growth is in the area of prepaid cards. The unbanked market in the United States is estimated to grow to over 15 billion dollars in the next three years. Prepaid cards offer a safe means of money management for those without banking relationships, while offering credit unions an attractive alternative to higher risk loan products. More and more, members are using prepaid cards as gift cards, as a resource for the college student away from home, or as a safe, convenient alternative to travelers checks. Prepaid cards are part of a long-term trend that will continue to see consumers migrate away from check and cash payments to card-based solutions.

As competitive pressures continue to assert themselves in the marketplace, it is also important for credit unions to cultivate their existing relationships with members. MAP research and development focuses on identifying new member relationships and profitability potentials, through card products or through value-added business partnerships that MAP delivers to its members. Our partnership with BancVue is one good example of this. BancVue and MAP are working together to boost our clients' market share in traditional products like checking accounts, and to increase the volume of member ATM and debit card transactions.

Finally, all of you are aware that MAP has recently updated our brand, with a fresh new logo and a number of enhancements to our web site. I want you to know that our brand is more than a logo. We consider our brand to be our signature and our word, a reflection of our total commitment to your success. In this spirit, we will continue to bring you cutting edge products, technologies and business partnerships as we work together to build strong financial futures in this exciting, emerging market.

Best regards,  
Cyndie Martini  
President/CEO

## Table-based PIN Debit Expands in Restaurants

Now, consumers can pay their restaurant bills right at the table with PIN debit terminals. The move is calculated to prevent "skimming," where a waiter with a handheld device can capture card information off the magnetic stripe for the creation of counterfeit cards. Terminals can be programmed to let diners elect the percentage of the bill that they want to tip the waiter, and the restaurant industry is hoping that expedited debit card processing will speed table turnover to where more can be served. Pay-at-the-table debit is already well established in Europe and Latin America.

## More City Parking Meters Are Being Adapted for Debit Card Use

The city of Madison, Wisconsin is the latest to test debit card use at parking meters. Seattle already has a debit card system in place for meters.

## Contactless Debit Orders Grow

For the first time, orders for contactless debit cards in 2007 will match those of contactless credit cards. Although consumers are still getting used to the contactless payment concept, merchants are aggressively pursuing contactless payments, which is driving market activity. Industry analysis and consulting firm Aberdeen Group indicated that more than 30,000 merchant locations throughout the U.S. already have contactless cards. Merchants like the cards because the cards tend to attract more transactions. Contactless transactions are projected to hit 2.2 billion by 2011.

## Frontier Airlines Goes Cashless

Frontier Airlines recently began accepting purchases for beer, wine and liquor with credit and debit cards only. The initiative is called "cashless cabins," and flight attendants collect payments with wireless payment terminals. When the plane lands, transaction data is transmitted for processing.

# Security Update: Internet Security at the Heart of Consumer Concerns

Internet retail sales continue to flourish--as do consumer concerns about the security of credit cards and transactions.

The biggest threat to consumer peace of mind is identify theft, which can cost the average consumer thousands of dollars to correct if victimized. E-thieves spoof with phony emails and launch phishing schemes to gain access to personal information from credit cards.

Aware of consumer security concerns about the Internet, card companies have committed major R&D dollars to coming up with products that will fend off identify theft and other related security compromises that occur online. Some of these attempts have included American Express's "blue card," which had an embedded chip with encrypted personal authentication information. The blue card was designed to work with a card reader attached to a PC. Other attempts at online security involved the insertion of thumb cards into PC USB ports with encrypted personal information and automatic security logons.

The latest effort is a new card product that has been developed specifically for online transactions.

VeriSign's online purchases card adds an additional layer of security protection with a constantly changing security code that changes every 30 seconds. The security code is provided by a cardholder during an online transaction, along with a PIN and a login name. The goal is to prevent anyone but the legitimate cardholder from making an online purchase with the card.

The additional security layer of security can be employed with both credit and debit cards—and comes with a cost of over \$10 per card. On the surface, the price seems cost-prohibitive—but industry analysts maintain that consumers, now well aware of the high cost of identity theft, may well be very happy to pay extra for the peace of mind. Most major card processors are taking a look at offering the card in the future.

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