

MEMBER ACCESS PROCESSING

Payments Report

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The Next Big Thing in mobile: Big Data & Predictive Analytics



Five or ten years ago it would have seemed remarkable that stores would know what we want to purchase even before we did. Today, some customers may find it odd when a store knows so much about their purchasing behavior. Amazon is a leader in collecting, storing, processing, and analyzing personal information from customers as a means of determining how they are spending their money. The company uses predictive analytics for “anywhere, any time” targeted marketing to increase customer satisfaction and build company loyalty.

For credit unions, this “anywhere, any time” marketing is the next big thing. Credit unions are virtually data machines, generating vast amount of data about their members. Yet most of the data sits idle, and

what data is used is often employed by out-dated and obsolete techniques and systems.

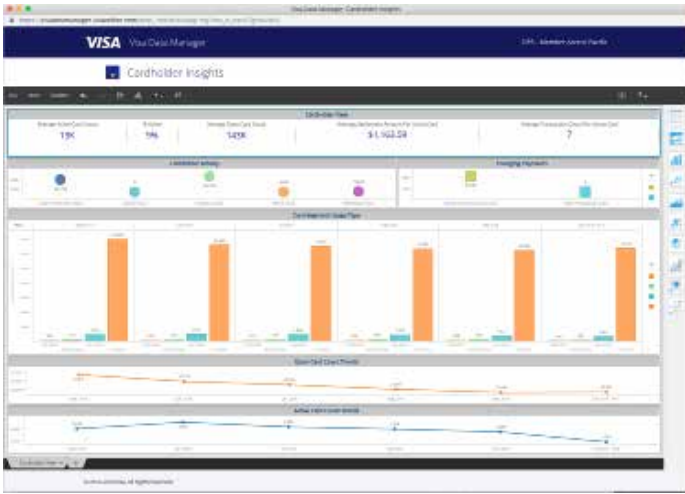
Today, credit unions are interested in using their vast data resource, but they are behind the curve when it comes to using the data effectively. For example, Visa Data Manager 2.0 (VDM 2.0), the next generation version of Visa's popular data warehousing and analytics solution, is a huge next step for visualizing and analyzing data and a way forward to support the “anywhere, any time” solutions that members are coming to expect.

Leveraging the latest in ad-hoc graphic manipulation and display technologies, VDM 2.0 employs graphic-based reporting combined with drag-and-drop technology to enable a

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The Next Big Thing

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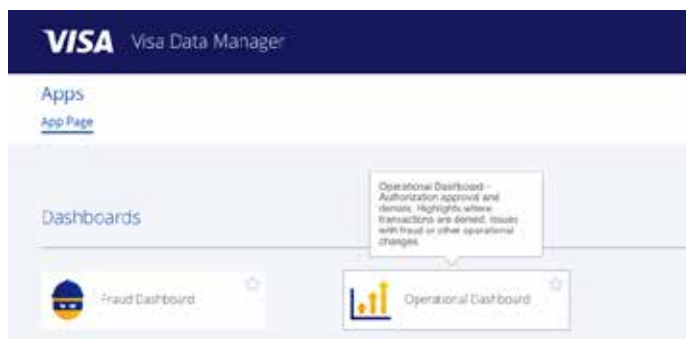


completely responsive user experience. With VDM 2.0, Visa is introducing a new concept called "Apps" that are data-specific components accessed from the main menu. Apps are divided into three different sections:

Dashboards – Groupings of between four and six visual displays designed especially for managers and executives that highlight key program metrics.

Visualize your Data – Quickly create customized, interactive, visual displays for exploring your data. Each component contains 3-6 user customizable visualizations. Designed for the power user or analyst, drill down and drag-and-drop capabilities in Visualize Your Data allow you to build graphic displays that provide unique insights into your business.

Discover your Data – Contains full prompt reporting, filter, and display selection. Traditional VDM classic reports such as Transaction Details Analysis are located in this section. You'll still be able to build the same reports you've come to depend on from VDM Classic.



Making the most of data is necessary for credit unions to compete because consumers are not comparing their primary financial institution (FI) to others. Instead, they compare their primary FI with other consumer-focused experiences, like Amazon and Apple according to a recent survey from Deloitte's Center for Financial Services. In its survey, Deloitte measured financial institution against brands like Amazon with questions meant to measure ease of service and satisfaction. For each question, financial institutions lagged other retail brands by 12%. Digital is very important for members, and while some may be very tech savvy, they may not be savvy in the way of financial affairs. At those times, it's important to interject "anywhere, any time" solutions like those employed by Amazon or Apple.

For example, a credit union can employ "push notifications," a commonly used strategy to promote user engagement. Push notifications are real-time notifications sent to app users via brief messages that, when opened, direct the user to a specific screen, web page, or other location. The intention of push notifications is to make users aware of important, possibly time-sensitive information through a call to action (CTA) designed to promote member engagement and loyalty.

However, research shows that many device owners respond negatively to push campaigns, which may lead to users disabling notifications and/or uninstalling the app. Yet, employing strategies to improve acceptability and success of push notifications are described. Recommendations include segmenting users to better target and personalize notifications, ensuring push notifications are sent on the most optimal days at appropriate times, and developing a plan to evaluate the success of push notification campaigns.

To help credit unions introduce "anywhere, any time" solutions like push notifications, MAP offers Campaign Solutions, a card marketing platform to help issuers optimize their marketing efforts. The Campaign Solutions platform enables the development and execution of key marketing services across the customer lifecycle. It is designed to help credit unions at every stage of the lifecycle from new customer acquisition to existing customer management, including (1) Campaign Design and Strategy; (2) Targeting; (3) Segmentation and List Development; (4) Offers and Creative Design; (5) Campaign Execution across channels including traditional direct mail and new digital and social streams; and (6) Tracking and Reporting of campaign results.

The traditional approach to marketing and advertising that revolves around "reach and frequency" is facing extinction. Mobile devices and digital marketing are driving all marketing in a new direction in today's member journey. With new tools like Campaign Solutions and VDM 2.0, credit unions can focus on personalization and customization that's quickly becoming the norm in marketing.

For more information about MAP's "Big Data and Campaign Solutions," please contact Sales@MAPProcessing.com.

Growth in debit card usage



The “2018 Debit Issuer Study” found that US consumer debit use continued to grow in 2017, contributing to improved overall debit performance, while fraud losses per transaction declined for the second consecutive year. According to new data from PULSE’s “2018 Debit Issuer Study,” this growth is an opportunity for credit unions to find new ways to increase engagement using debit.

Debit card spending grew 17% between 2014 and last year. The 5.3% compound annual growth rate (CAGR) in the period, is faster than the rate of inflation, but slightly slower than credit card spending’s approximate 6% CAGR in a similar period (2012-16). That increase equates to a \$1,500 annual increase in spending over the course of the period. These gains come from both increased usage and higher transaction sizes. Average ticket size increased by about \$2 to \$39, and doing so more often, with customers making purchases 2.5 times more per month, on average, than they were in 2014.

Card payments grew across the board in the US with debit as the top transaction method by value. Changes in day-to-day life, like growth in e-commerce volume and the increase in cashless stores, are likely precipitating card payment growth overall. Debit cards are well positioned to take a piece of that pie, especially among risk averse customers trying to limit or avoid credit spending, or with younger customers who are less likely to have credit cards, in turn boosting spending on debit.

If these gains continue, issuers could benefit from adding new features to their debit cards. Debit cards are a core feature of checking accounts. But they aren’t necessarily lucrative for issuers in the same way that credit cards are, since there’s no associated interest-related revenue and debit interchange fees tend to be lower. However, deepening investment into debit cards as a means of capitalizing on these steady gains in spending and usage could be an effective way to increase customers’ average lifetime value.

Industry News

Gen Z will push holiday spending growth. Against a backdrop of favorable economic conditions in the US, including wage growth, a low unemployment rate, and high consumer confidence, the 2018 holiday season is set for strong spending. In fact, the vast majority of consumers, 84%, say they intend to spend the same or more than they did last holiday season, according to a report from PWC. On average, consumers plan to spend \$346 on themselves, \$706 on family, and \$110 on friends. In total, they plan to spend \$1,250 each, representing a 5% increase compared with the 2017 season.



Gen Z shoppers prefer in-store shopping over e-commerce.

According to a survey of Gen Z shoppers (aged 18 to 22) by prescriptive analytics provider Profitect, 42% of respondents prefer to shop in-stores vs online. Another 34% prefer to shop in-stores and online equally, while only 23% indicated they prefer to shop online only. When asked what holds the most influence on choosing to shop at a particular store over another one, 48% of Gen Z respondents selected convenient location. Additionally, 65% said that the most convenient method of returning an item they purchased online was to go into the store.

The Supreme Court rules for American Express. The Supreme Court ruled in favor of Amex’s policy of prohibiting merchants from discouraging consumers from paying with Amex or incentivizing them to use a different card. This is a major victory for Amex, which faced opposition from the Department of Justice (DOJ) and more than a dozen states, which argued that the “anti-steering” policy inflated retail prices. Keeping the policy in place has big benefits for Amex, as the firm likely uses its interchange revenue in part to fund its rewards offerings, which are a major customer acquisition channel.



Credit cards rebound in consumer payment share. Credit cards and prepaid cards increased their share of payment instruments that households use in a typical month, according to results from the Federal Reserve Bank of Boston’s 2016 and 2017 Surveys of Consumer Payment Choice. Credit card payments reversed a decline seen in 2015 and climbed by more than two percentage points to 23.2 percent of all payments. Pre-

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Digital Disruption Report: Revenue growth at risk

Digital-only banks, fintechs and big tech companies are gradually corroding away the customer base as well as revenue of the traditional banks and credit unions, putting their revenue growth at risk, according to a study by Accenture.

The report reveals that the new entrants to the market such as challenger banks, non-bank payments institutions and big tech companies, are garnering up to one-third of new revenue. Accenture evaluated over 20,000 payment firms across seven markets to enumerate the level of change and disruption in the global banking industry. The report found that the number of financial institutions decreased by almost 20% over a 12-year period from 24,000 in 2005 to less than 19,300 in 2017.

The magnitude of industry structure change varies by country, according to the report, but nearly one in six (17%) of current institutions are consider new entrants i.e., companies entering the market after 2005. While few of these new players have raised alarm bells among traditional financial institutions, the threat of reduced future revenue growth opportunities is real and growing. Most financial institutions are struggling to find the right mix of investments in traditional and digital capabilities as they balance meeting the needs of digital customers with maintaining legacy systems that protect customer data.

Credit unions can no longer “digitally enable” their business and expect to be successful. So far the conservative approach to digital investment has hindered credit unions’ ability to build new sources of growth, which is crucial to escaping the tightening squeeze of competition from digital attackers and deteriorating returns.

Industry Disruption

Many incumbent financial institutions continue to dismiss the threat of new entrants, claiming that (1) new entrants are not creating new innovations, but rather dressing up traditional banking products; (2) significant revenue is not moving to new entrants; and (3) new entrants are not generating profits.

The report analysed where revenue is shifting to new entrants and identifies examples of true innovation happening around the world that can no longer be dismissed. Accenture predicts that the shift in revenue to new entrants will continue and will start to have a material impact on incumbent banks profits. In the US 19% of financial institutions are new entrants and have captured 3.5% of total payments revenues. Over the past dozen years, the number of financial institutions in the US has decreased by nearly



one-quarter, largely due to the financial crisis and subsequent regulatory hurdles imposed to obtain a banking license.

These factors have made the US a difficult market for new entrants and a stable environment for incumbents. More than half of new current accounts opened in the US have been captured by three large banks that are making material investments in digital, while regional financial institutions focus on cost reduction and struggle to grow their balance sheets.

As the industry experiences radical change, driven by regulation, new entrants and demanding consumers, credit unions will need to reassess their assets, strengths and capabilities to determine if they are taking their business in the right direction. The future belongs to credit unions that can build new sources of growth, including finding opportunities beyond traditional financial services.

Credit unions can not afford to blindly follow the path they originally set out at the beginning of their digital journey. However, as the report clearly shows, there is no single answer and each credit union needs to truly understand the market it is operating in before charting a path forward. The payments industry in all markets can expect a period of turbulent change during the decade ahead. The structure of the industry and banking business models will continue to evolve; the rate of change will vary by country, and incumbents and digital natives will move at different speeds.

Leading an incumbent credit union through this period will be exhilarating and exhausting, but it certainly won't be boring. While other industries face similar strategic choices, credit unions do have a unique source of relevance to build on—the absolute reliability and unquestioned safety that has defined the industry. Indeed, credit unions will succeed by extending their trusted relationship with customers into the digital future.

Automating Responses is Critical to Payments Security

Digital payments are expected to hit \$726 billion by 2020. This surge in transactions puts payment systems squarely in the crosshairs of cyber attackers. Companies like Google, Apple, and Amazon, as well as new technologies like blockchain payments, Zelle, and Venmo are putting the pressure on traditional providers to deliver new mobile, real-time payment services. This opens the door for new kinds of vulnerabilities and fraud to bring down these systems.

A recent survey by the Association for Financial Professionals (AFP), reveals that payments fraud surpassed the 2017 levels. The financial and reputational damage from a system breach can be extremely costly. Over 30% of customers affected by the breach discontinue their relationship with that organization. The last two years saw 45% of financial services institutions experience data breaches. The severity and volume of cyberattacks continues to increase and credit unions are struggling to respond. In fact, 47% of financial institutions surveyed said they were breached by a vulnerability even though a patch for it was already available.

“45% of financial services institutions experience data breaches.”

While hackers continue to use better and more effective techniques, financial institutions can dramatically reduce breach risk with just a few steps. In the survey, financial institutions that successfully avoided breaches had two key strengths. They rated their ability to patch vulnerabilities in a timely manner 31% higher than breached organizations, and their ability to detect vulnerabilities was 22% higher. Patching is the most significant characteristic of firms that were not breached in the last two years.

Even with an increase in staff, it won't be enough to handle the flood of security threats payment firms will face, which include emerging AI-fueled threats that are likely to increase the volume, speed, and effectiveness of cyberattacks even further. Not patching vulnerabilities in time is the overwhelming cause for these breaches. Vulnerability response across multiple teams exacerbates this struggle. It leads to long delays and causes vulnerabilities that slip through the cracks.

Structuring and automating workflows offers a way out of this predicament. By paying attention to basic hygiene items, breaking down silos between tools, creating structured workflows for vulnerability response processes, and automating these workflows, it's much easier for financial institutions to prevent breaches. Having a pragmatic roadmap with smart, strategic steps is within the grasp of these firms as they step up their fight against future security breaches.

Visa News

Visa's contactless success at the World Cup: One-fifth of purchases on Visa cards at the 2018

FIFA World Cup were made using contactless devices, including phones and contactless bracelets and rings. For context, Visa sold 6,500 wearable payment rings and 30,000 wearable payment



bands that consumers attending the World Cup games could use to make purchases throughout the stadiums. Deploying contactless and wearable payments on a large scale at these major events could introduce contactless payments to thousands of people who might not use the technology in their home countries or may even not be aware of it. That could ultimately promote adoption of contactless payments — which will comprise 1 in 5 payments by 2021, according to a study by consulting firm RBR.

Visa, Mastercard cut Canadian interchange fees. Visa and Mastercard have agreed to cut Canadian credit card transaction fees, which could save smaller businesses \$192 million a year. The companies agreed to reduce the average annual interchange rate in Canada by 10 basis points to 1.4 percent on cards, according to Canada's finance department. The new rate goes into effect in 2020 and runs for five years. The finance department explained that the commitments will make credit card acceptance fairer.

Visa pursues B2b payments: Visa is partnering with WEX, a corporate payments provider, to give Wex corporate customers a Visa virtual card for business-to-business (B2B) payments. The partnership will also give WEX access to Visa's network security. Digital solutions could simplify B2B payments. B2B payments are complex and challenging for businesses, and tend to be time-consuming and often paper-heavy. Fifty-one percent of all B2B payments in the US are still made using checks. Utilizing digital payments is not only more efficient for businesses, but it's also less expensive because it costs businesses \$8 on average for every check they write. That's opened a need for payments firms to meet by creating digital solutions to help improve efficiency and cut costs.



Visa expands travel industry partnerships. Visa announced a new partnership with Sabre, a provider of technology solutions for businesses in the travel industry, which will enable the integration of Visa's CyberSource

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Biometrics introduce a new paradigm for secure payments

The continuous growth of smartphones with biometrics, and the emergence of biometric payment cards, is ushering in a new paradigm in payments. PINs and passwords are being replaced by more secure and convenient solutions using biometrics. Hundreds of millions of mobile users have grown accustomed to fingerprint technology thanks to the ease of unlocking one's phone in a fraction of a second by means of a quick touch. But the use of biometrics to authenticate payments is increasing the demand on security and identity assurance. It's a challenge for the biometrics and payments industry to meet these increased security demands, while keeping friction in the payment process to a minimum.



Payments stand out as the single largest driver for the biometrics market. Biometrics for financial products and services are expected to represent one third of the total market for biometric solutions in 2020, according to the Biometrics research group. Payment providers, financial institutions and e-commerce operators support replacement of pin codes and passwords with biometrics to authenticate payments and transactions.

The increased use of mobile smart devices for financial transactions has prompted credit unions to investigate ways to increase security and provide better protection against fraud. This is driving demand for multi-factor authentication for payments. Adding more layers of authentication also means increasing friction in the payment process. Mobile devices equipped with fingerprint authentication and other biometric modalities such as face or iris, enable the replacement of passwords and pin codes, which are slow and not as secure as fingerprint technology. Multimodality also enables the opportunity for continuous authentication, creating an unparalleled level of identity authentication with minimal user impact. With continuous authentication, the device's different sensors continuously capture biometric and/or behavioral data, to automatically and seamlessly authenticate the user for instant access to applications.

Yet, according to Acuity Research, consumers are prepared to accept an appropriate level of friction based on the risk or value of the transaction. This means that two-factor authentication with anti-spoofing functionality is probably not needed or acceptable for opening a smartphone, which we do frequently during a day, but more relevant when authenticating a banking transaction.

The growth in contactless payments, which according to Visa has increased from one out of every eight global transactions processed by the company,

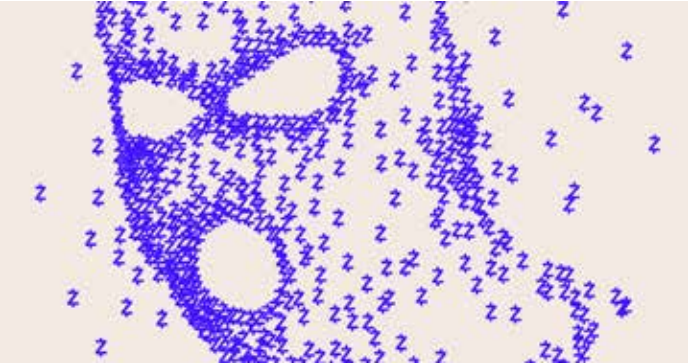
to one in five during the last quarter, is driving the interest in adding fingerprint authentication to cards. Contactless payment cards are convenient for small purchases, but the contactless purchase limit of \$25 still requires users to enter their PIN for many purchases. The removal of PINs for small purchases has also led to fraud for contactless payments, which is a concern for every other user of contactless payment cards, according to consumer research by Fingerprint Cards.

Equipping payment cards with fingerprint technology is the next logical step to increase both the convenience and security of contactless payments. To provide a high level of security against external attacks, fingerprint authentication needs to be performed in the Secure Element of the card, which is a secure chip designed to protect against intrusion and manipulation.

By adding fingerprint authentication to payment cards, it reduces, or altogether removes, the need for today's purchase limits on contactless payments as all transactions are secured. This reduces fraud and increases user convenience. The first commercial trials of contactless biometric payment cards are completed, and this spring more pilots were initiated by major credit card providers in cooperation with banks in Europe, Middle East and Asia.

Biometrics presents new possibilities to enhance convenience of payments, while increasing security and meeting requirements for stronger identity authentication. We are at an early stage in the use of biometrics. The growing interest and usage will lead to more innovations where biometrics will not only be used for authentication, but also for personalization and interaction with things around us, improving people's everyday life. The winning formulas will be the ones that strike the right balance between convenience and security.

Zelle usage grows amid security concerns



P2P payments – one of the key segments where FinTechs have significantly dominated the banks. The PayPals, Venmos, and Paytms of the world have been enjoying their lead in their respective markets. However, the US payments market is witnessing a comeback story – the one where banks have come together to combat Venmo's market dominance in P2P payments. Zelle, the bank-led instant payments platform developed by Early Warning, continues to make waves in the US payments market.

The biggest driver of Zelle's growth is the access to a vast customer base – courtesy its partner banks. As of today, Zelle has 114 partner banks and credit unions, 25 of whom have already integrated Zelle in their mobile apps. Out of the \$25 billion which Zelle moved in Q1 2018, ~\$9 billion was moved through Bank of America's mobile app. For more than 95 million consumers, Zelle is already available from the convenience of their mobile banking app, with no additional downloads required. Even when they don't specifically seek to use Zelle, it's already present in their own mobile banking app and this has been a great boost to Zelle's numbers.

While Zelle's transaction value is expected to grow with such additional use cases and implementations by banks, there have been growing calls for Zelle as well as its partner banks to strengthen the security measures around Zelle payments as several incidents of fraud have been reported. The cases range from non-recovery of money sent to the wrong phone number, transaction failure, and purchase/sale non-payment fraud. While many of these cases are related to a user's carelessness and naivety, some of the issues arise from banks' hasty implementation of Zelle without the required authentication and security protocols in place. There is a strong need for both Zelle as well as partner banks to increase their focus on security during integration. With stronger security, anti-fraud mechanism, and a growing list of banking integration, Zelle will prove to be an even stronger force to be reckoned with, giving banks enough armada to fight FinTechs in the battle for P2P dominance and give them a good run for their money.

Industry News

Continued from page 3

paid cards continued steady growth, reaching a 2.1 percent share – up 44 percent from 2015. Debit card use dipped slightly from previous years to 31.8 percent. Card payments combined grew to 57.1 percent share in 2017.

Why 80 percent of top performers put user engagement first. As recent research from PYMNTS reveals, the most innovative financial institutions know that providing exceptional service to their consumer base comes down to focusing on three key components: user experience, digital technology and data analytics. Consumers expect digital banking products that are easy to use and help improve the management of their finances. But with consumers having too many options to choose from, PYMNTS research suggests customer engagement (CE) is the answer to keeping brands at top of mind. Moreover, financial institutions that focus on consumer engagement tend to be more effective innovators. Top innovators tend to focus on features that stand to enhance their users' experience, which is why 87 percent of top performers are planning to invest in payments technologies in the next three years.

Millennials care about their cards' designs: Millennials care about how their payment cards look, leading companies to hire designers to create debit cards to attract that customer base, according to Fortune. Although the cards can cost five to ten times more to create than standard chip cards, the investment paid off for companies like JP Morgan Chase and PayPal. Their success demonstrates the impact appearance might have on a card's reach, especially in combination with benefits. Card payments overall are popularizing, growing about 6% from 2015 to 2016 alone, according to the Federal Reserve – so offering a card with an appealing design can be a way for banks to draw engagement by giving millennials a reason to spend more on their favorite card.



Mall vacancies continue to rise: The US mall vacancy rate came in at 8.6% in Q2 2018, up from 8.4% in Q1 2018, according to Reis Inc. data cited by The Wall Street Journal. The vacancy rate now matches its value in Q4 2012, making this quarter's performance a nearly six-year high, and it's trending toward even higher values. A variety of malls are hurting, as the number of vacancies in open-air malls increased in 55 of the 77 malls tested. The vacancy rate is 10.2% at strip malls and community shopping centers, which had their worst quarter in nine years, losing tenants for ap-

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From Startup To Global Payments Giant: Visa Turns 60

Sixty years ago, a San Francisco startup launched by sending roughly 60,000 credit cards to consumers living in northern California. This startup was a bank, and its innovation was a single card that could be used by consumers to purchase things on credit from many different merchants. The card eliminated the need for consumers to establish credit with multiple merchants, then carry multiple cards issued by each of those merchants to pay for purchases over time.

This general-purpose credit card was a hit with consumers and merchants, unleashing massive spending power for middle-class consumers – and merchants also reaped the benefit.

A few years later, this innovator expanded by licensing its tech to other banks across the country and created a business model that provided incentives for merchants, banks and consumers to accept, issue and use this new payment innovation.

The startup was Visa, of course. It started life in 1958 as a bank – Bank of America – issuing a credit card product called the BankAmericard.

About a decade later, the company went global and devised a number of technology innovations to support its growing size and scale, including the first electronic tech that streamlined authorization, clearing and settlement for the banks that were part of its network.

Today, Visa counts 3.3 billion cards, more than 46 million merchants and 16,000 financial institutions (FIs) as part its network, operating across 200 countries and processing transactions in more than 160 currencies to the tune of \$10.8 trillion every year.

A Startup All Grown Up

While it's easy to think of Visa as the largest payments network in the world, that's really not how Visa thinks of itself. Visa team members view themselves as being part of a global tech company that has become extremely good at doing something very difficult: moving money quickly, safely and reliably between parties, no matter where they are or what currency they want to use to make those payments.

Anyone who has ever tried to get into payments has learned the same lesson. Payments are hard, complicated, heavily regulated and fast-moving. That makes Visa's biggest priority to keep the wheels of commerce moving by providing those parties with a reliable, secure, compliant and trusted global payments network.

In recent years, Visa's biggest opportunities have come by opening its network for innovators to build on top of it. Some of the most important things the Visa network has done is make it possible for new players with



innovative payments and commerce ideas to come into the industry, scale and add value to consumers, merchants, banks and businesses.

On The Road To The Big Six-0

Visa's journey from a single bank in San Francisco that issues 60,000 BankAmericards to a network of 16,000 FIs all over the world that issues 3.3 billion cards has included many noteworthy milestones. The more public facing of the two is Visa's embrace of, and big push toward, debit. Today, U.S. debit cards are Visa's largest business. That wasn't always the case. In the early days of debit, it was very much a niche product in a world where credit products dominated. What became clear to Visa was the opportunity for the company to use its bank and merchant network to remove another source of friction for the consumer, to turn their "household account" – their DDA – into a more accessible, easy-to-use payment method.

Visa recognized that consumers liked being able to pay for many things with funds on hand. Before debit, there were only two ways to do that: cash and check, and each came with its own frictions at the point-of-sale (POS) in a store. Equally transformational were the innovations in Visa's electronic authorization, clearing and settlement systems, which gave Visa a lifecycle view of the transactions running over its network.

Visa is a very different business than it was 60 years ago, but the one thing that hasn't changed is why it's in business. That is, to be the trusted and secure global network that serves as a universal currency for consumers or businesses worldwide. The first 60 years was about establishing the foundation for connecting consumers and merchants; the next 60 is [about] connecting any two parties that want to transact, anywhere and everywhere they want to be.

Mobile banking is no longer enough for retention



The exponential growth of smartphones and mobile devices, coupled with greater internet penetration, has brought a seismic shift in the way people choose to bank. Customers are now more likely to check their balances or transaction histories on their handheld devices, be it smartphones, tablets, or wearables, rather than through desktop or via traditional bank visits. The popularity of mobile banking means that simply offering the option is no longer enough to differentiate banks and attract customers. Only 32% of people across Europe used a desktop or laptop to check their account balances or their last transaction, according to ING. In contrast, about twice that proportion (65%) used a mobile device for the same activity.

Today, mobile banking is reaching a saturation point. In the US, 76% of consumers checked their balance or last transaction on a mobile device, compared with the 18% who used their laptops or desktop computers. And mobile banking apps are some of the most frequently used apps among US consumers, according to Citi's 2018 Mobile Banking Study. The survey found that, while social media (55%) and weather apps (33%) are the most used overall, a significant proportion of consumers (31%) cited mobile banking apps as their most used apps.

Saturation means that offering mobile banking apps, no matter how sleek and trendy, is no longer sufficient to capture and engage consumers. European consumers, for example, stated that financial management assistance, including receiving notifications showing their bank balance after a payment (45%), is the most useful feature provided by mobile banking apps, per ING. If incumbents want to retain consumers and stave off challengers, they should implement digital strategies that allow them to not only develop innovative mobile products and services, but also help them keep a pulse on shifting consumer behavior. This means offering the features that consumers want most, and enabling them to more fully manage their finances via their devices.

Visa News

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payment management platform with Sabre's own payment system. In doing so, Sabre will be able to offer CyberSource's Decision Manager platform to its customers, which allows companies in the travel industry to quickly identify fraud in airline, hotel, and travel agency payments.



Visa, Grasp team up to simplify business travel. Data shows that global business travel is expected to grow by approximately 7 percent per year by the end of 2021. To keep track of employee travel, companies must engage in the time-consuming task of manually piecing together data

from their workers' travel itineraries, and trip details from a variety of sources. Corporate card managers want to gain greater insight into their company's travel card spending, accounting departments want to

simplify reconciliation of expenses, and business operation managers are constantly seeking new ways to manage their corporate travel so that their businesses get the best results. The collaboration between Visa and Grasp will simplify this process. Visa card issuers and their clients will now have greater access to enhanced data, such as itinerary data, and be able to speed up their implementation of Visa's Global CTA (Central Travel Account) Solution, which unifies corporate travel data and provides customized reports to participating issuers and their corporate clients.



Visa, Mastercard settle \$6.2 billion swipe fee lawsuit. Visa, Mastercard, and major issuers including Bank of America, Citi, and Chase have agreed on a settlement deal that ends a long-running class-action antitrust lawsuit regarding the interchange fees they charge to accept cards, according to Bloomberg. The settlement, pending court approval, is valued between \$5.5 billion and \$6.2 billion, and marks the largest antitrust deal in history. That suit was initially settled in 2012, but the settlement was overturned in district court. The agreed-upon sum is unlikely to drastically disrupt business for the card networks, since they have set aside adequate funds in anticipation.

Industry News

Continued from page 7

proximately 3.8 million square feet of space.

90 percent of ecommerce sites' global login traffic comes from hackers.

Hackers use programs to apply stolen data in a flood of login attempts, called "credential stuffing." The airline and consumer banking industries are also under siege, with about 60% of login attempts coming from criminals. These attacks are successful as often as 3% of the time, this type of fraud costing the ecommerce sector about USD 6 billion a year, while the consumer banking industry loses out on about USD 1.7 billion annually.



Only 2 percent of US people put their money into cryptocurrencies, survey reveals.

A survey from pollsters Gallup and commissioned by Wells Fargo has revealed that just 2% of people in the US have put their money into bitcoin and cryptocurrencies. In addition, according to the survey of almost 2,000 people, less than 1% plan to buy it in the near future. While most investors say they have no interest in ever buying bitcoin, about one in four (26%) say they are intrigued by it but won't be buying it anytime soon.

Apple Pay goes local.

Apple Pay is launching a San Francisco-area promotional campaign that will provide "exclusive offers" at over 100 brick-and-mortar and e-commerce merchants in the region from August 10 to 12, according to Forbes. This follows a similar, New York City-based campaign in June. Though the promotion is running for a limited time, it could help Apple Pay ramp up usage.



Mobile biometrics to authenticate \$2 trillion of sales by 2023.

A new study has found that mobile biometrics will authenticate \$2 trillion worth of in-store and remote mobile payment transactions annually by 2023. This is 17 times the \$124 billion expected in 2018, as initiatives furthering secure remote payment transactions and more open biometric platforms proliferate. The research forecasts that the fastest growth will come from biometrically-verified remote m-commerce transactions, reaching over 48 billion in volume by 2023.

Consumers increasingly use their voice assistants to shop



Voice shopping will increase dramatically in the coming years, likely due to increased adoption of voice assistants, according to Voicebot.ai and Voysis' June 2018 Voice Shopping Consumer Adoption Report.

US consumers are projected to spend \$40 billion through voice assistants by 2022 — that's up from the \$1.8 billion spent in 2017 at an annualized growth rate of 86%. The growing prevalence and accessibility of voice assistants is helping to drive the shift toward voice commerce. More than half of consumers who have shopped using voice did so with their smartphone. This bodes well for the future of voice commerce, as smartphones reach more consumers than any other connected device.

Despite the prevalence of smartphone-based voice assistants, the frequency of use is low, presenting growth potential. Nearly 80% of all consumers own a smartphone, while just 22% of all consumers own a smart speaker. Smartphones are already in the hands of a large, potential voice assistant audience, but only 20% of smartphone owners use their voice assistants monthly, which leaves plenty of room to grow as far as usage.

Among smart speaker owners, the number of smart speaker shoppers who are regularly buying by voice has increased in recent months. In May, 16% of smart speaker owners reported they make purchases by voice at least once a month, up from 12% in January.

As voice-first shopping continues to gain traction, businesses will need to ensure they're accommodating this channel of commerce. Consumers shopping online and over voice-enabled devices frequently purchase products in the same three categories: apparel, everyday household items, and entertainment. Since consumers shop for the same products online and over voice-enabled devices, increased adoption of voice assistants will likely move more consumers into the voice commerce space at the expense of online shopping.

Letter from the CEO

Biometric tech has long captured our collective imagination as the state-of-the-art way for achieving more secure payments. At the same time, the payments require particularly stalwart security measures given the highly sensitive transaction data. Yet, the payments industry hasn't made major strides toward mainstream biometric interfaces until recently. Today, cardholders are increasingly more comfortable with biometric interfaces thanks to steady exposure to biometrics in consumer-facing products such as mobile phones and virtual assistants. A recent study by IBM found that 67 percent of us are comfortable using biometric authentication today, and 87 percent say they'll be comfortable with the technology in the future.

Conversely, the password-based security that currently protects payment transactions is both tedious and less secure. Unwieldy passwords, time-consuming multi-factor authentication processes, and too easily forgotten security questions are as common as they are annoying. At the same time, consumers have to spend time and effort to safeguard the secrecy of their passwords, and avoid accessing their banking information in situations where these credentials could be compromised – such as in public locations with unsecured internet connections, tempting as they can be. In short, it's a hassle and it's still less secure than people think.

Given this environment, cardholders and credit union members are ready for a change. Parallel to the public's increasing appetite for biometrics-based solutions, the technology has advanced to provide more robust and dependable capabilities. Driven by AI and machine learning, the technology is now able to look deep within human behavioural data to recognize tendencies in how individuals type on a keyboard, swipe on touchscreens, walk across a room, and more – and all just as unique as their fingerprint. Similarly, voice biometrics is now capable of distinguishing between a user's live voice and a recording of it, entirely negating the spy movie trope of fooling security measures with a voice recorder, and reinforcing the readiness of this technology to secure even the most sensitive transactions.



Cyndie Martini
President/CEO

As the adoption of biometrics in the banking industry grows, solutions that help to deliver quick and seamless authentication experiences for customers will come to represent a competitive differentiator, driving further adoption of these features while increasing the safety and security of consumer banking as a whole. Read more of our insights on page 6, "Biometrics introduce a new paradigm for secure payments."

As always, MAP will be here to work for the continued success of our clients by providing cost-effective, best-in-class solutions. We will continue to best service our credit unions by making smart investments in today's technology with an eye keenly focused on the future of payments. 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@maprocessing.com.

A handwritten signature in blue ink that reads "Cyndie Martini".

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