

ISSUE 47
Summer 2021

MEMBER ACCESS PROCESSING *Payments Report*

Inside this issue . . .

- P2** — MAP's Annual Conference (continued)
- P3** — MAP services for enhanced competitiveness
— Industry News
- P4** — Pandemic ushers in an increase in scams
- P5** — Rising digital fraud costs providers billions
— Visa News
- P6** — Contactless surges as consumers doubt mobile
- P7** — 30% of the shift to digital payments
- P8** — Update to VAA
- P9** — Semiconductor shortage hurts chip card output
- P10** — Fed developing a digital currency
- P11** — Letter from the CEO



PO Box 88884
Seattle, Washington 98188

Phone: 1.866.598.0698
Fax: 206.439.0045
Email: info@maprocessing.com

www.maprocessing.com

MAP's 21st Annual Conferences returns online starting August 19



The pandemic, the economic stimulus plan, the infrastructure plan, and the anticipated recover all will have a huge impact on the economy and consumer spending in 2021 and the next several years. Member Access Processing is pleased to welcome client and guest credit unions to attend our 21st Annual Payments and User's Conference, a multi-day, online event for credit union professionals to learn about the rapidly evolving payments and financial services industry. While the country is opening up, we wanted to keep the uCo-nference open to as many as could attend

this year, so we will hold our annual conference online. This year's conference will kickoff on Thursday, August 19.

We have scheduled sessions on consecutive Thursdays, beginning August 19 and continuing through September 16 to best accommodate attendees' schedules. The online event is for credit union professionals to learn about the rapidly evolving payments and financial services industry.

Our first session is scheduled for Thursday, Au-

See "Annual Conference" on page 2

Annual Conference

Continued from page 1

gust 19 and will include our traditional welcome kickoff followed by a keynote presentation from Bruce Cundiff, Vice President of Visa's Business and Economic Insights team. Bruce will review current trends in the economy and how the state of the economy will impact your credit union. Cundiff's insights on the payments industry leverage Visa's proprietary VisaNet data assets and experienced team of economists to help companies identify the trends that matter most to the strategic direction of their businesses and customers. Cundiff has nearly 25 years of payment industry experience, including 14 years with Visa.



Bruce Cundiff

The second session of the conference is scheduled for Thursday, August 26 featuring John Oliver. John will present "The Supremacy of Convenience," where he challenges the status quo credit unions as financial intermediary. Join John as he explains how disruptors are staking claims in every product and service category and, with exceptional execution, they are unbundling our entire value chain. John Oliver has been advising financial institutions of all sizes and types for over 40 years, working both in Europe and the United States. John's passion lies in strategic management consulting and he is responsible for the creation, design, and implementation of his company's highly-regarded Flplan-ner strategy-development process for community banks, and the similar CUplanner process for credit unions.



John Oliver

The third session is "Innovations Around the Globe" with Dr. Louise Beaumont on Thursday, September 2. Dr. Beaumont will talk about money and trust around the globe. What are innovators doing right now with money? How are consumers managing it, borrowing it, saving it, moving it? She'll dive into what that means for trust. What new products and services, and new ways of engaging are capturing the trust of market segments such as students, home buyers, and businesses? Dr. Beaumont is one of the leading voices on the topic of Open Banking and how it will change the financial services industry across the globe. Dr. Beaumont works with legislators and regulators to create disruption, with corporates to cope with disruption, and with start-ups to exploit disruption – with open and accessible data as the guiding principle. She is an expert in innovations in Open Banking, Open Finance, Open Data, with a focus on Lending and



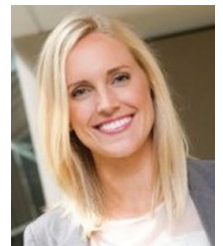
Louise Beaumont

Payments.

On September 9, the featured presenters are Rick Fisher and Chelsea Jameson from the Visa DPS Risk and Fraud Product team. As fraudsters continually look for ways to thief and use cardholder data, Visa is developing new technological solutions and creating enhancements to prevent payment fraud. Just last year, Visa partnered with financial institutions to stop \$25 billion in fraud with its A.I. technology, Visa Advanced Authorization. Join Visa leaders to hear about current fraud trends and the latest enhancements to available solutions. Richard Fisher is a Senior Director with Visa DPS focusing on Risk Mitigation Strategies and Client Performance Analytics. Mr. Fisher provides fraud strategies and performance measurement for 150+ Visa DPS clients. Mr. Fisher was the inventor of Visa DPS Managed Real-Time service and has US Patent # 8,600,873 B2 in his name. Chelsea Jameson is the Analytics Manager for the Visa DPS Risk and Fraud Product team. She joined Visa in 2019 as one of the founding members of the analytics team within Risk Product. Ms. Jameson focuses on fraud performance measurement and mitigation strategies for Visa DPS Clients, as well as analytics to measure and improve our current fraud product offerings.



Rick Fisher



Chelsea Jameson

The final presentation is scheduled for September 16. Join the MAP Team leaders Bob Long and Scott Smith as we provide update of MAP/Visa and

Third-Party product developments impacting clients during the next 12 to 24 months. Bob Long serves as Chief Revenue Officer (CRO) and is responsible for new business development, sales, relationship management, channel and consulting partnerships. Prior to joining MAP, Long had spent more than 20 years working in Financial Services and the Payments Industry. Scott Smith is Senior Vice President, Product Services at MAP and brings over 35 years of financial services experience, which includes over 25 years of cards and payments consulting experience. Since 2000, Scott has led Value Management Group International, LLC, a leading financial services operations and technology management consulting firm. Scott leads MAP's Product Services group, and is responsible for driving product management throughout all stages of the product lifecycle.



Bob Long

Register today at
uConference21.com



MAP offering services to enhance CU competitiveness



In an effort to provide a more seamless payment capability for credit union members, the CUSO Member Access Processing and digital solutions provider Glia announced a new digital process that promised to be a smooth experience from beginning to end.

The partnership between Member Access Processing (MAP) and Glia, announced Tuesday, meant that the two organizations would leverage Glia's Digital Member Service platform with MAP's Visa card services for credit unions, therefore allowing for better and more efficient member support with tasks such as disputing transactions, card and account maintenance, and account opening.

"As digital usage continues to rise, it's a strategic imperative for credit unions to be able to form strong member relationships from within digital channels," Cyndie Martini, president and CEO of MAP, said. "Glia's platform allows for credit unions to engage members from where they are in their journey, eliminating the need for disjointed, clunky phone experiences. This ultimately drives efficiencies for the credit union while creating a more cohesive, enjoyable experience for members."

"Unitus has been able to greatly enhance our member service with the introduction of our virtual branch experience powered by Glia," Corlinda Wooden, Chief Retail Officer for the \$1.6 billion, Portland, Ore.-based Unitus Community Credit Union, said. "We're very excited about Glia's partnership with MAP and the opportunity it offers credit unions across the country."

"Consumers expect every business they interact with to deliver quick, seamless service and support, and their credit unions are no exception," Dan Michaeli, CEO and co-founder of Glia, said. "By partnering with us and making Digital Member Service a critical part of their digital transformation, MAP will be able to help its financial institution clients boost member satisfaction and loyalty while strengthening their overall competitive positions."

Industry News

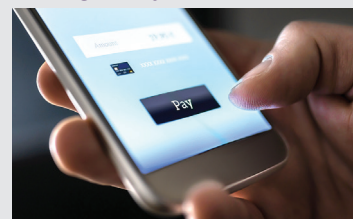
75 percent of shoppers will keep digital habits after pandemic.

Research from PYMNTS.com reveals that three-fourths of consumers plan to keep at least some of the ecommerce habits they picked up during the pandemic. The findings come as roughly 60 percent of the population has had at least their first dose of a COVID-19 vaccine, as states across the country are rolling back their mask mandates and other restrictions on public places. According to new survey data, consumers remain most excited to see their families and friends again, closely followed by traveling in the U.S., shopping in stores, dining out and getting their kids back into school. Consumers have also become less concerned about the impact of COVID-19 on their and their families' lives (53 percent), down from a high of 72 percent in July of 2020.



Digital wallet users hit 4.4 billion – mobile payment tokenization revenue exceeds \$53 billion globally.

Juniper Research reports revenue from tokenization provisioning and management in mobile payments will exceed \$53 billion in 2025, from \$18 billion in 2020. The report, Mobile Payment Data Protection: Tokenization, Encryption & Market Forecasts 2021-2025, found tokenization, where account details are replaced with data useless to fraudsters, is taking hold in both in-store and remote commerce. The research found that the number of unique digital wallet users will exceed 4.4 billion globally in 2025; rising from 2.6 billion in 2020.



Branch declines accelerate as consumers become less dependent on physical locations.

The pandemic significantly spurred the adoption of digital banking tools—and will drive the departure from bank branches through 2024. Up to 30% of branches temporarily shuttered in response to the pandemic may never reopen. Insider Intelligence forecasts that branch penetration will drop from 70.1% in 2019 to 62.3% in 2024. (Penetration is defined as the percent of US bank account holders



Continued on page 7

Identity Fraud Study: Pandemic ushers in an increase in scams

Identity fraud is at the forefront of total fraud losses, which climbed to \$56 billion in 2020—creating a massive problem for merchants and the payment players that serve them, according to Javelin Strategy and Research. Identity fraud scams accounted for \$43 billion according to the 2021 Identity Fraud Study with traditional identity fraud losses totalling \$13 billion. With traditional fraud, consumers often have no idea how their identities were stolen. With scams, they can often tell, upon reflection, the exact moment when they interacted with a criminal via email, phone, or text.

“The pandemic inspired a major shift in how criminals approach fraud,” says John Buzzard, Lead Analyst, Fraud & Security, with Javelin Strategy & Research. “Identity fraud has evolved and now reflects the lengths criminals will take to directly target consumers in order to steal their personally identifiable information.”

Pandemic changes consumer behavior

The global pandemic has had a dramatic impact on consumer financial behavior. Consumers spent more time at home in 2020, transacted less than in previous years, and relied heavily on streaming services, digital commerce and payments. They also corresponded more via email and text, for both work and personal life.

“Criminals follow current events, and unfortunately the pandemic has provided them a host of new storylines to employ online,” says Kathy Stokes, director of the AARP Fraud Watch Network. “Helping consumers know how to spot the red flags of scams is an important step in stopping fraud before it has a chance to happen.”

The reduction in transaction activity, combined with financial institutions’ more robust antifraud measures, made it harder for criminals to succeed in their usual fraud activities. They opted instead to interact directly with their fraud victims via identity fraud scams.

The scams can sometimes be averted when consumers are more sensitive to misspelled email addresses, suspicious requests for money, or random messages through social media from criminals claiming to represent a financial institution.

Criminals exploit shift to online lending, banking

As financial institutions found their footing despite the obvious challenges during the pandemic, criminals took advantage of this ramp up period.



Nearly one-third of identity fraud victims say their financial services providers did not satisfactorily resolve their problems, and 38% of victims closed their accounts because of lack of resolution at the financial institution where their fraud occurred. Also, consumers relied increasingly on digital payment products during 2020, identity fraud scams kept pace with this shift in behavior. Losses related to digital wallets and peer-to-peer (P2P) accounts spiked. This was particularly notable in the case of economic stimulus payment fraud, unemployment benefits fraud, and identity fraud scams.

“The culture of fraud is clearly shifting. The pandemic has created so many more points of vulnerability for families and businesses,” adds Paige Schaffer, CEO of Global Identity & Cyber Protection at Generali Global Assistance. “Whether it’s payment products meant to enhance convenience, remote operations, additional logins or even simply more time online, there is more opportunity now than ever for compromise.”

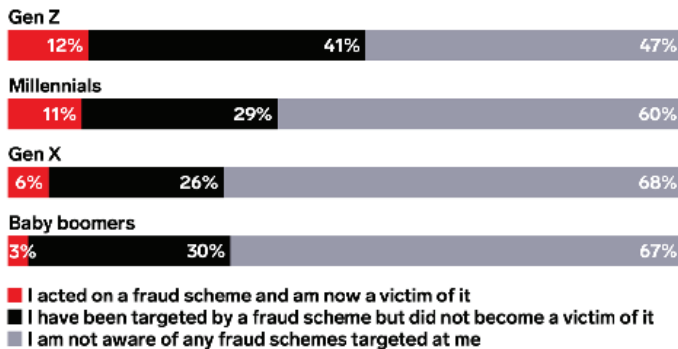
Consumers begin to embrace advanced authentication

Growing acceptance of various digital payment channels presents an opportunity to increase consumer awareness of stronger forms of authentication. Fingerprint scanning and facial recognition, for example, are growing in popularity with consumers. As consumers become increasingly savvy online, safe digital transactions will form the foundation of a productive and secure remote financial ecosystem.

“Static forms of consumer authentication must be replaced with a modern, standards-based approach that utilizes biometrics,” concludes David Henstock, Vice President of Identity Products at Visa. “Businesses benefit from reduced customer friction, lower abandonment rates and fewer chargebacks, while consumers benefit from better fraud prevention and faster payment during checkout.”

Rising digital fraud costs providers billions

Fraud Experience by Generation in the US, 2021 % of respondents



According to TransUnion's Consumer Pulse US Q1 2021 study, 38% of US consumers stated that they were targeted by digital fraud schemes related to the pandemic—a 73% jump from March 2020. Generations are being affected differently by digital fraud—and payment providers and merchants should implement solutions to target weak points for these groups.

Younger consumers are more susceptible to digital fraud. Fifty-three percent of Gen Z consumers, those born between 1995 and 2002, reported being targeted or falling victim to a digital fraud scheme throughout the last year. This group might be more vulnerable to digital fraud because they tend to spend a lot of time online—heightening the need for providers to implement fraud protection.

Baby boomers are among the least affected by digital fraud. Consumers born between 1944 and 1964 may be less prone to digital fraud because they spend less time online and perhaps have a smaller digital presence than younger consumers. Although this group faces the smallest amount of risk, providers should still implement fraud protection tools because baby boomers may have less digital awareness than younger consumers, making them more likely to unknowingly fall for digital fraud.

As Gen Zers gain spending power and engage in more ecommerce, merchants and payment players can turn to next-generation security providers to minimize risk. This demand is helping create a boom for providers that offer prevention tech solutions to protect consumers. Given that digital-native Gen Zers demand seamless checkout, Biometric AI-based technology could be particularly valuable in helping merchants capture spend while also detecting real fraud from data gleaned over time.

Visa News

Visa's Tap to Phone solution lands in the US. Visa has launched a US pilot for its app-based Tap to Phone offering. Already available in more than 30 countries, Tap to Phone lets businesses accept contactless payments—including cards, mobile wallets, and smartwatches—using any Android mobile device with near-field communication (NFC) enabled, per a release seen by Insider Intelligence. Visa will kick off the pilot program in Washington, DC, as part of a six-city initiative to help small businesses digitize, which is set to expand in the future. It's working with smartphone technology and solutions provider ZmBIZI and global payments giant Global Payments to give 50 Black-owned small businesses in the DC area Z1 smartphones with Tap to Phone capabilities.



Visa completes one billion contactless payments in Europe.

Visa has processed one billion additional contactless payments in Europe since the transaction limit was increased in countries across the continent a year ago. Twenty-nine European countries raised their contactless transaction limits as much as 50 percent in response to the COVID-19 pandemic, which has accelerated both consumer and merchant demand for touchless experiences. Sixty-five percent of consumers around the world would choose contactless payments as often or more than they currently do, according to the press release, which cited Visa research. Over 80 percent of in-store Visa payments in Europe are now made via contactless solutions, the press release stated. Customers opt for contactless solutions because they offer greater speed, convenience and security.

Visa facing DOJ antitrust investigation over debit cards.

The U.S. Department of Justice's antitrust division has been gathering information and asking whether Visa, the largest US card network, has limited merchants' ability to route debit card transactions over card networks that are often less expensive, according to people familiar with the matter. Many of the department's questions have focused on online debit card transactions, but investigators have asked about in-store issues as well.



Continued on page 9

Contactless surges as consumer doubts about mobile persist

As has been widely reported, contactless cards and payments are now the method of choice for the vast majority of consumers in developed markets. However, new re-search from Swedish biometrics firm Fingerprints has cast doubt over consumer appetite for any future switch to mobile wallets – and highlighted some persistent concerns around the security of contactless payments.

Consumers now say they use cash in just 22 percent of transactions, with the bank card now the dominant way to make in-store payments, with 73 percent of consumers across five major markets using contactless. At present, just two percent of shoppers say they use mobile wallets.

On average, one in two are using their contactless card as the main method when paying in stores. France (60 percent) and the UK (57 percent) boast the highest contactless penetration, but contactless has also gained adoption in the famously cash-heavy Germany (38 percent). The contactless card is also used more frequently than wallets or cash, with more than three quarters (77 percent) of shoppers using contactless cards weekly.

Contactless here to stay: mobile unknown?

Echoing research undertaken by the Strawhecker Group for Visa USA in late 2020, Fingerprints say that the majority of European consumers (63 percent) believe they'll increase their contactless use in future. Fingerprints say mobile payments will likely grow too, but note a clear demographic polarization, with one in four thinking they will use it more than today, but almost a third still saying they won't be using mobile wallets at all in the future.

Fingerprints also claim, plausibly, that consumers are concerned about use of their contactless card for repeat lower-value transactions in the event the card is lost or stolen. The company says that 51 percent of consumers would be willing to pay up to \$9.50 per year extra for biometric cards which confirm fingerprint information on-card, communicating with the terminal using the same Near-Field Communication (NFC) circuit used to power the contactless transaction itself, with the biometric data stored and confirmed on the card.

There's no doubt that concerns evinced by Fingerprints' research are genuine. After all, there's nothing stopping a criminal from repeatedly using a contactless card until the card is cancelled. Concerns about when to use a PIN are also valid, and no doubt the company's argument will be that the use of biometric confirmation factors avoids the need for limits and PIN



numbers.

However, the use of biometric factors can equally be applied via a mobile device, and the technology exists (from firms like Maxa and others) to combine contactless transactions with a biometric factor on the consumer's mobile. The security of contactless transactions is a developing area – and one in which we'll no doubt see many competing solutions appear in the next 18-24 months.



30% of the shift to digital payments is permanent

That the shift toward digital forms of payment was accelerated by the pandemic has been duly noted over the past year, but how much of that change will stick once the U.S. market and the rest of the world gets beyond Covid? Not all of it by any means, but a significant portion, Mastercard Inc. says in a report released Tuesday.

Consumers en masse were pushed to online shopping even for staples like groceries and restaurant meals, for example, and while some of this surge has receded as vaccination rates increase and lockdowns become less common, part of it is permanent, Mastercard says. Grocery stores pre-Covid saw 7% of their sales online, but that number jumped to 10% at the peak of the crisis and will settle at 9%, according to the forecast contained in the latest "Recovery Insights Report" from the Mastercard Economics Institute. The institute based its conclusions on data from Mastercard's global network.

While the grocery sector will see the most "digital longevity," according to the report, other sectors similarly will wind up with a permanently higher proportion of digital payments. Restaurants, many of which were forced to adopt mobile payments for the first time to cope with online orders, saw e-commerce sales surge from 18% of volume to 33% at the peak, a number that will settle at 23%, the report estimates.

Overall, Mastercard estimates between 20% and 30% of the shift to digital forms of payment across all retail sectors will be permanent. Indeed, the pandemic accounted for \$900 billion more in e-commerce spending worldwide than would otherwise have taken place last year, the report estimates. That drove the e-commerce share from \$1 out of every \$7 spent to \$1 out of every \$5.

"While consumers were stuck at home, their dollars traveled far and wide thanks to e-commerce," said Bricklin Dwyer, Mastercard's Chief Economist and Head of the Mastercard Economics Institute, in a statement. "This has significant implications, with the countries and companies that have prioritized digital continuing to reap the benefits."

At the same time, the trend toward electronic payments and away from cash for in-store transactions accelerated by an estimated one year in the United States, the report estimates. "According to our analysis of payment forms at brick-and-mortar retail stores and restaurants, we saw non-cash payments jump by an additional 2.5 percentage points beyond the ongoing trend," Mastercard says in its Tuesday release.

Industry News

Continued from page 3

ages 18 and over who visit a bank, credit union, or a brokerage branch and see a representative in person at least once per year.) Though the pandemic hastened the transition toward digital, the trend was in place well before its onset last year. In 2019, the top nine banks in the US alone spent \$64.10 billion on IT and technology expenses, per Insider Intelligence.

Fed Governor warns U.S. is not ready for Digital Dollar.

Federal Reserve Governor Lael Brainard said in a speech at CoinDesk's Consensus 2021 that there are a few policy considerations to tackle before the U.S. can issue Digital Dollars. Brainard warned that the rise of private money could ultimately harm the American payment system, leading to rising costs for businesses and consumers. She compared this to the unregulated banking days of the 1800s, in which private companies issued their own currency. "It is not obvious that new forms of private money that reference fiat currency, like stablecoins, can carry the same level of protection as bank deposits or fiat currency," she said.



Consumers interest in Card Rewards grows. More consumers are showing interest in their rewards points, according to the 2020 ACI Speedpay Pulse Study. Among consumers who make one-time payments with a credit card, more than two in three do so in order to earn rewards on their spending. The ACI study shows that this increased to 69% in 2020, compared to 66% in 2019.

Global spend on blockchain forecast to hit \$19 billion.

Organizations are forecast to spend nearly \$6.6 billion on blockchain solutions this year, an increase of more than 50% compared to 2020, spending will continue to see strong growth throughout the 2020-2024 forecast period with a five-year compound annual growth rate (CAGR) of 48.0%. The leading use case for blockchain in 2021, according to the International Data Corporation (IDC) Worldwide Blockchain Spending Guide, and throughout the forecast is Cross-Border Payments & Settlements, which uses distributed ledger technology to track, trace, and manage payments and settlements. From an industry perspective, banking leads the way in blockchain spending, accounting for nearly 30% of the worldwide total in 2021. Banking will remain the top industry for blockchain spending throughout the forecast although



Continued on page 10

Update to VAA, now identifies 45.8% of all fraud transactions

Visa Advanced Authorization (VAA) launched an upgraded U.S. model in April. This upgrade has used data from November 2019 to July 2020, taking into account card usage and fraud patterns of transactions from both pre-pandemic and during the pandemic.

The 2021 US VAA Model 1.0 is a material model update, in which Visa rolled out a new machine learning methodology, Extreme Gradient Boosting (XGBoost), following a successful pilot in the 2020 VAA International model. The upgrade to XGBoost will help achieve significant gains in both efficiency and model performance for the VAA model.

The new VAA model captures three times more fraud than the prior model and has a False Positive Ratio of five to one (5:1 FPR). MAP is the only Credit Union Service Organization to offer VAA on all credit and debit transaction processed.

Since it launched more than a decade ago, Visa Advanced Authorization has grown increasingly effective at spotting the tiny percentage of suspicious transactions that flow through the Visa network. In fact, Visa's system-wide, global fraud rate has declined by two-thirds over the last two decades - to less than 0.1 percent - even as transaction volume has increased by more than 1,000 percent. Advanced Authorization prevented an estimated \$25 billion in fraud (for the 12 months ended April 30, 2019) while processing more than 127 billion transactions in 2018.

But how exactly does Advanced Authorization work? It starts the moment that you initiate a payment at a merchant, when hundreds of pieces of information about your transaction are gathered and sent through the Visa network. As the data courses through, the artificial intelligence model analyzes more than 500 unique risk attributes, looking for clues that may indicate fraud.

For example, Advanced Authorization will consider whether the account has been used at the store in the past. What type of transaction is it - in-app or online, contactless, chip or magnetic stripe? Did the purchase take place at an unusual time of the day, or for an unusually large amount of money? And is the transaction at odds with other aspects of the account's spending patterns? The artificial intelligence algorithm



assesses these attributes in about a millisecond to produce a score of the transaction's predicted fraud probability, with a score of 1 being the least risky, and a score of 99 being the most risky.

Visa relays the risk score to the accountholder's financial institution, where the decision is made to either approve or decline the transaction.

It's such a critical part of the Visa payment network that our fraud detection team is constantly making improvements. Over the past decade, we've added a host of new features and data inputs that have made the predictive capabilities in our artificial intelligence model even more powerful. In fact, we recently expanded our risk models to draw on two full years of historic account transaction data, enabling us to detect spending patterns that were previously harder to see. This also helps us to identify good transactions that happen less frequently (and which may have seemed risky in the past), so it's less likely that a purchase gets rejected when used at retailers you shop at only occasionally.

While Visa Advanced Authorization has strengthened security for consumers as well as our financial and retail partners, fraudsters are getting more clever and capable every day. Disrupting their efforts requires both vigilance and continuous innovation. Whether it's EMV chip or contactless technology, biometric authentication, threat intelligence, or the power of artificial intelligence, Visa's multiple layers of defense are designed to prevent, detect and resolve unauthorized use of account information and to enhance the security of the entire payment ecosystem.

Semiconductor shortage is hurting chip card output



The global shortage of semiconductors that has impacted myriad industries that use the chips, from automakers and electronics manufacturers to defense contractors and even soap manufacturers, is poised to affect payment card manufacturers, according to the Smart Payment Association (SPA).

Bottlenecks in the chip card supply have become so acute that payment card manufacturers face increasing difficulties in obtaining the chips needed to produce cards, the SPA says. As a result, chip card manufacturers can expect hiccups in their production capacity to continue throughout 2022. More than 3 billion EMV-standard based payment cards need to be produced and delivered annually to consumers worldwide. The capacity constraints within the semiconductor industry are affecting availability of electronic chips for payment cards, mobile phones used for digital payments, and payment terminals at varying levels, says Jason Bohrer, Executive Director of the Secure Technology Alliance and U.S. Payments Forum.

The root cause of the shortage is the Covid-19 pandemic, which forced many chip manufacturers to temporarily shut down or reduce production out of health and safety precautions for workers. As a result, manufacturers have yet to overcome the shortage created by the production stoppage even as the global economy begins to reopen. In all, some 169 industries have reportedly been affected by the shortage.

To help address the problem, industry associations are raising awareness about the problem to spur action. For example, the SPA has initiated actions with payment networks, central banks, and governments to obtain, from semiconductor foundries, higher priority on the production of chips needed for credit and debit cards and to ensure their adequate supply.

Visa News

Continued from page 5

Visa to raises interchange fees for UK cardholders. Visa is reported to be following Mastercard's earlier decision and plans to increase interchange fees on purchases made by British customers. The company is preparing to inform its 4,000 clients that the interchange fees will be hiked to 1.5% for online credit card payments. Although Brussels capped interchange fees for all transactions inside the EU in 2015, the UK's departure on January 1 means the limit no longer applies to payments between Britain and the bloc. Beginning in October, Visa will charge 1.5% of the transaction value for credit card payments made online or over the phone between the UK and EU, and 1.15% for debit card transactions, up from 0.3% and 0.2% respectively.



Visa partners Goldman Sachs for global money transaction solution.

Visa has partnered with Goldman Sachs to help businesses move money around the world. Through its implementation of Visa B2B Connect and



Visa Direct Payouts solutions, Goldman Sachs will help its commercial and corporate banking clients simplify complexities and costs associated with existing systems and inefficient processes. These solutions will add to Goldman's cross-border business-to-business (B2B) and business-to-consumer (B2C) payments program for high and low value payments. Goldman Sachs's corporate clients can move funds quickly and securely, have near real-time visibility into their payment status, obtain necessary reconciliation and compliance data.

FINTAINIUM partners with Visa to offer Real-time Payments.

Through CIT, FINTAINIUM will be able to utilize Visa Direct, Visa's real-time push payments platform, to add real-time capabilities to FINTAINIUM's existing technology stack. Visa Direct allows FINTAINIUM customers to send and receive payments in real time. The partnership leverages CIT's advanced payments capabilities and FINTAINIUM's cloud-based platform to improve financial workflows, increase management visibility and reporting, and provide outstanding payment execution, enhancing cash-flow support for small and midsize businesses.



FINTAINIUM™
Empowering Businesses to Sustain, Grow and Profit

Industry News

Continued from page 7

its share of spending will diminish slightly by 2024.

Consumer interest in crypto payments grows.

Eighteen percent of the US adult population—46 million consumers—said they will likely use cryptocurrencies to make a purchase this year, according to a recent study from PYMNTS and BitPay. The study found that about a quarter of crypto owners have used cryptos to buy groceries (25.3%), to make online gaming or gambling payments (25.1%), and for streaming purchases (24.1%). Generational differences exist among those interested in using cryptos to fund transactions, with millennials and Gen Zers being the most enthusiastic.



Cashless transaction volumes will more than double by 2030.

Global cashless payment volumes are set to increase by more than 80% from 2020 to 2025, from about 1tn transactions to almost 1.9 trillion, and to almost triple by 2030, according to analysis by PwC and Strategy&. In the global survey of banking, FinTech and payments organizations, 89% of respondents agreed that the shift towards e-commerce would continue to increase, requiring significant investment in online payment solutions. Not only that, but they agreed (97%) that there will be a shift towards more real-time payments.



Consumers Expected To Propel Retail Sales To Over \$4.44 Trillion In 2021.

The National Retail Federation (NRF) has revised its annual forecast for 2021, now saying retail sales are likely to grow between 10.5 percent and 13.5 percent, totaling over \$4.44 trillion this year. In February, the NRF projected a 6.5 percent increase. That prediction was made when the economic outlook was less certain and before March stimulus payments were made and vaccines were widespread, the release stated. Now, the NRF expects 2021 retail sales to total between \$4.44 trillion and \$4.56 trillion. Online and non-store sales will probably grow between 18 percent and 23 percent, hitting a range of \$1.09 trillion to \$1.13 trillion as consumers keep using eCommerce.

The Federal Reserve Bank is developing a digital currency



The Federal Reserve is moving forward in its efforts to develop its own digital currency, announcing Thursday it will release a research paper this summer that explores the move further. Though the central bank did not set any specific plans on the currency, Chairman Jerome Powell cited the progress of payments technology and said the Fed has been “carefully monitoring and adapting” to those innovations.

“The effective functioning of our economy requires that people have faith and confidence not only in the dollar, but also in the payment networks, banks, and other payment service providers that allow money to flow on a daily basis,” Powell said in a video message accompanying the announcement.

“Our focus is on ensuring a safe and efficient payment system that provides broad benefits to American households and businesses while also embracing innovation,” he said.

Fed officials have emphasized the importance of getting the issuance of a central bank digital currency right rather than participating in a race with its global peers. However, the moves of multiple countries, most prominently China, in the central bank digital currency (CBDC) space has intensified talk about how aggressively the Fed should move. China’s progress has stirred worries that it could undermine the dollar’s position as the global reserve currency.

“It’s going to take some time to do it right,” said David Treat, leader of the blockchain practice for Accenture, which is leading public-private research initiative into CBDCs. “We’re talking about a four- or five-year journey to real availability and usage and a lot of learning that has to happen between now and then to make sure how it’s implemented fits with each country’s social values and laws.”

Letter from the CEO

While we are still grappling with the impacts of the COVID-19 pandemic, the crisis revealed limitations of some traditional payments and highlighted the need to transition to contactless and digital payments. Last year was the first time many consumers used contactless at the same time many others were adopting new payment methods. According to a recent Chase study that examined consumer digital banking preferences, 30% of respondents signed up for peer-to-peer payment options in the last year – it also found that mobile wallets attracted roughly 30% of total users in 2020. Among Baby Boomers, 58% were likely to use an online digital payment app.

Across industries, businesses have had to adapt to new forms of payments. In the US alone, ecommerce sales were up more than 32% year-over-year, totalling nearly \$800 billion last year according to data from eMarketer. The pandemic has acted as a catalyst for the necessary and inevitable shift toward digital payment processes. While the transition to digital payments offers many benefits, it also is increasing the number of entrants into the market. As J.P. Morgan Chase's CEO Jamie Dimon wrote in his annual shareholder's letter, "Banks are playing an increasingly smaller role in the financial system."

"It is completely clear that, increasingly, many banking products, such as payments and certain forms of deposits, among others, are moving out of the banking system. In addition, lending in many forms – including mortgage, student, leveraged, consumer and non-credit card consumer – is moving out of the banking system," he wrote.



Cyndie Martini
President/CEO

In short, the CEO of one of the world's largest banks is conceding many parts of the consumer market to new entrants. And while I don't think credit unions should surrender like Chase, I do grapple with how our community financial institutions can succeed as market competition heats up. The pandemic has shown us how credit unions can respond during the most difficult of times and still put their members first. "Putting the member first" has to be both our strategy and guiding principle as we take on new competition like neobanks and big tech.

At MAP we recognize that what really sets a credit union apart is the relationship built with each member. Central to that relationship are the payments and daily financial transactions managed by the credit union and facilitated by MAP. Others may sacrifice that relationship for profits. We never will.

With a dedication to credit unions aligned with our extensive expertise in payments, we are helping our clients embrace new payments solutions for the future of their institutions. We do this with the firm understanding that every time a member uses the credit union's card or digital payment method, it's not just another transaction. It's the relationship that is at risk.

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 stylized, handwritten signature in blue ink that reads "Cyndie Martini".

PRSRT STD
US POSTAGE
PAID
SEATTLE, WA
PERMIT #1445



PO Box 88884
Seattle, Washington 98188

Phone: 1.866.598.0698
Fax: 206.439.0045
Email: info@mapprocessing.com