



ACCESS THE WORLD

ISSUE 24 | Winter 2013

Inside this issue . . .

- P.2 – V.me by Visa Digital Wallet
- P.3 – Training and User Groups
- P.4 – Industry News
– ATM Compliance in 2013
- P.5 – Cardless ATM
- P.6 – Educating Members about Prepaid
- P.7 – Visa News
- P.8 – 13 Trends for 2013
- P.10 – Increasing Member Loyalty with Mobile Payments
- P.11 – Letter from the CEO

Credit Unions are “cashing in” with MAP Plastics.

It's time to save money. It's time for MAP Plastics. For a credit union, reducing expenses is just as important to the bottom line as increasing revenue. While we can expect membership to grow in 2013, anticipated interest rates will remain at record lows. The prospect of flat income from interest means credit unions are looking for ways to cut costs in all areas of their budgets, while still maintaining quality service levels for their members.

Responding to credit union needs is central to MAP's mission. Core to our business philosophy is providing the industry's leading products at the best price. This past year, we introduced MAP Plastics, full-service card production and fulfillment services for credit unions seeking a best-in-class and cost-effective solution.

"MAP Plastics will support the rigorous requirements of any financial institution's card program," states Cyndie Martini, President and CEO of Member Access Pacific.

"In addition to helping our clients find an affordable alternative to what's currently available in the market," says Martini, "MAP Plastics is a 'world class' solution out of the gate. From traditional credit and debit banking cards to fast-paced prepaid and image card



applications, MAP Plastics offers magnetic stripe, contact, contactless and dual-interface cards for any traditional or EMV card program."

In 2012, TwinStar Credit Union moved its debit and credit card plastic production and fulfillment to MAP Plastics. "We estimate that TwinStar has saved 20 to 30 percent by switching to MAP Plastics," states Scott Daukas, TwinStar's Vice President of Operations. "This doesn't even begin to put a value on the operational improvements we have enjoyed with MAP Plastics."

A key feature of MAP Plastics is "Smart Connection," an online card ordering and inventory management system. "It is far easier to use than our previous system," explains Shanna Palmer. "We used it everyday to fulfill members' special requests. It is especially user friendly in choosing

Continued on page 7

Contact Map at:

16000 Christensen Road, Ste 240
Tukwila, Washington 98188

Phone: 1.866.598.0698

Fax: 206.439.0045

Email: info@mapacific.com

www.mapacific.com

Visa “Super Sizes” Digital Wallet Service

V.me offers your members a single payment solution for all their digital shopping needs.

Welcome to the next evolution of payments - V.me by Visa. Visa's new digital wallet service frees online shoppers from having to repeatedly enter account number, bill-to and ship-to information at checkout. This will change the way tens of millions of people shop and pay by making online checkout simple and secure. Account holders will be able to make payments online using V.me and check out simply by entering a username and password.

V.me is quickly expanding with issuers and merchants since its launch in November of last year. Leading credit unions, including Alliant, Pentagon Federal, and Xceed Financial, have joined large institutions, such as IBC Bank, US Bank and Bank of America, to make this one of Visa's most successful product launches. In just the first few months as many as 55 million have joined V.me.

It's no surprise that consumers are demanding greater convenience in their payment options, and no matter what device they are using, they accept “no excuses” when the tools fails to work reliably. V.me—a digital wallet service from Visa—does just that, delivering the security, simplicity and personalization your members desire as payments continue to evolve.

V.me gives your members the ability to store most major payment brands — Visa, MasterCard, American Express and Discover cards — allowing them to make purchases easily from any device without having to enter in their information time after time. By simply entering in their V.me username and password, they can make payments easily and securely.

Benefits for your Members. V.me puts your members in the center of commerce. Your members:

- Experience a consistent payment process across channels
- Manage profile and payment methods
- Get alerts on Visa card usage

INTRODUCING V.me



Secure
V.me provides cardholders all the security and protections they have come to expect from Visa



Multi-channel
Easily make online payments through V.me using a computer, tablet or mobile phone



Personal
Future features will enhance the control and value cardholders get from their payment experience





Simple
Cardholders can check out on any website where V.me by Visa is accepted without having to re-enter payment information



Targeted, relevant offers
Future features will allow cardholders to receive offers based on their activity and interests



Flexible, open platform
Compatible with all major credit and debit cards



- Checkout securely and easily using one username and password
- And in the near future, new features may be added that will allow your members to better access and use V.me to simplify their payment experience across channels.

Benefits for your Credit Union. When your members use V.me, your credit union:

- Positions your card at the top of your cardholders' digital wallets
- Reinforces its perception as a payments technology leader
- Reduces concerns about security, which drives transaction growth
- Gains valuable insights into cardholder shopping behavior
- Maintains and deepens member relationships by customizing V.me

The release of V.me could not be more timely, as the difference between shopping online and in-store becomes increasingly blurred. Members are seeking a payment tool to meet their new behaviors.

Continued on page 5

2013 Plans for MAP Training and User Groups

There is no better way to stay abreast of the payments industry and learn about the latest issues impacting credit unions than to participate in MAP's User Group for Debit, Credit and ATM Services. The MAP User Group meets quarterly at regional locations. The first quarter meeting is scheduled for February 21 at TwinStar Credit Union in Lacey, WA.

The February meeting will include a presentation about Mobile Payment Innovations and an Open Forum for client issues, including Fraud and Risk Management, Review of April 2013 Business Enhancements, Client Training Needs, Plastic Card Production and Fulfillment, and the 2013 MAP Roadmap. To participate in the User Group, contact Conrad Spotts, conrad.spotts@mapacific.com or at 206.787.1626.

MAP's 2013 Plan was introduced by Conrad Spotts, Training Manager, at the January 8 "Kick-off Call and Webinar." During the webinar, Conrad outlined the plan for client training, including a review of online resources available for MAP clients:

- MAP's online Training Calendar
- Training Center Webinars (listed below)
- Product Tutorials
- Visa Business School & Visa Online

MAP offers training webinars to clients free of charge. These sessions are designed to meet ongoing educational needs for products provided by MAP. Whether you have staff who need to learn a process for the first time or a veteran who would like a refresher, each webinar is a balance of the operational functions of the topic and ideas for practical application with time for questions throughout.

First Quarter Webinars – 2013

Prepays – Issuing General Purpose Reloadable (GPR) Cards. A one hour webinar covering the specifications of MAP's GPR program and how to issue cards in PAT. This webinar is intended as a refresher for those already familiar with PAT or for new frontline staff to get a better understanding of the procedures required by the PAT system. January 15th @ 10:00am PST

ATM Campaign Management Training. This webinar will cover the basics you need to know to create a graphic campaign and push it out to your target ATMs. January 22 @ 11:00am PST

Transaction Inquiry on Visa Resolve Online (VROL). Learn the Transaction Inquiry functions in Visa Resolve Online (VROL) along with various search techniques to find what you are looking for faster. February 5th @ 1:00pm PST



Maintaining Card and Account Records. Learn the basics to the Card and Account Maintenance application in CATS. Topics covered include basic navigation and settings of the application, statusing cards, resetting PIN fail count, creating a new record, PIN Offset. February 19th @ 10:00am PST

Working with Visa Data Manager Shared Reports (VDM). This will webinar will highlight key reports that will grow your understanding of the information available in VDM and how to access it. March 12th @ 11:00am PST

Introduction to Falcon Fraud Management. An overview of how Falcon Fraud Management scores transactions, the difference between real-time and online scoring, and Falcon Case Creation. March 26th @ 1:00pm PST

Webinar Rethinking Consumer Debit in the Post-Durbin Environment

The Great Recession, the Durbin Amendment, the 2012 Presidential Election... through all of these significant events, how has consumer debit evolved and what are its prospects for the future? Learn about the state of the debit card industry, including growth trends and how debit cards continue to meet evolving consumer needs by attending this informative webinar:

Date: Tuesday, February 12, 2013

Time: 11:00 a.m. PST

To register for this event, go to mapacific.com/training_center

Industry News

Growth in the Debit Market. The 2012 Debit Issuer Study conducted by Oliver Wyman reports that debit card growth remains robust. Seventy-six percent of consumers now have debit cards, up from 73 percent in 2010. The average consumer debit cardholder spent \$8,326 on a debit card in 2011, up from \$7,781 in 2010. Active debit users averaged 18.3 debit purchases per month, up from 16.3 the year prior. For 2012, exempt debit issuers (under \$10 billion in assets) are expected to see 14% growth in PIN debit transactions, 13% for signature.



Mobile Transactions to hit \$730 Billion by 2017.

The value of goods purchased via mobile devices is expected to exceed \$730 billion annually by 2017, according to a recent report by Juniper Research. Moreover, the report has revealed that as consumer tablet adoption continues to rise, there will be significant migration of purchasing activity from laptops and desktops to tablet devices, accounting for 30 percent of eRetail within five years.

Credit Card Rewards Programs Need to Go Mobile. Despite their success with web sites and customer service, rewards card issuers must improve mobile capabilities in order to capitalize on marketing opportunities, according to a new report from Aite Group. After the financial crisis of 2008, card issuers surveyed about their top marketing priorities cited rewards as a critical element of their customer acquisition strategies. As the number of cards in force has declined over the past few years, rewards cards—which accounted for roughly 85% of all U.S. credit card spending in 2008—have become even more important to card issuers' marketing strategies.

Retailers Take Legal Action Against Interchange Settlement Case.

Best Buy and Target are among the group of retailers fighting the proposed \$7.25 billion antitrust settlement involving Visa, MasterCard, the country's biggest banks and millions of retailers over the credit card fees retailers must pay. The opposing retailers argue the settlement doesn't do enough to rein in high credit card processing fees, and restricts their ability to sue in the future. U.S. District Judge John Gleeson in New York gave the settlement preliminary, but not final, approval in No-

ATM Compliance Issues in 2013

Over the past year, operating an ATM became even more challenging. In addition to new ADA rules that took effect in March, the list of regulations and requirements for ATM operation continues to grow. The following is an excerpt from ATM Compliance Handbook 2013, recently published by ATMmarketplace.com.

Americans with Disabilities Act. In 2012, this regulation gained the force of law. Yet, as of the March 15, 2012 deadline, some credit unions are still trying to bring their ATMs into compliance.

Surcharge-fee disclosure. Under the Electronic Fund Transfer Act of 1978, U.S. ATM operators are required to display a physical notice at every ATM advising users about potential surcharge fees. For the very basic cash machines of that era, the law made sense. But decades after the law's enactment, ATMs can now convey this information on screen, rendering the placard redundant. Thanks to extensive lobbying by affected industries, the U.S. Congress has been spurred to stem frivolous litigation.



EMV/Chip-and-PIN. Visa, MasterCard and American Express all have issued roadmaps for EMV migration in the United States. However, only MasterCard has announced an EMV compliance deadline for ATMs – and that applies only to transactions using Maestro. On April 15, 2013, liability for fraudulent Maestro transactions will shift to acquiring networks. As these transactions represent only a minuscule percentage of ATM transactions in the U.S., industry members are finding it difficult to justify the costs for an EMV upgrade.

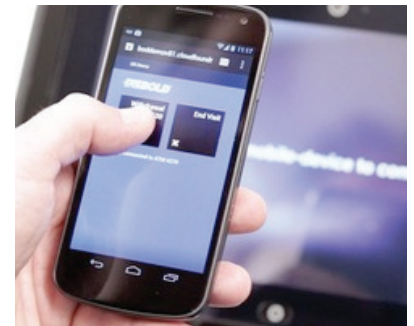
Currency design. To make U.S. banknote denominations distinguishable for the seeing impaired, the U.S. Bureau of Engraving and Printing is changing the design of the nation's currency. The challenge for ATM operators lies in accommodating the changes to the installed base of more than 400,000 machines.

To date, the Consumer Financial Protection Bureau has not had a direct impact on the ATM industry. However, in the past year, the agency has extended its reach into new market segments, including credit reporting and prepaid cards. A high-profile security breach, large-scale fraud or consumer lobbying all have the potential to push the ATM industry into the CFPB's sights.

Millennial-inspired ATM to enable Cardless Transactions via the Cloud.

Diebold is hoping to bridge the gap between its 20th century ATM technology and the modern era's mobile obsession with a new "millennial-inspired" machine that lets users make cardless transactions with their handsets. At the 2013 Consumer Electronics Show, Diebold showcased its new "conceptual ATM interface", which borrows the touchscreen, navigation and controls familiar to smartphone owners.

To complete a cardless withdrawal, pre-registered bank customers scan a QR code on the ATM using their phones. When the devices sync via the cloud, a transaction screen appears on the handset where the customer selects the withdrawal amount. The cloud server then sends a one-time code to the phone, which the customer enters on the ATM screen to authenticate the transaction and receive cash.



V.me Digital Wallet

Continued from page 2

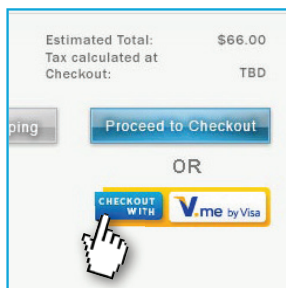
V.me is that solution, designed to take the friction out of commerce regardless of where members shop – online, via mobile device or at retail locations using Visa and non-Visa accounts.

Previously, online shoppers needed to complete at least 6 steps and up to 42 information fields to make an online purchase. With V.me

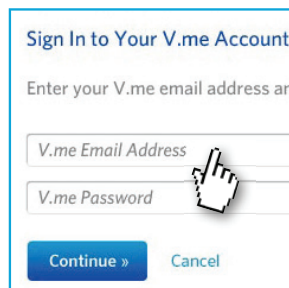
V.me is the perfect solution for credit unions wondering how they could compete against growing list of "alternative payment products" on or entering the market today, including behemoths like PayPal, Amazon, Apple, and Google. One of the most quoted analysts in 2013 about Digital Wallets is Zilvinas Bareisis, Senior Analyst with Celent's Banking Group. In his report "Digital Wallets: Crossing the Chasm Between Online and Offline Payments," he is discouraging financial institutions from launching their own independent wallets. Most institutions, he recommends, "will likely be better off focusing

V.me simplifies the online checkout experience.

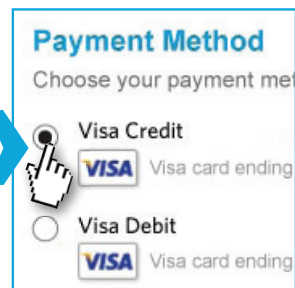
1 Click V.me button to check out



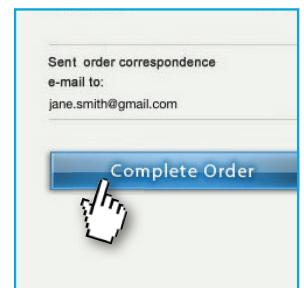
2 Enter email address and password



3 Confirm payment card choice



4 Complete purchase with a click



by Visa, your members can now check out online quickly and securely. V.me meets the challenge to forge secure element-based payment credentials online and cloud-based credentials at the physical POS. In the future, V.me will streamline transactions at the point-of-sale using Visa payWave and embrace new technologies that meet Visa's standards for security, reliability and interoperability.

Customers of credit unions that have signed on with V.me can use the service as a shortcut to make quick online payments and provide other billing and shipping information securely with participating online retailers.

on making their payment credentials available and 'top of wallet' in the wallets already out in the market, as well as enhancing and extending their mobile banking platforms with value-added services, including payments."

For more information about joining V.me by Visa, please contact Bryan Elder, National Sales Executive at 866-598-0698, ext. 1624, or bryan.elder@mapacific.com.

Educating Members About Prepaid Cards

Prepaid cards have become an important financial tool for the unbanked and underserved, enabling these consumers to manage and move money electronically over the same rails that bank account holders do. Consumers are being drawn to prepaid cards in record numbers, reason enough to improve the information out there. A recent Pew survey has estimated that prepaid accounts are worth about 600 percent more than they were just three years ago.

One reason is because mainstream shoppers have gotten used to alternative payment forms, and are enjoying their convenience and value. Online services, mobile apps and mobile devices have made it cool and easy to veer from the paper check and cash when making payments.

The time has come to make a serious effort to educate the members about prepaid through public relations campaigns, advertising, and social media marketing. There's nobody better to market prepaid than the credit unions who have an existing relationship with their members.

Prepaid Requires No Approval; Just Money

The beauty of the prepaid card is that there is no approval process. Another plus is that there is no risk of accumulating debt. There are no overdraft fees, because you can only spend the value that is stored on the card. However, unlike a credit card, the prepaid card will not help consumers build a credit history or raise their credit score.

Fee Structure – Getting the Best Deal

Consumers should try to avoid cards with too many fees. ATM fees are pretty hard to avoid, but you can dodge plenty of other charges by picking the right card. It's important for consumers to watch out for activation, monthly, and usage fees. MAP offers the lowest priced product in the market today. MAP Prepays have no monthly fee, no activation fee, and no maintenance fees. Your members only incur a fee when they elect to use a service.

Fraud Liability

MAP's Visa branded prepaid cards offer the same fraud protection as Visa debit. Specifically, MAP Prepays are governed by Regulation E that requires coholders to be reimbursed for unauthorized transactions when a prepaid card is lost or stolen. Not every prepaid card is protected by Reg E. For example, The Bluebird card recently launched by Walmart and American Express does not offer the same



Reg E protections because it is not issued by a financial institution, such as a bank or credit union. The lack of these features prohibit deposit of government funds onto Bluebird cards.

Gift Cards Are Prepaid Cards

Closed loop gift cards are issued by merchants, such as Target, Best Buy, Macy's, or Starbucks. Stores like to issue gift cards to acquire customers. It is actually a way for them to build loyalty to their brand. Open loop gift cards are network branded prepaid cards carrying the American Express, Discover, MasterCard or Visa network logo. These are considered general purpose debit cards (GPR) because they can be used anywhere that takes the logo. Consumers use them for everyday purchases and bill pay. The card is used like a debit card but is not tied to a checking account. The GPR card market is one of the fastest growing segments of the overall prepaid market. According to the Mercator Advisory Group, the total dollar value of funds loaded to GPR cards is expected to grow at an annual rate of 42 percent.

Transparency, Clear Disclosure

Whatever the product, marketing messages should be clear and there should be understandable disclosure on price and cost of ownership. The Consumer Financial Protection Bureau (CFPB) is in the process of figuring out how to regulate GPR cards to more thoroughly protect consumers. New rules are being developed by the CFPB to make sure that people understand how GPR cards work and to oversee card providers that set fees and terms.

For more information about MAP's prepaid and gift cards, please contact Bryan Elder, National Sales Executive at 866-598-0698, ext. 1624, or bryan.elder@mapacific.com.

Industry News

Continued from page 4

vember, and the opposing retailers have already appealed. Credit unions were not directly involved in the settlement but have been members of different payment industry coalitions formed to protect credit and debit card interchange and which have had input into the settlement.

Mobile Banking Users to Triple by 2016. The number of U.S. consumers using mobile devices to conduct financial transactions and activities has grown significantly, according to a recent report by the Aite Group. The study estimates that nearly 7,000 financial institutions in the United States currently offer mobile banking to their retail banking customers. Among smartphone owners, 36% use the device to check their bank account balances, nearly three in 10 get account alerts sent to the device, and roughly one in six use it to transfer funds, pay bills, and view their monthly bill statements. "Aite Group anticipates that mobile banking users in the United States will triple between 2012 and 2016," says Ron Shevlin, senior analyst with Aite Group and author of this report. "Tablets will become financial management devices, and smartphones will become financial transaction devices. Financial institutions should invest accordingly."

MAP Plastics

Continued from page 1

'when and where' a card is delivered. Members are able to pick up their card in a branch or at a relative's address if they are concerned about the safety of their own mailbox. We can FedEx a replacement card to a member who's lost his or her card on vacation, tracking the delivery to a hotel or other location until it is received."

In anticipation of EMV chip introduction into the U.S. market, MAP has found the leading card production and fulfillment solution to support our client credit union future needs, EMV-In-A-Box. Working with Oberthur Technologies, MAP is offering a fully integrated EMV migration solution and management program based on best practices gained through our experience on hundreds of EMV projects worldwide. Oberthur's EMV team uses its years of experience and expertise to adapt to the technological framework and project criteria of the credit union. Our hands-on approach will help credit unions easily understand the possibilities of EMV and chip cards through extensive training of all stakeholders in the credit union.

For more information about switching to MAP Plastics for your Card Production and Fulfillment needs, please contact Bryan Elder, National Sales Executive at 866-598-0698, ext. 1624, or bryan.elder@mapacific.com.

Visa News

Visa Still Viewed as Growth Stock. While Visa may be a 50-year-old brand with annual revenue of more than \$10 billion and a market cap of \$79 billion, there is still room to grow. Since Visa went public in 2008, revenue has grown 14% on a compounded annual basis as consumers around the world continued to move from cash



to plastic. Credit card processor Visa has plenty of room to grow as emerging markets use plastic and simpler ways to pay merchants takes hold. Since the IPO, earnings have grown at a compounded annual rate of 30%, though growth is expected to slow to just below 20% the next few years as Visa invests to keep customers and win new ones. There is a lot more shifting to come from cash to plastic and beyond to keep Visa in growth mode, Visa's management says. "At the time we went public, there was \$11 trillion to \$12 trillion of cash globally," said Chief Financial Officer Byron Pollitt in a recent interview. "Today there is \$13 trillion. So the growth runway we have before us is even longer today."

Visa to Continue Growth with New CEO. The next leg of growth will come under the helm of new CEO Charles Scharf, a former head of JPMorgan Chase's (JPM) retail arm. He took over from soon-to-retire Joseph Saunders, who led Visa through its IPO and a thicket of U.S. regulations over the last year, which impacted its industry-leading debit business. A lot of new growth will likely come from outside the U.S., where card spending is growing faster than in the more mature U.S. card market. Think of the card processing business as a toll road, says Nomura Securities analyst Bill Carcache. "The toll road has been built, and you drive incremental volume over that toll road," he said. "For every additional dollar of revenue that comes in for Visa, essentially 90 cents is gross operating income." For smaller MasterCard, it is 80 cents of each incremental dollar, he says. "It's more expensive for MasterCard to drive the kind of volume growth relative to Visa," Carcache said.

Neiman Marcus and Visa offer real-time mobile offers. High-end retailer Neiman Marcus Inc. is partnering with card brand Visa Inc. to test a mobile offers program. Through the program, called nmbuzz, Neiman Marcus shop-

Continued on page 8

Visa News

Continued from page 7

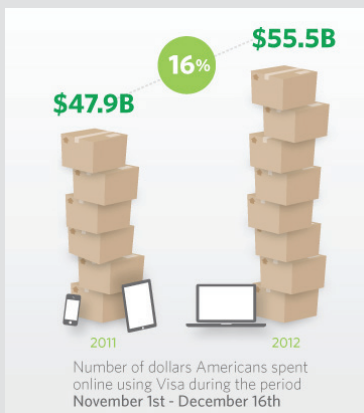
pers can be connected via their mobile devices to real-time offers, fashion news from Neiman Marcus experts and updates on sneak previews and designer appearances. Neiman Marcus shoppers can enroll their eligible Visa accounts and mobile phone number at the Neiman Marcus site. Then they can use their enrolled Visa cards as normal. Through Visa's real-time messaging technology, shoppers receive information via SMS text messages while shopping with the enrolled Visa card up to two times per week. "Personalization and mobile technology are driving growth in today's retail environment," said Leigh Amaro, senior business leader, Visa. "Visa works closely with merchants and financial institutions to create new ways they can use our network to better meet the needs of their customers."

Visa launches ATM-dispensing prepaid cards.

Todd Nuttall, CEO of Better ATM Services, has announced the nationwide rollout of Visa prepaid cards through a walk-up or drive-through ATM. The cards are made from a material thin enough to be dispensed through a standard banknote cassette, but durable enough to withstand frequent use by the cardholder. Before their introduction, the cards were subjected to rigorous testing to make sure they met Visa standards.



2012 is first official Cyber Holiday Season. Visa reported that merchants made more than \$50 billion in online sales from U.S. Visa accountholders from November 1 to December 16, 2012, up 16% from the same period in 2011. While Cyber Monday remained the busiest online sales day of the year – representing \$2.1 billion in online sales from U.S. Visa accountholders – Visa's network saw seven days with more than \$1 billion in online sales during the 2012 holiday season, making this what Visa is declaring the first official Cyber Holiday Season.



13 TRENDS FOR 2013

MUST READ: In its first edition of Looking Further with Ford, the company uses insights from trend research to inform strategy and create products. As it takes more than 36 months to bring a new vehicle to market, the car maker must find ways to anticipate what customers will want, need and desire—well into the future. But this book is more than Ford's view of the attitudes that will shape the world in 2013 and beyond, it is also the company's aim "to further discussion, deepen insights and spur innovation across the globe."

"Since we cannot predict the future, we look to global trends for inspiration. We monitor shifts in social, technological, economic, environmental and political arenas, as these will be the drivers of consumer values, attitudes and behaviors in the future." Below are insights from the publication. (For the full report, please visit <http://media.ford.com/images/10031/FordTrendBook2013.pdf>)

The report uncovered three major themes across the 13 trends:

(1) Trust as a differentiator:

Given its relative scarcity, trust is emerging as a key positive differentiator for brands. Correlation of trust to brand equity has increased by 35 percent since 2009. As a result, brands are having to rethink how they communicate with and reveal themselves to consumers – the more real and authentic they are, the better.

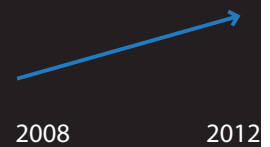
(2) Personal accountability

is on the rise – and with it, a comfort with failure: 80 percent of adults globally disagree that "there is little I can do to change

Trust in brands has dropped by 50% since 2001.

TRUST

Correlation of trust to brand equity increased by 35% in three years since the crisis.

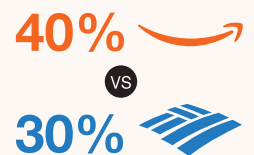
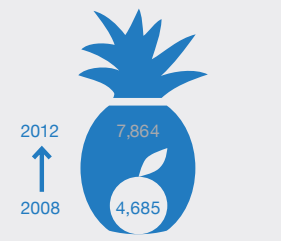


65%



Nearly two-thirds of people believe 'they and their friends can change corporate behavior by supporting companies that do the right thing'

RISE OF FARMER'S MARKETS



40+ percent of people say they would open a bank account with Amazon, vs. only 30% of people who say they'd open an account with Bank of America

More people are exercising restraint through prepaid debit cards:



Amount consumers are expected to load onto prepaid cards in 2013—a 200 percent increase since 2010.

Rise of the freelance nation:

42 Million

FREELANCERS IN THE U.S.

Today's contract workers are Lawyers, Journalists, Daycare Workers, Graphic Artists, Accountants, Videographers. Whatever the job description, independent living frequently means floating from project to project, cobbling together a living from many different sources

I WOULD WILLINGLY MAKE LESS MONEY IN EXCHANGE FOR MORE TIME WITH MY FAMILY.

78%

Agree

The home-ownership dream is dissolving.



12% of whites between age 18 and 34 told Pew that owning a home was "one of the most important things" in their life

my life" and 82 percent say that having and admitting failures is critical to overall success. As a result, they are taking risks, blazing their own paths and reshaping conventions.

(3) Collective empowerment is booming: As consumers accept more personal accountability, they are also learning to rely on each other for support: 80 percent say discussing goals and objectives with others makes their targets easier to achieve. And they are recognizing that their individual small acts can, in the aggregate, make a big impact on society, which is perhaps why 85 percent agree that "problems are better solved by local communities than the national government."

Ford's first prediction is "The return to optimism and self-reliance in the Post-Crisis Age." The tide of trust is turning. After a half-decade of disheartenment — fueled by economic uncertainty, political gridlock and business scandals — consumers are ready to trust again. But this time they are starting from a very different place: instead of blind faith in institutions, they are placing trust in themselves, in their peers — in the things that they believe to be real and truthful.

According to Ford, trust in brands has dropped by 50 percent since 2001. You could interpret this as consumers rethinking the way they interact with brands and how those brands behave. Not surprisingly, this drop coincides with the explosion in social media and consumers' ownership of the brands they interact with.

In the report, trust cuts across all aspects of the customer experience — how products work, innovation, customer service and quality. This has a big impact on brand equity—a 35 percent increase in the correlation between trust and brand equity from 2009 to 2012. In other words, brands have to be seen as address-

ing consumers' needs first, while dealing with their customers in authentic and genuine ways. As people watch every dollar they spend, they want their brand choices to positively reflect their own personal brand, reputation and even finances.

In the payments industry, the trust factor always should be top of mind. While established networks have nearly 50 years of good governance, security and service, new payments brands, form factors and business models come to market with a bias for simplicity. However, this quest for simplicity might lead them to run afoul of some of the safeguards that have built consumer, merchant and issuer trust in the system. It's important that everyone in the payments industry — both established players and newcomers — learn from each other on how to improve the payments system and reinforce this key value of trust that is at the foundation of what we do.

Since the Recession, I realize I am happier with a simpler, more down-to-earth lifestyle.

65% agree

85% Agree

that "Problems are better solved by local communities than the national government"



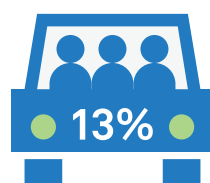
Gen Yers are

72% more likely than adults 35+ to agree that "Where a brand is sold influences how I feel about a brand."

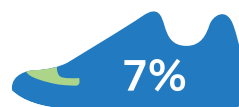
13

Only 12%
of today's adults ages 18-30 are currently married with children, compared to 50% of the Baby Boomer Generation at the same age.

Surveys show that 13% of Gen Yers carpool to work...



while 7% walk. 88% want to be in an urban setting.



85% say it's my civic duty to recycle



Increase Member Loyalty with Mobile Payments

Mobile payments are not only immediate and intimate, but also an opportunity for increased member loyalty for credit unions – if they do it right. The growth in smartphone adoption is directly affecting members' loyalty behavior, driving more credit union marketers to develop loyalty offerings that provide instantaneous benefits and recognition. The draw and attractions are straightforward. For members, mobile payments create a less-harried checkout experience and easier expense tracking. For credit unions, they provide increased member engagement and understanding of their payment behaviors as well as the opportunity to cross-sell other financial services.

Mobile technologies offer a myriad of tools for loyalty marketing. The loyalty tools for smartphones include:

1. Membership IDs that are stored centrally (on a digital wallet).
2. Points redeemer, an instant program update channel with news and "close to" reward announcements.
3. High-impact communications device for location-specific services.
4. Delivery channel for rewards from coupons to games to events to content.
5. Replacement for cards and cash, of course.

The loyalty challenge is making the channel relevant enough that people will overcome their bias about receiving promotional and loyalty messaging within it. Mobile payment has the potential to increase customer loyalty by giving customers what they want, when they want it and how they want it. Here are five ways in which mobile payments can increase loyalty:

More information sharing. Mobile payment will provide key information related to members' payments, accounts or purchases overall.

Strengthen member relationship. A recent ABI Research survey found that 45 percent of smartphone users with a retailer-branded app visit the retailer's store more often.

Greater relevance in communications and offers. Once members have signed up for mobile payments, research shows they become more engaged through a channel that offers greater immediacy and intimacy.

Simultaneous capturing, tracking and redemption for loyalty currency. The use of loyalty points as currency can be facilitated on mobile platforms and stored value cards will enable the use of loyalty currencies at the point of sale system.

Growth of location-based marketing. With proper opt-in, credit unions can notify members of special loan rates or offers when they are at the auto dealer or shopping at an appliance store.



Member Loyalty is a credit union's best friend.

MAP delivers proven loyalty platforms designed with tactical and leading innovations in our industry. Our solutions are customizable to fit your goals and implemented to generate engagement and increase revenue.



Letter from the CEO

2013 is the year of the Digital Wallet.

The time has come. In the next few years Digital Wallets will become widespread. The numbers are staggering for both adoption and usage. Visa's V.me digital wallet has now signed up more than 50 new partner financial institutions and PayPal recently reported a steep year-over-year rise in Cyber Monday purchases made with mobile devices (up almost 200 percent). The fact is digital wallets are now quickly gaining momentum and as Ron Shevlin, senior analyst with Aite Group predicts, expect everything that financial institutions, retailers, and merchants do in the area of shopping and banking in 2013 will fall under the banner of "Digital Wallets."

As the hype around digital wallets continues to build, many credit unions find themselves at a crossroads in their strategic thinking. On the one hand, a digital wallet represents a valuable communications channel through which credit unions can deepen member relationships, gain valuable insight into spending habits and a clearer understanding of member attitudes toward new products and services.

Yet, a big question remains over when, or even if, members will adopt the digital wallet. To minimize the risk, it is important to partner with a third-party Digital Wallet provider, one with payments expertise and brand identity like that found with V.me by Visa. Let Visa worry about increasing reach across merchants and financial institutions. It's a recognized and trusted brand like Visa that can build customer confidence in the solution and solidifying adoption rates.

This is the year of the Digital Wallet and choosing to ignore it is to risk a cornerstone in a highly competitive and fast moving payments ecosystem. I encourage you to take this crucial first step into the digital marketplace. The next major step will be EMV adoption as the payment industry makes the giant leap into the final step of Mobile Payments adoption. In less than three years, October 1, 2015, Visa will shift the financial liability for card-present counterfeit fraud losses from the issuer to the party that is the cause of a chip transaction not occurring, in many cases the merchant.

MAP is already putting in place the tools to ensure our client credit unions can make a smooth transition to EMV. We started MAP Plastics (see "Credit Unions are 'cashing in' with MAP Plastics" on page 1) to assist credit unions over the technical hurdle associated with an EMV migration. MAP is offering a fully integrated EMV migration solution and management program based on best practices gained by our MAP Plastics card production partner's, Oberthur Technologies, experience from hundreds of EMV projects worldwide.

At MAP, we strive to make our clients more competitive by providing payments solutions that best serve their members. Our success comes from providing cost effective, best-in-class solutions for our clients. For more information about how MAP can best serve you and your institution, feel free to call me, 1-866-598-0898, ext 1610 or email me at cyndie.martini@mapacific.com.



Cyndie Martini
President/CEO

Best regards,

Cyndie Martini
President/CEO

PRSR STD
US POSTAGE
PAID
SEATTLE, WA
PERMIT #1445



16000 Christensen Road, Ste 240
Tukwila, Washington 98188

Phone: 1.866.598.0698

Fax: 206.439.0045

Email: info@mapacific.com