MEMBER ACCESS PROCESSING

Payments Report

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MAP's Annual Conference returns to Cedarbook Lodge after 10 years

The amount of data we produce every day is truly mind-boggling. There are 2.5 quintillion bytes of data created everyday. And the pace of growth is only accelerating. Over the last two years alone, 90 percent of all the data in the world was generated. For a credit union trying to keep pace with member expectations, it means delving into those heaps of data and discovering their needs and wants.

For the payments professional, digital transformation has mushroomed both our current workload and destined roadmaps. In light of all that's happening, Member Access Processing is mixing it up at this year's Annual Conference with a mingle of topics we're calling the 3 P's: Perspective, Product, and Pleasantry. The 2019 Annual conference is dedicated to helping our payments colleagues find a little meaning and new-found energy amongst the relentless changes we are confronting daily.

Member Access Processing is pleased to welcome client and guest credit unions to our 19th Annual Payments and User's Conference, a two-day event for credit union professionals to to learn about the rapidly

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uConference 19

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Boaz Rauchwerger

evolving payments and financial services industry. This year's conference will kickoff on August 22 with a workshop on enhancing profitable, positive relationships. Participants will be tapping ancient wisdom to solve practical problems in a skill-building workshop focused on problem-solving, better relationship tools to unleash your best possible self as a leader and individual.

On Friday, August 23, the second day of the conference will feature industry experts, including Visa business leaders, an economist, and payments experts. Starting off the day will be George Perry, Visa's Senior Leader for Mobile and Digital. George will demonstrate use cases of several new initiatives from Visa, including Digital Issuance, Travel Notification, Apple Push Provisioning and more. This will be an extended, hands-on presentation for participants to learn about current and future product features.

George Perry

Joining George for the morning program is Connor Lokar, Economist at ITR Economics. Conner will provide insight into current economic conditions and forecasting of the near- and long-term business-cycle. MAP will provide tools and samples for clients to reproduce the ITR Economics forecast model.

Lou Grilli

Also joining MAP at the conference is Lou Grilli. Lou is head of product thought leadership at Trellance. He will provide insights on the changing roles of technology and data in credit unions, including the latest industry trends related to data analytics and payments.

In the afternoon, Michael Stusser will share from his award-winning documentary, Sleeping with Siri, about how we can strike a balance with technology in our personal and professional lives. Finally,Tom Wright, Editor and Publisher of Credit Union Tech-Talk will update us about technology trends impacting credit unions and financial institutions.

MAP's 2019 Annual Conference will be held at Cedarbrook Lodge in Seattle.

Cedarbrook's 169-room distinctive lodging facility, original works of art, and seasoned service is quintessential Northwest. Guests are afforded a quiet, secluded environment ideal for a wide variety of business and leisure travel needs as well as professional and social gatherings. Eighteen lush acres of natural restored wetlands, comfortable accommodations, unexpected amenities. The result is an optimal location with the ambiance of a discreet hideaway.

MAP hosts this small conference each year for credit unions where we bring together industry experts to meet in a relaxed setting for learning and exploring what is happening in the payments industry and how it will impact our members. As an intimate event for select participants, space is limited. Registration is available online at www.uConference19.com

For more information, please contact your Client Services Manager or Karl Kaluza at 866-598-0698 x1618 or karl.kaluza@maprocessing.com.

Payments Veterans Join MAP's Sales Team

Member Access Processing (MAP) is pleased to welcome Krisanne Anderson and Susan Ginsberg as Sales Directors. In these new positions, Krisanne and Susan will lead our business development and new sales in the Central and Eastern regions of the country.

Krisanne Anderson

Krisanne has more than 25 years of Data Processing experience. Her most recent assignment was as a Client Executive with Fiserv Card Services. She also served in a variety of roles at M&I Data Services (Metavante) spanning 20 years. She began her career as a Conversion Analyst travelling the country, writing, training, and implementing teller & new account systems moving into a sales role with the launch of GUI systems. She spent the last 10 years as a Business Consultant helping Financial Institutions remain competitive with the right products and services. Krisanne resides in Wisconsin with her husband and two teenage sons and is a graduate of University of Wisconsin–Stout. Outside of work,she enjoys travel and volunteering in the community.

Susan Ginsberg

Susan lives and breathes payments. Having been in the industry for more than 20 years, she understands the importance of the payments vertical for financial institutions. Working with a variety of credit unions of varying size, membership, and geography, has given her a deep understanding of what makes service so important. During her career, she has migrated to the business development area, realizing that service and growth are lock-step. Her passion is helping financial institutions solve for a variety of needs, from growing the Net Interest Margin to analyzing the Net Interest Income, she understands payments are all encompassing and must be attended to in order for member retention and institutional growth. Payments are her passion and she will continue to earnestly advocate the value of service as a key factor in any relationship, whether it's B2B or B2C. She truly believes that service starts with an individual and is key to building a great partnership. Susan hails from Chicagoland and is an alumna of University of Wisconsin - Madison.

Industry News

US Credit Card Rates Hit All-Time High. Americans are now paying the highest level ever on credit card interest rates, an average of 16.9 percent according to the Federal Reserve. What accounts for high credit card rates in an era of cheap money?

The answer can be traced back to Congress. In 2009, it passed the Card Act, which was meant to protect consumers against unreasonable fees and hikes in credit card interest rates. The law told card issuers they couldn't raise rates on existing balances unless the cardholder was at least 60 days late on a payment. But in an unintended consequence, credit card companies increased rates on the front end as protection against their inability to raise them later, said Greg McBride, chief financial analyst for Bankrate.com.

75,000 Stores Could Close By 2026. A staggering 75,000 stores spanning the clothing, electronics, and furniture categories, among others, are expected to close by 2026, according to estimates from UBS cited by The Washington Post. An estimated 21,000 apparel stores, 10,000 consumer electronics stores, and 8,000 home furnishings stores are among the expected closures. And this retail purge is far from new: Since 2017, retailers have closed 15,000 stores overall.

ACH Payments fraud is on the rise. A new report from the Association for Financial Professionals (AFP), which surveyed finance executives at companies in 19 industries, found that 82% of executives said their organizations experienced attempted or actual payments fraud in 2018 — up 20 percentage points (32%) from 2014. ACH payments, which banks process in batches, were the only two categories that saw a fraud increase from 2017 to 2018, with 33% of executives reporting ACH debit fraud at their firms and 20% reporting ACH credit fraud, up from 28% and 13%, respectively. These increases could come with the uptick in ACH volume — last year, the network saw 23 billion payments (+7%) worth $51.2 trillion (+10%) — as well as the introduction of faster payment technology, which might make it easier for fraudsters to successfully complete attacks due to a decreased processing window.

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Millennials Prefer All-In-One Financial Institutions

A recent consumer study commissioned by Kasasa revealed that 85 percent of Millennials (ages 24-38) would prefer to conduct their banking with a financial institution that offers a broad range of financial services, including wealth management or retirement services, credit cards and loans. The 2018 study was conducted online by The Harris Poll and garnered responses from 2,018 U.S. adults ages 18 and older.

Kasasa's latest study revealed that when it comes to banking needs, Millennials may be looking for a one-stop shop. Among Millenials who have a bank or financial institution, the top reason they chose their primary institution over others is because of the mobile/online banking capabilities (50 percent); followed closely by convenient locations at 49 percent, and free accounts at 43 percent. Thirty-two percent of Millennial banking customers chose their primary financial institution because it is where their family banks, while 20 percent chose their primary institution because it is locally owned.

Millennials' sentiments reflect that of the larger population. Overall, nearly 9 in 10 Americans who have a bank/financial institution (87 percent) said it is important for their primary financial institution to serve more than one of their financial needs. Fortunately, 85 percent of Americans overall believe that local community banks and credit unions are, in fact, capable of satisfying the majority of their financial needs. Despite this perspective, megabanks still maintain a larger market share than community financial institutions with 45 percent of Americans having accounts with national megabanks and 43 percent of Americans having accounts with local community banks/credit unions, according to Kasasa's study. These findings underscore the importance of understanding how and why consumers select their primary financial institution, thus helping community banks and credit unions offer the products and services consumers expect to attract and retain new customers and members.

Overall, nearly 9 in 10 Americans who have a financial institution (87 percent) said it is important for their primary financial institution to serve

Current technology appears to be most important to Millennials (ages 24-38) with 28 percent of those who would not open a checking account with a local institution compared to 18 percent of Gen Xers (ages 39-53) and 14 percent of Boomers (ages 54-74).

While the study divulges the primary qualms consumers have with selecting a local credit union or community bank, most seem to prefer them over megabanks (55 percent would consider a local financial institution to open a new checking account compared to 29 percent who would consider a national megabank). Kasasa noted the results emphasized the significance of delivering and effectively communicating to prospective members and customers accessibility of branches and ATMs, along with innovative, technology-driven products.

Also, inferior product offerings are the third most common reason for not selecting a local financial institution for checking account needs at 21 percent. In fact, 51 percent of Americans in the study believe local financial institutions lack the resources to offer the level of innovative, user-friendly products national megabanks or online-only banks offer.

Kroger and Visa duke it out over credit card interchange rates.

Recently, Kroger made big news by refusing to accept Visa credit cards at some of their stores in western states. "Visa has been misusing its position and charging retailers excessive fees for a long time," said Mike Schlotman, Kroger's executive vice president and CFO. "Visa's credit card fees are higher than any other credit card brand that we accept. Visa's excessive fees and unfairness cannot continue to go unchecked."

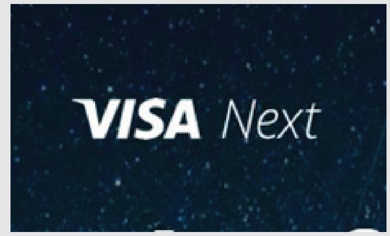
Yet, research suggests that by restricting payment options, Kroger risks alienating customers, particularly the upscale customers who spend more on groceries. While Kroger is the second largest grocery chain in the United States, with nearly $80 billion in sales in 2018, most upscale consumers (57 percent), and 34 percent of all consumers, prefer to use their credit cards for weekly grocery shopping.

Today, the Kroger's credit card boycott is limited to Smiths Stores located primarily in the Mountain West region of the country. If Kroger were to expand its restriction on Visa credit cards the consequences may be significant. Consumers choose to use credit cards primarily for rewards, especially ones that are easy to use and redeem. If given the choice, comsumers are likely to reconsider shopping Kroger over changing cards.

While retailers with unique value propositions like Costco have been able to steer the card networks based on their preference, shoppers have few substitutes for Costco and so they adapt their shopping habits. Kroger, on the other hand. is in a far more competitive grocery niche. It's customers can choose Albertsons, Safeway, Walmart, Target, Publix, Giant, and on and on. In the end, it will be Kroger, for the most part, that will have to adjust to Visa.

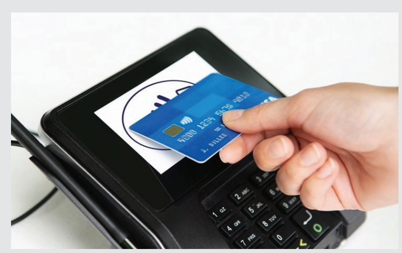
Visa News

Visa Launches "Next Suite" Of APIs To Streamline Digital Payments. Visa introduced Visa Next, a platform with beta application programming interfaces (APIs) and development tools for issuers and issuer processors to build and beta test new payment products. The APIs could enable payment platforms to accelerate their global expansion by tapping into Visa's expansive merchant network. Visa gave the example of "super apps," which reach almost all aspects of a consumer's life. In its effort to "bring to life the next generation of digital-first payments products", the payments giant plans to add additional beta APIs this year, including APIs for loyalty, benefits and rewards, and transaction controls.



Verified by Visa Will Be Rebranded as Visa Secure. Starting in 2019, the Verified by Visa (VbV) program name will be rebranded to Visa Secure. The Visa Secure badge, combined with descriptive language emphasizing "your online transactions are secure with Visa," will be the way consumers learn about Visa's 3-D Secure (3DS) offering. Existing VbV marks will be replaced with a Visa Secure badge across consumer-facing merchant and issuer channels, while all 3DS authentication screens will simply display the Visa logo.

Visa Looks To Contactless And Global Expansion For Growth. Visa posted $2.1 trillion in total payment volume (TPV) on 43.2 billion transactions during its fiscalQ2 2019 (ended March 31, 2019), marking an 8% year-over-year (YoY) increase on a constant currency basis and an 11% YoY increase in transaction volume. However, this is a deceleration from its fiscal Q2 2018 (ended March 31, 2018) when TPV ticked up 11% annually to reach $2 trillion. US volume totaled $855 billion in combined debit and credit spending. This represents a 7% YoY increase in credit card transactions and a 10% YoY increase in debit card transactions. Outside the US, debit cards represent 67% of Visa's total transactions. Visa has seen strong momentum with contactless in international markets: 48% of Visa's payments outside the US are contactless.



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Payments fraud continues to soar

Payments fraud affected more than eight out of 10 financial institutions, businesses and other types of organizations in 2018. Large organizations were particularly susceptible, according to new data from the Association for Financial Professionals.

The professional society's survey of more than 600 treasury and finance professionals found that payments fraud hit 82% of organizations last year, including 87% of organizations with revenue of at least $1 billion. For organizations with less than $1 billion in revenue, the percentage experiencing payments fraud in 2018 fell to 69% from 73% in 2017. Almost half of the organizations (43%) experienced direct financial losses from payments fraud in 2018, the report said.

"Payments fraud is a persistent problem that is only getting worse despite repeated warnings and educational outreach," AFP President and CEO Jim Kaitz said. "Treasury and finance professionals need to learn the latest scams and educate themselves — and perhaps more importantly — their work colleagues on how to prevent them."

The survey found that check fraud hit 70% of organizations, which was a decrease from 2017. "Checks continue to be most impacted by fraud; however check fraud continued to decline to its lowest level since AFP began tracking such activity," the report said. AFP also reported a "noticeable increase" in fraud around ACH. A third (33%) reported ACH debit fraud in 2018, compared to 28% in 2017. A fifth reported ACH credit fraud in 2018, up from 13% in 2017.

"One-fourth of organizations indicated they have not received any advice from their banks regarding mitigating potential additional risks with same-day ACH operational for both credit and debit transactions," AFP added. Compromises of business email also set new records, according to the report. Eight in 10 organizations reported this kind of fraud in 2018, up from 77% in 2017, and more than half (54%) lost money because of it.

"AFP has noted that, historically, financial losses incurred as a result of payments fraud activity are not extensive. This, however, does not suggest that payments fraud can or should be taken lightly," the study said. "Nonfinancial impacts of successful payments fraud activity can be crippling. In addition to adversely affecting an organization's reputation, payments fraud can expose confidential information and require significant clean-up efforts.

2019 Could Be 'Worst Year on Record' for Data Breaches

2019 is on track to be the worst year on record for data breach-es, according to new numbers from cyber analytics firm Risk Based Security.

The Richmond, Va.-based firm reported that during the first quarter of the year, 1,903 publicly disclosed data compromise events occurred, exposing over 1.9 billion records. Compared to the first quarter of 2018, that represented a 56% increase in the number of reported breaches and a 29% increase in the number of exposed records. About 14% of data breaches during the first quarter of 2019 occurred in the finance and insurance sector, the report said.

Of the 1,903 data breaches that occurred during the quarter, 1,615 were due to hacking, the company said.

"A particularly popular attack method evident in recent quarters is targeting user email accounts," it noted. "Malicious actors typically phish employees or use leaked credentials to access email services. Although pilfering sensitive data is not always the attackers' objective, such access can trigger lengthy investigations and lead to regulatory obligations."

Risk Based Security's new study shows a 56% increase in the number of reported breaches in Q1 this year compared to the same time in 2018.

Email addresses were exposed in 81% of the breaches occurring during the first quarter of 2019; passwords were also exposed in 74%, according to the data. Credit card numbers, Social Security numbers and birthdays were exposed in fewer than 10% of incidents.

The study also found that organizations tended to disclose their data breaches publicly about a month faster if third parties such as law enforcement, customers or fraud-monitoring services had alerted them to the breaches.

Enter business credit cards as checks slowly disappear

In the business-to-business world checks still account for 51% of payments. However check usage has fallen by 30% since 2004 and is projected to be overtaken by electronic payment methods in 2020. Given the ever-increasing pace of business operations, faster payments are becoming progressively more important to a company's bottom line.

Purchasing card usage has climbed steadily for years. While there are numerous reasons for the growing popularity of purchasing cards, increased cash flow is becoming a primary driver in a rising interest rate environment. The most direct cash flow benefit of paying by card stems from the extended float period built into the payment structure.

First, the digital systems supporting card programs allow for significantly better data analysis. Real-time spending data can be used to identify expense patterns on a monthly, quarterly or annual basis, which can then be used to schedule payments in advance to ensure on-time payments and to optimize cash flow throughout the year.

Beyond preemptively scheduling payments, companies can track expenditures with specific suppliers or spending categories, opening the possibility of using trend information to negotiate better terms with frequent suppliers by shortening payment terms to the supplier, while maintaining payment terms to their purchasing card provider.

Business and commercial card programs also lower administrative costs by allowing companies to streamline payments and reconcile employee purchases automatically, eliminating the need for time-consuming processes like invoicing and cash advances.

Beyond the cash flow implications, purchasing cards have other features that can benefit businesses. In addition to rebates and reduced staffing-related expenses, cards also provide cost savings in transaction fees. The median cost of processing a paper check is $3, double the cost of a purchasing card transaction.

In addition, from a risk management perspective, cards are safer than paper checks. Built-in protections such as EMV chips and payment controls that allow administrators to closely monitor and regulate card spending create a fraud risk management infrastructure that is significantly stronger than that of check security systems.

Industry News

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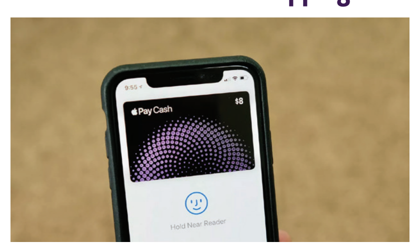
Amazon Plans Cash Payment Option At Amazon Go Stores.

Amazon will accept cash at Amazon Go stores in the future, according to CNBC. The plan is part of an effort to address concerns that the checkout-free automated stores could discriminate against shoppers who lack bank accounts or credit cards. The effort would allow Amazon Go stores to open in states and cities that have banned cashless stores, including Massachusetts, New Jersey and Philadelphia, and prevent potential problems in places that are considering similar regulations, including New York, San Francisco and Chicago. The retail giant had earlier threatened to scrap plans for a Philadelphia Amazon Go store in response to the city's law.

Apple Announces NFC Stickers for Bird Scooters. Apple's VP of Apple Pay Jennifer Bailey today announced a new NFC feature for iPhone: special tags that trigger Apple Pay purchases when tapped, without the need to download a special app first. The company is partnering with Bird scooters, Bonobos clothing store, and PayByPhone parking meters for the initial rollout. Apple also announced that inside the Wallet app, users will soon be able to sign up for loyalty cards in one tap, presumably presented to users as recommendations when they make eligible purchases."

Apple Pay On Track To Hit 10 Billion Transaction "Tipping Point." Apple offered some updates about Apple Pay in its recent earnings call. Apple Pay "more than doubled" transaction volume on an annual basis and is on pace to reach 10 billion transactions in 2019 — a figure that represents under 2% of estimated global noncash transactions in 2019. As the wallet continues its international stampede — Apple Pay is currently live in 30 mar-



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Innovation is key to boosting adoption and everyday App usage

With mobile transacting like peer-to-peer payments, m-commerce purchases, and bill pay on the rise, a recent online survey found that a strong majority of US adults value additional security measures for mobile transactions. Going forward the success in digital channel innovation will come from empowering the consumer to do more through greater security.

As financial institutions bring more of their traditional offerings onto their apps, the emphasis is less on ticking boxes than on deepening engagement and moment-to-moment relevance by making the best use of each channels' particular strengths. In short, there is more interest in designing cross-channel customer journeys – "hybrid experiences."

The poll was conducted by The Harris Poll for Entersekt, fintech provider of mobile-based authentication and app security software, of among over 1,300 US adults who use banking apps once a month or more often (regular banking app users). The survey findings show that a strong majority of US adults value additional security measures for mobile transactions, with nine in ten (90%) reporting they would want the ability to approve some or all mobile device transactions before the transaction is completed, and nearly three quarters (71%) interested in approving all such transactions. One in five (19%) would prefer only to approve some transactions, such as those totaling $100 or more.

Nearly three-quarters (71%) of regular banking app users would increase use of their banking apps if they offered a greater range of innovative, tech-savvy services, while over half (59%) would do the same if their apps were easier to use.

Complementary data from the Federal Reserve among others show a significant slowing of mobile banking adoption in recent years, falling short of online banking usage rates even as smartphones approached saturation and financial institutions of all sizes launched app-based services. The industry has responded with a change in strategy, analysts say.

Success during this period of rapid change rides on innovative thinking rather than an appeal to the tried and tested. Entersekt's survey found that nearly three-quarters (71%) of regular banking app users would increase the use of their banking apps if they offered a greater range of innovative, tech-savvy services, while over half (59%) would do the same if their apps were easier to use.

"Mobile banking is widely used in the US, but financial institutions can still increase adoption and usage significantly through customer-centric, channel-appropriate digital product development," said Sherif Samy, SVP North America at Entersekt.

Great digital customer journeys start early, even before individuals sign up as clients. US banks and credit unions are giving attention to remote account opening, and Entersekt found it could be an early deal breaker. Over three in four regular banking app users (77%) say they would be more likely to choose a bank offering mobile account opening than one that does not. Interestingly, those on the cusp of Generations X and Y (those aged 35–44) value remote enrollment more so than their younger and older counterparts do (86% against 78% aged 18–34 and 73% aged 45+).

Fed Reports: Non-Exempt Debit Card Issuers' Authorization Costs Fell 54%

Debit card issuers subject to the Durbin Amendment's interchange price controls (Non-Exempt Issuers) saw their average authorization, clearing, and settlement expense, excluding fraud, fall to 3.6 cents per transaction in 2017, down 54% since 2009, according to the Federal Reserve.

The Durbin Amendment to 2010's Dodd-Frank Act requires the Fed to issue a report every two years about debit card issuers' various costs. This latest report is for the year 2017; the Fed's first such report was for 2009.

The new report says the average per-transaction authorization-clearing-settlement (ACS) cost was 4.2 cents in 2015. The base regulated interchange rate of 21 cents plus 0.5% of the transaction value exceeded the average ACS cost, including issuer fraud losses, for 76% of "covered," or regulated, issuers—those with more than $10 billion in assets—and 99.7% percent of transactions on covered issuers' cards in 2017.

"This is a substantial increase in the percentage of covered issuers and a slight increase in the percentage of covered transactions compared with 2015," the report says.

The Dodd-Frank Act charged the Fed with writing rules, now known as Regulation II, to implement the law's requirements. Besides the interchange price controls, they include rules on debit card transaction routing meant to assure merchants with a choice of networks.

Interchange fees across all debit and general-purpose prepaid cards—both covered and non-regulated—totaled $20.7 billion in 2017, up 5.9% from 2016. "The average interchange fee for covered transactions on both types of networks, in addition to the average interchange fee for exempt transactions on dual-message networks, has not changed materially since Regulation II took effect in the fourth quarter of 2011," the report says. "These fees stood at 23 cents and 52 cents, respectively, in 2017."

In contrast, interchange on PIN-debit transactions earned by exempt debit issuers, those with less than $10 billion in assets, has falling gradually, the report notes. The average interchange fee for exempt transactions on single-message networks was 31 cents in 2011's fourth quarter, but it was down to 25 cents in 2017.

Regarding fraud, the report says losses to all parties on regulated issuers' cards was 11.2 basis points, or $11.20 per $10,000 in transaction value, up from 10.3 basis points in 2015. Merchants absorbed 53% of 2017's losses, up from 39% in 2015.

Visa News

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Visa Receives Jump$tart Coalition Innovation Award. The Jump$tart Coalition for Personal Financial Literacy honored Visa for its innovative work to advance financial literacy, especially for its use of gamification through its popular financial education video game, Financial Football, which has been played more than 10 million times since its creation. Visa was one of the first organizations to employ gamification to teach financial concepts, creating Financial Football more than a decade ago with the National Football League (NFL). Financial Football challenges players to answer multiple-choice and true or false questions to advance down the field to score a touchdown. In 2018, Visa enhanced the game with the addition of 3D graphics and strategic opportunities with audibles, blitzes and game-breaking plays.

Visa Champions Women at the FIFA Women's World Cup. Visa has unveiled its global marketing campaign for the FIFA Women's World Cup France 2019. The "One Moment Can Change the Game." campaign amplifies the meaningful moments women are creating on and off the pitch, whether it be inspiring athletic greatness on the field, influencing business outcomes in the boardroom or driving economic impact at home and across industries.

Everyday, Visa supports women entrepreneurs, cardholders, small business owners and athletes. At the FIFA Women's World Cup France 2019, the company will further extend that support and underscore its ongoing commitment to diversity and inclusion. The global campaign showcases a series of authentic vignettes, inspired by the true stories of female football players, including Team Visa female football players, Lucy Bronze (Great Britain), Eugenie Le Sommer (France), Kim Little (Scotland), Dzsenifer Maroszan (Germany) and Nadia Nadim (Denmark). With football as the background, the films display how moments of acceptance and empowerment can have a profound impact on one's life.

Industry News

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kets and plans to add ten more this year — it will likely maintain its growth, as most of its users come from non-US markets.

Card losses are a growing percentage of banks' total charge-offs. The four largest U.S. banks had almost $4 billion in charge-offs from credit cards last quarter, and just $656 million from all other consumer lending. That's the biggest gap since at least 2009. Card charge-offs now make up more than 80 percent of total consumer credit costs, up from 67 percent three years ago. Bank of America and JPMorgan, two of the largest U.S. mortgage providers, posted recoveries of delinquent debt in their residential home-loan portfolios in the first quarter. There are signs the banks are getting more selective. The share of card accounts going to those with super-prime credit scores is near a three-year high, according to data from the American Bankers Association.

Credit Unions Gain Share of Credit Cards & Auto Loans. Credit unions held $61.5 billion in credit card debt on March 31, up 8.1% from a year earlier. Lenders of all types held $1 trillion in credit card debt, up 3.4% from a year earlier, according to the Fed's G-19 Consumer Credit ReportThe report shows credit unions' share was 6.1% in March, up from 5.9% a year earlier. Banks' share was 89.8% in March, up from 88.3% a year earlier. The portfolio value of automotive loans held by credit unions is estimated monthly by CUNA and CUNA Mutual for all credit unions. Comparing NCUA's report of $366 billion in credit union auto loans with the Fed's es-timate of $1.15 trillion in total auto loans, credit unions held 32% of the value of automotive loans at the end of 2018. Banks have a 39% share of the Fed total based on the $455.5 billion in bank-held auto loans reported by the FDIC.

Millennials now make most of their purchases online. Millennials in 2019 make 60% of their purchases online, the survey of 1,002 millennials (consumers ages 22 to 37) found. That's up from 47.0% in a survey CouponFollow conducted in 2017. Millennials now make 40.0% of all purchases in stores, down from 53.0% in 2017. Younger millennials are even more likely to shop online than older ones, according to a survey. The 2019 survey also found massive growth in mobile shopping among U.S. millennials. Consumers in that age group now make 36.0% of their total purchases using mobile devices, up 20 percentage points from 16.0% in 2017. Purchases made on a desktop or laptop computer make up 24.0% of total purchases, down from 31.0% in 2017. Plus, 64% of millennial online shoppers make half or more or their online purchases from Amazon.com.

Research: Consumers more likely to open accounts on mobile than on computers

For the first time, consumers are opening more new accounts on mobile phones than on computers, according to a IDology's Second Annual Consumer Digital Identity Study. The study found a 19% increase in abandonment during account openings compared to last year due to high consumer expectations for convenience and low tolerance for friction. The study also found that consumers desire higher levels of security without additional burdens. Among the key findings of the Second Annual Consumer Digital Identity Study:

- Sixty million Americans consider their mobile phone number and email a greater part of their identity than where they work or their family information. According to the study, 51% of consumers identified their mobile phone number as a key part of their identity, a 21% increase over last year.
- Americans opened new accounts on mobile devices more than on computers. For the first time, Americans opened more new accounts online with their mobile devices (61%) than on a computer (56%) in the past 12 months.
- Friction is still one of the biggest barriers between businesses and consumers. The one-click simplicity of the mobile age has conditioned consumers for instant gratification. The study found that in the past year, 83 million Americans abandoned account sign up because of friction.
- Increasing trust and addressing consumer concerns help drive new business. The importance of trust has top-line implications for businesses, particularly financial services companies. This year, more than two-thirds of U.S. consumers surveyed (71%) reported that knowing a financial institution was using more advanced identity verification methods would positively affect their decision to do business with that institution.

Letter from the CEO

According to a recent study from Deloitte, more and more consumer interactions have become digital. Yet, customers are looking for more human, stronger emotional connections to the people and organizations they do business with. The research study, "Exploring the Value of Emotion-Driven Engagement," found that 70% of consumers expect a two-way relationship with brands, and are looking for organizations to adapt their offerings and communications based on what customers have told them.

This research resonates deeply for those of us working in credit unions. While consumers are connected and armed with more choices than ever before, what they really connect with is authentic, personal interactions rooted in the human experience. The study found that emotional factors are the primary driver for brand loyalty and brand advocacy, with nearly 60% of respondents using emotional language, such as "love," "happy" and "adore," to describe their connections to their favorite brands. This research goes beyond just marketing interactions. It examines how emotions, contextual experiences and emotionally intelligent organizations impact the entire customer lifecycle, from online engagements and conversations with sales reps, to email newsletters and packaging.

Cyndie Martini
President/CEO

At MAP, I'm proud to say that we have long recognized that what we offer is more than a group of products or set of solutions. We are here to help the credit unions build lasting and loyal relationships with their members. Our relationships with our client credit unions are as deep and personal as the credit unions' relationships with their members. We work everyday to understand our clients' needs and experiences, striving for more than a business relationship but a personal friendship.

The benefits of our relationships are many. Strong relationships enforce better communication, resulting in quality outcomes from product implementations and everyday support. Clients have come to expect MAP team members to listen and respond to their needs, trusting us to be responsive but also proactive in supporting their members.

Today, members are empowered with more choices than ever before and they are challenging our expectations of how we balance digital and physical interactions. Credit unions have a built-in advantage driving authentic loyalty by truly connecting with their members to make them feel valued, appreciated, and confident. What Deloitte's research uncovered is that there is balance between three defining factors that drive member behavior: emotional connections, rational connections, and value-based connections. The research showed that each factor is significant at distinct moments. To build strong connections with customers and inspire long-term loyalty, brands must tap into the right factors at the right moments by putting human needs at the center.

At MAP, we are offering more than a set of products. We are making smart investments in solutions that respond both contextually and automatically to member expectations, looking beyond experiences to the broader, deeper connections that make up the authentic human experience credit unions are known for. 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.

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