

MEMBER ACCESS PROCESSING

Payments Report

ISSUE 56
Summer 2023

25
YEARS
of Service Excellence
1998-2023

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Celebrating 25 years of Service at MAP's Annual User's Conference



As writer Robert Spector wrote, "When you see the Space Needle, you know you're in Seattle" Yet, another truism about Seattle is it's culture of "Service." Many businesses from Seattle, including Nordstrom, Amazon, Starbucks, and Member Access Processing (MAP) – are known for providing excellent service and going the extra mile to ensure customer satisfaction.

Seattle's customer-centric approach has become a defining characteristic of the city, where not only personal service but technological innovation and a focus on efficiency have led to the development of advanced customer service practices, such as online

ordering, delivery services, and personalized recommendations.

This August 16-17, MAP will hold its annual client conference, uConference23, at the Embassy Suites in the city's historic Pioneer Square neighborhood. Clients will enjoy Seattle's legendary summer weather from the King Street Ballroom and Perch while enjoying Seattle's friendly and welcoming atmosphere first-hand.

Joining us for the keynote presentation will be Robert Spector, one of America's leading experts on customer experience and em-

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MAP's Annual Conference

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employee experience. Robert Spector is recognized worldwide as the ultimate authority on The Nordstrom Way to Customer Service Excellence. His best-selling business classic "The Nordstrom Way: The Inside Story of America's #1 Customer Service Company" is the first and only up-close and personal look at how this company became the national standard of customer service. Robert is the author of 28 books and has been published in The New York Times, The Wall Street Journal, and USA Today, among others.

The two-day conference begins on Wednesday, August 16, with client workshops lead by MAP's Payment and Subject Matter MAP Teams who will host breakout sessions in areas that directly affect the success and sustainability of client credit unions. The sessions are designed to help clients as payment leaders respond to and answer some of the critical issues facing their institution. These will be an extended, hands-on working sessions for participants to learn about current trends and product features as well as network and collaborate with fellow credit union leaders.

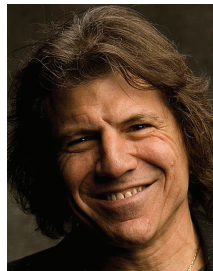
Having spent the morning being leaders, the afternoon will be about taking it to the next level. Perhaps an eleven. Sandy Gennaro will lead a interactive workshop on "Being a Rock Star in Business and Life." Sandy has learned throughout his career that there were a few vital ingredients that enabled him to overcome and thrive as a performer and in his personal life. Using this knowledge and experience, he formulated an unforgettable presentation about beating the odds. Throughout his career as a world-class rock-and-roll drummer, Sandy has toured the globe and recorded with world renowned artists: Cyndi Lauper, Joan Jett and the Blackhearts, Bo Diddley, Johnny Winter, The Monkees, Joe Lynn Turner, Michael Bolton, Benny Mardones, Craaft, The Mamas and Papas and Jon Paris.

Wednesday Evening is a Celebration Dinner in honor of MAP 25th Anniversary. Clients and their guests are welcome to attend.

On Thursday, August 17, the second day of the conference will feature Robert Spector as the keynote. A master storyteller with a passion for service, Robert will present "The Culture of Service" with lessons from the



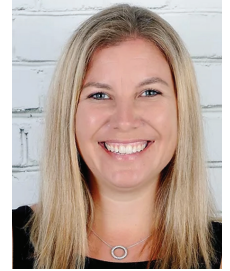
Robert Spector



Sandy Gennaro

Seattle-based icons Amazon, Starbucks, Costco and highlights from his forthcoming book, "The Seattle Effect."

Rounding out the morning program is Michelle Beyo, speaking on the opportunities for credit unions to offer Open Banking. Michelle is the Founder and CEO of FINAVATOR, an award-winning Open Banking and Payments consultancy. With two decades of extensive industry expertise driving innovation across both the retail and the payments industry, her background in payments, loyalty programs, blockchain, and open banking has helped support the growth of industry leaders.



Michelle Beyo

Joining MAP for the afternoon sessions will be Visa product leaders to overview and update clients on Fraud and Digital Enablement. Cammie Floyd, Senior Director of Product Analytics will lead a session on "Fraud and Risk Updates." Cammie has more than 20 years of financial industry experience including debit, credit, and prepaid processing, ATM support, digital, mobile and tokenized transaction support, and issuer portfolio management. Specifically focused on fraud and risk response associated with the research, triage, mitigation and remediation of financial fraud, Cammie will share current fraud trends and focus on strategic and tactical response to fraud events and long-term fraud mitigation strategies.

Also joining us from Visa is Ryan Blankenship, Senior Product Manager for Mobile Enablement. Ryan is payments leader with the day-to-day experience of managing a credit union's payment card programs and providing a strategic direction for payments solutions. Ryan will present on Digital Issuance, the process of creating new card credentials in real time. His presentation will overview the benefits and process flow of digital issuance provided by Visa DPS for MAP's client credit unions.



Ryan Blankenship

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.uConference23.com. MAP guests are invited to stay at the Embassy Suites in Seattle's Pioneer Square. Located in the arts and entertainment district and near city ferries, dining, shopping and cafes. The hotel is located in the city's transportation hub next to King St. Station and Airport/City light rail station. MAP has secured a room block

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MAP Welcomes Jay McCracken as Senior Vice President of Sales

Member Access Processing (MAP), is pleased to announce the appointment of Jay McCracken as Senior Vice President of Sales. Reporting to CEO Cyndie Martini, McCracken will lead MAP's new business development, sales, relationship management, channel and consulting partnerships.



"We are extremely excited to welcome Jay to our team in this important and pivotal role to grow MAP's influence in the market," said Cyndie Martini, President and CEO of MAP. "Jay has a proven record as a leader in the payment space. He will be a welcomed addition to the MAP Team."

Jay has over thirty years experience in payment and FinTech sales, relationship management, and account management. He is a dedicated sales leader with a proven track record of success in developing proactive strategies, securing revenue goals and managing client relations.

Most recently with Fidelity Information Services (FIS) in the Credit Union Division, Jay managed Relationship Management Teams focused on cross sales, contract extensions, and strategic account management to the current client base. Jay's earlier career path also included employers First Data and World Pay.

UConference23

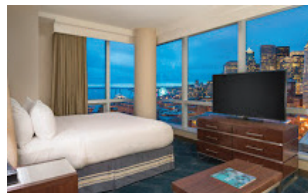
MAP's Annual Conference | Downtown Seattle

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for the conference. For reservations, use the Hotel tab available online at www.uConference23.com/registration. For additional reservations information contact Karl Kaluza, karl.kaluza@map.llc, 206-787-1618.

Please note the cutoff date for guests to book their rooms in this block and at the group rate is July 25, 2023.

For more information, please contact your Relationship Manager or Karl Kaluza at 866-598-0698 x1618 or kkaluza@map.llc.



Industry News

\$21 billion in unspent gift cards. A recent survey by Credit Summit found that there are more than \$21 billion in unused gift cards just waiting to be spent, and more than two-thirds of people in the U.S. have at least one unused gift card. According to Credit Summit 60% of Americans say they're holding onto at least one unredeemed gift card and at least half of Americans have lost one before it was redeemed.



Two-thirds of organizations report Payments Fraud in 2022.

Sixty-five percent of respondents report that their organizations were victims of attempted or actual payments fraud activity in 2022, according to the 2023 AFP Payments Fraud and Control Survey. Though still significant, this number represents the lowest reported percentage of fraud activity since 2014, when it was 62%. Key findings from the 2023 AFP Payments Fraud and Control Survey include that more than one-fourth of organizations (27%) were able to successfully recover at least 75% of funds lost. However, nearly half (44%) were unsuccessful in recouping any of the stolen funds. Instances of fraud via commercial card increased by 10 percentage points, and instances of fraud via ACH credits and virtual cards increased by 6 percentage points each.



Small businesses state they are able to survive a recession.

The majority of U.S. small business owners (76%) are confident their business could withstand a downturn, according to the Bank of America 2023 Small Business Owner Report (PDF). The survey of more than 1,000 business owners across the country found that, despite the continued impact of inflation and supply chain issues, 65% of business owners anticipate revenue growth in the next 12 months. Key findings include that 79% of business owners raised prices over the last 12 months and 34% believe the national economy will improve in the next 12 months, with inflation (79%) and a potential recession (72%) top business owners' concerns over the next 12 months.



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Debit Continues to Score Big with Member Cardholders

Consumers love debit according to a recent study sponsored by Discover and Pulse Network. In fact, for day-in and day-out transactions and routine purchases such as groceries and gasoline, debit remains one of the top payment methods, presenting a vital opportunity for credit unions.

"We've been amazed at the resilience of debit," he said, "and it's been, consistently, the preferred form of payment." In the most recent earnings report from Discover Financial Services, the company noted that PULSE volumes were up 3% year over year, driven by debit transactions.

Debit transactions will prove to be among the most durable payment methods out there, according to Discover. The durability will extend through at least the next three to five years. And debit has the potential to lead consumers toward new, online payments offerings.

While different demographics prefer debit transactions to varying degrees, the study showed that consumers prefer the convenience, ease of use and financial control that debit provides.

Consumers typically choose debit at more-traditional point-of-sale (POS) systems in grocery stores, at gas stations, at small businesses, for subscription services and for any transaction between \$25 and \$100, the survey showed. While the physical POS is key to many transactions, digital payment adoption is also on the rise in global markets, as interest in different online payment types, including digital wallet, has grown. Consumers are showing a preference for using debit in this expanding world of digital wallets. In fact, 66% of consumers have debit cards as the default payment type in their preferred digital wallet.

Whether it's the preferred payment method in digital wallets or for a variety of in-store purchases, here are five key reasons why debit remains a leader in payments:

Convenience: Increasingly, consumers want payment options that are convenient and easy to use. As a result, they've turned to debit, particularly for everyday purchases between \$25 and \$100. This trend, which is widespread across multiple demographics, is expected to continue. Not surprisingly, debit is the preferred payment method for grocery store purchases (where the average in-store transaction is \$42.07). Debit also dominates in several other merchant categories, including gas stations, small businesses and local stores.

Security: According to a recent study, 88% of consumers surveyed believe strong fraud protection is important or very important. When using debit cards, a full 73% of consumers prefer to authenticate with a PIN at the POS, providing that extra level of assurance that their transaction is secure.



Cash back: Consumers want the ability to get cash back quickly and easily, whether or not they're near their bank's ATM. Providing greater convenience to consumers, POS is the preferred method for customers to receive cash back, with a majority of consumers preferring to get cash at an in-store merchant location.

Cashless: The shift away from using cash is another trend that is gaining momentum across multiple age groups of consumers. As consumers have moved from paying with cash to touch-free and digital transactions, debit has seen an increase in usage compared with cash. According to one recent survey, 79% of consumers prefer to use cards for in-store purchases, with 51% preferring contactless payment methods. For online transactions, debit usage is high across all adult age groups.

Financial control: From paying bills to receiving funds from a business, consumers are showing great interest in a number of practical applications for real-time payments. This is why consumers choose debit for not only everyday transactions, but also for their growing subscription services and in their digital wallets.

The continued popularity of debit is a continued opportunity for credit unions to remind members about the value inherent in those cards – and in the current environment, using debit accounts as a budgeting tool to spend what's on hand.

pulse[®]

Visa Threat Report: Criminals Favor Cryptocurrency and Digital Skimming

Cybercriminals are showing no signs of slowing down as they employed a variety of schemes to defraud consumers, acquirers, card issuers, and merchants, according to Visa Inc.'s 2023 Biannual Threats Report.

Cryptocurrency was a prime target for cybercriminals. More than \$3 billion in cryptocurrency was stolen through November of 2022, according to the report. By comparison, criminals stole \$2.1 billion in cryptocurrency through October 2021, according to a CBS News report. Crypto thefts have become such a large problem that the Federal Bureau of Investigation recently issued a warning to cryptocurrency investors about the increase in threat actors targeting decentralized finance (DeFi) crypto services.

Another tactic gaining momentum among cybercriminals is digital skimming, a tactic in which criminals deploy malicious code onto a merchant's checkout page to scrape and harvest customer payment account data, such as primary account number (PAN), card verification value (CVV2), expiration date, and personally identifiable information. Digital skimming cases increased 174% between June and November 2022, compared to the period between December 2021 and May 2022, the report says.

Indeed, many digital-skimming attacks exploit unpatched or outdated e-commerce payment plugins used by merchant Web sites, according to the report. For example, Visa identified three separate incidents in which different threat actors targeted the same e-commerce payment plugin used by online merchants.

Another favored tactic of cybercriminals is enumeration attacks, in which criminals launch a brute-force assault against a Web application by testing common payment-data elements through e-commerce transactions to guess the full payment account number, CVV2, and expiration date. For example, criminals will use credentials exposed in previous breaches or social-engineering scams to attempt access to other Web sites and applications where users may have used the same login information.

The United States was the most targeted region over the past six months for enumeration attacks, with 63.5% of the attacks targeting acquirers and 38.8% targeting card issuers.



Visa News

Mercedes adds Biometric Payments using Visa's Delegated Authentication and Cloud Token Framework.

Mercedes-Benz's new Mercedes pay+ in-car payment service is coming to five models and it will be the first to use Visa's Delegated Authentication and Cloud Token Framework. The Delegated Authentication service enables an issuer to "delegate authority" to a third party, such as a wallet provider or merchant. Its Cloud Token Framework enables a connected device to become a secure channel for digital commerce. Mercedes-Benz announced in 2021 that it and Visa were working on a native in-car payment service. In Mercedes pay+, the technologies are integrated into the native in-car payment service, enabling the vehicle itself to provide biometric two-factor authentication in conjunction with a fingerprint sensor. Earlier versions of in-car payment services relied on a user's mobile phone as one element of the two-factor setup. The technology is only available in Germany for now, though the car maker intends to launch it in other European markets this year.



Visa earnings up in Q1. Visa reported a higher than predicted profit during its recent earnings call, CEO Ryan McInerney announced that net revenue was up 11% year-over-year. Global quarterly payments volume was also up 13% year-over-year, but this doesn't include China or Russia. During the earnings call, McInerney also stated that despite the digitization that has been seen over the past few decades according to McInerney, consumer payments are essentially a flywheel that's made up of three parts: grow credentials (more buyers on the network), grow acceptance (more sellers on the network), and drive engagement (more transactions).



Visa invests in TerraPay. Payments infrastructure company TerraPay has announced a strategic equity investment from Visa and a partnership to simplify cross-border ecommerce. The collaboration will see Visa's solutions connect to the TerraPay network of wallet providers with an aim to improve digital cross-border commerce, with the first solution to be connected being Visa Direct, which helps facilitate funds' delivery directly to eligible cards, bank accounts, and wallets worldwide.

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Credit card business model continues to be strained

The challenge facing credit card issuers has been trending for years. According to Deloitte, industry profitability has been declining while the customer value proposition—convenience, the ability to purchase high-ticket items, and earn generous rewards—has largely been the same over the last decade. The average Return on Assets (ROA) has dropped from 5.4 percent in 2011 to 3.8 percent in 2018 for the top issuers. Most troubling about this trend is that the decline occurred despite low interest rates.

Today, high interest rates are making it more expensive for credit card issuers to offer loans, squeezing their profits, and putting in jeopardy rewards that they offer to customers, according to the Wall Street Journal. Yet, the main reason for the reduced profitability is the excessive reliance on rewards to attract and retain customers. In 2018, consumers made at least half of their credit card purchases with rewards cards, according to Deloitte.

The increase in rewards expense has been driven, in part, by the increased popularity of high-cost rewards cards and significant sign-on bonuses among affluent cardholders, according to the Consumer Financial Protection Bureau (CFPB). As a result, issuers have reduced the number of rewards cards they issue, with the share of rewards cards now down to 60 percent of all new cards issued.

Cardholders really love their rewards and have now become accustomed to generous rewards. Nearly three-quarters of consumers surveyed by Deloitte who prefer credit cards over other payment channels say that rewards, discounts, and other offers are the most important reason for using credit cards.

Then came the pandemic and according to the Wall Street Journal: “The pandemic, and stimulus checks, also led many cardholders to pay down their balances more quickly than they did in the past, generating less lending growth and interest income for banks. At the same time, inflation in the costs of dining and travel may be leading customers to even more aggressively use and seek out rewards.”

If the boost in lending interest and payments growth is not sufficient to fund the rewards programs, the credit card issuers will likely start to cut them as the Wall Street Journal noted, “six of the biggest card-issuing banks said they spent nearly \$68 billion, combined, for rewards and some related costs in 2022, up roughly 43% from 2019. That is about 4 percentage points faster than the growth in U.S. credit-card purchase volume across the Visa and Mastercard networks over the same period.”



The added short-term challenge for issuers is whether inflation will ease or will the Federal Reserve continue to raise interest rates, creating a further drag on lending.

The long-term challenge is consumer behavior. According to Deloitte, one-quarter of consumers surveyed are willing to switch their credit card provider over the next two years to obtain better rewards elsewhere. In particular, younger consumers—34 percent of Gen Z and millennials—are even more likely to switch.

Moreover, outstanding credit as a proportion of total credit card spending has been steadily declining over the past 15 years according to The Nilson Report. With consumers using credit less and less, it will continue to negatively impact the interest income component of credit card revenues.

“It is important to consider a ‘Plan-B’ for issuer reward strategies,” said Brian Riley, Director of Credit and Co-Head of Payments at Javelin Strategy & Research. “The CFPB certainly has weighed in on the distribution of reward benefits by income range. With interest rates going up, due to prime rate increases, issuers need to be more selective at the underwriting point.”

“Issuers must play the long game here and be ready for a sudden shift if regulators seek to tighten interest parameters, or if delinquency spikes,” he said. “At the end of the day, branding and service remain essential.”

Visa to bring interoperability to P2P Payments with Visa+



Visa is partnering with PayPal and Venmo to pilot Visa+, an innovative service that aims to help individuals move money quickly and securely between different person-to-person (P2P) digital payment apps. Later this year, Venmo and PayPal users in the US will be able to start moving money seamlessly between the two platforms.

Visa+ will not require users to have a Visa card; instead, by setting up a personalized payment address linked to their Venmo or PayPal account, individuals using either app will be able to receive and send payments quickly and securely between the platforms.

As part of a joint effort to build interoperability across payment platforms, Visa partners DailyPay, i2c, TabaPay and Western Union, will also integrate Visa+ within their platforms. Through this collaboration, Visa+ will expand its reach and enable more use cases, including gig, creator and marketplace payouts. Participating digital wallets, neo-banks and other payment apps, reaching millions of US users, will be able to enable interoperability through Visa+.

“Consumers continue to seek simple and seamless ways to digitally move money between friends and family, including the ability to send money between different payment platforms,” said Chris Newkirk, Global Head of New Payment Flows at Visa. “We are thrilled to partner with like-minded innovators to broaden the reach of P2P payments across platforms. Through this collaboration, Visa+ can help break down barriers for payment app users as they connect, engage and move money.”

According to industry group U.S. Faster Payments Council, interoperability is considered one of the most important topics in the payments industry. Visa+ serves as a bridge that helps bring a new level of convenience, simplicity and reach to the world of person-to-person payments.

Visa+ is expected to launch for US consumers with select partners in late 2023. General availability is planned for mid-2024. For more information, visit our webpage and learn more about how Visa+ works: visa.com/visa+.

Industry News

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Americans using BNPL to make ends meet. A recent LendingTree survey finds that 27% of Buy now, pay later (BNPL) users say they use these loans as a bridge to their next paycheck, which can help them make ends meet amid rampant inflation, rising interest rates and headline-making layoffs. The loans are also being used to purchase basic necessities. Case in point: 21% of BNPL users say they've used one of the loans to buy groceries. But things don't always work out. More than half of users — including almost two-thirds of Gen Zers — say they've regretted a BNPL-financed purchase, and 40% of these users have paid late on one of the loans.



Consumers are relying on more cash to manage expenses.

Research from The Harris Poll commissioned by Credit Karma found that in the US, 53% of consumers use cash more now than a year ago. Some of that is driven by budgeting demands: 16% said they have more control when they use cash. The trend is stronger with younger consumers: 69% of US Gen Zers use cash more than a year ago, and 23% say they use it for the majority of purchases. Shoppers who pay with cash generally have a more accurate idea of how much they spend than those who pay by card or via digital channels—multiple studies suggest. But even as cash use climbs, access to it is falling. The number of ATMs in the US went from 470,000 ATMs in 2019 to 451,500 at the end of 2022, per the Wall Street Journal.

Younger credit cardholders are using their cards 30 percent more than the average user.

Inflation is pushing credit card spending to new heights as consumers increasingly use cards to pay for daily expenses. PYMNTS' latest study reveals that one-third of United States cardholders increased their credit card spending and 33% of cardholders increased their reliance on credit cards in the last six months. Just 15% decreased their reliance. Younger generations and high-spending revolvers, those who pay 40% or more of their expenses via credit cards and usually or always carry a balance, led this uptick. How severely inflation impacts a cardholder directly affects their card reliance. Forty-three percent of those experiencing very or extremely negative effects significantly increase credit card spending during periods of high inflation.



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ChatGPT holds great promise for credit unions



After only six months since OpenAI's chatbot launched on the web, ChatGPT, short for Generative Pre-Trained Transformer, set off an AI arms race among the Tech giants Microsoft, Apple, Google, Amazon and more. And it's no wonder, it is a powerful tool capable of understanding and generating human-like text responses to various prompts.

ChatGPT stands out from other AI chatbots due to the sheer scale of pre-training on large text datasets, its state-of-the-art transformer architecture and generative approach, as well as OpenAI's focus on continuous improvement. Operating as a chatbot, allowing users to interact with it through text-based inputs, ChatGPT is trained on a massive dataset of over 45 terabytes of text data, including books, articles, and other written material.

The training data was selected to provide a diverse range of language and topics, which allows it to understand language patterns and relationships between words and phrases. When given a prompt, the model generates a response by sampling from a probabilistic distribution of possible next words and refining the response through an algorithm. This complex process enables ChatGPT to generate responses that are coherent, accurate, and relevant to the prompt. With human-like responses, the capabilities of ChatGPT are vast, ranging from answering simple questions to generating complex paragraphs and articles.

For credit unions, ChatGPT can provide several benefits, including these examples:

- **Customer Support:** Credit unions can use ChatGPT as a virtual assistant to provide instant and personalized customer support. Members can ask questions about account balances, transactions, loan applications, or general inquiries, and ChatGPT can provide relevant and accurate responses. This improves customer satisfaction and reduces the burden on human support agents.
- **Financial Education:** Credit unions often prioritize financial literacy and education. ChatGPT can act as a financial advisor, providing information about budgeting, saving, investing, and other financial topics. Members can seek guidance on how to manage their finances effectively, plan for major expenses, or make informed decisions about loans and credit cards.
- **Loan Applications:** ChatGPT can assist members with the loan application process. It can gather initial information, help members understand eligibility criteria, and guide them through the necessary documentation. ChatGPT can also answer queries related to interest rates, repayment terms, and loan calculators, enabling members to make well-informed decisions.
- **Personalized Recommendations:** With access to members' financial data (while ensuring privacy and security), ChatGPT can offer personalized recommendations based on spending patterns and financial goals. It can suggest suitable savings plans, investment options, or credit card offers that align with members' needs and preferences.
- **Member Onboarding:** ChatGPT can streamline the member onboarding process by guiding new customers through the necessary steps to open an account. It can assist in identity verification, explain account features and benefits, and help with initial fund transfers. This simplifies the onboarding experience and reduces the need for manual assistance.
- **Cross-Selling and Upselling:** ChatGPT can analyze member profiles and transaction history to identify opportunities for cross-selling or upselling relevant financial products or services. It can suggest credit card upgrades, insurance policies, or investment opportunities tailored

Continued, see "ChatGPT" on next page

ChatGPT

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to individual members' needs, potentially increasing revenue for the credit union.

Obviously, ChatGPT could offer significant help to credit unions, from automating and streamlining processes resulting in reduced operating costs, to improving customer experience by increasing response turnaround times and personalization.



However, using ChatGPT is not without risks. A number of companies, including Apple, Amazon, Citigroup, Goldman Sachs, Wells Fargo, Verizon and Accenture, have already banned ChatGPT because of the risks associated with its use, such as:

- **Security risks:** ChatGPT could be vulnerable to hacking or cyber-attacks, which could lead to a data breach or compromise sensitive customer information.
- **Misinterpretation of language:** ChatGPT relies on natural language processing to understand and respond to customer inquiries, but there is a risk that it may misinterpret certain words or phrases, leading to incorrect responses or actions.
- **Legal and regulatory risks:** the use of AI in banking may be subject to various legal and regulatory requirements, such as data privacy laws and consumer protection regulations. Failure to comply with these requirements could result in legal and financial penalties.
- **Bias:** ChatGPT may also exhibit bias in its responses, based on the data it has been trained on, which could lead to discriminatory outcomes for certain groups of customers.

To mitigate these risks, banks should implement robust security measures, regularly review and audit ChatGPT's responses, and ensure that the AI system is regularly updated and trained on diverse datasets to reduce bias. While ChatGPT offers great promise for credit unions, there should be a balance between automated interactions and human touch.

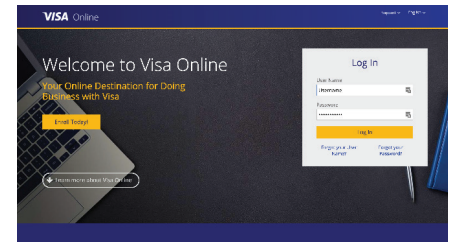
It will also necessary to maintain transparency with members about the use of AI and its limitations, as well as provide alternative channels for member support when needed. When accounting for the risks, the use generative AI will be a powerful tool with potential for a transformative impact on credit unions willing to employ it.

Visa News

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Visa launches the updated Visa Online. Visa has launched

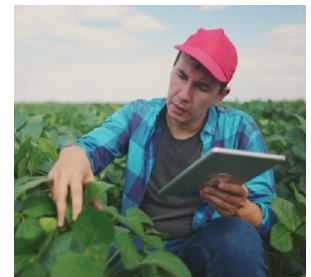
a redesigned Visa Online with an integrated full-service help center, the Visa Support Hub. The Visa Support Hub digitizes the service experi-



ence by providing robust global support available 24/7 to help save Visa clients time. The enhanced Visa Online features a simpler experience, enhanced personalization capabilities and easy, integrated access to the Visa Support Hub. The Visa Support Hub is designed to help Visa clients and processors find answers, resolve issues and complete tasks via an advanced dashboard with robust reporting capabilities to facilitate easy tracking of service requests. The dashboard will be integrated into the Visa Online homepage and will feature a quick glimpse of support cases and an alert for unread support updates. All MAP clients have access to Visa Online at www.visaonline.com.

Visa prototypes Pilot for Brazil's Central Bank Digital Currency (CBDC). Visa is prototyping

of Brazil's blockchain-based Central Bank Digital Currency (CBDC), the Real Digital, which might enable innovative programmatic cross-border payments for farmers as part of the Brazilian central bank's LIFT Challenge. The LIFT Challenge was



designed to give small and medium-sized farmers greater access to global capital markets and a more transparent way for potential buyers to discover and buy crops using a sophisticated auction mechanism. According to Visa, the pilot is focused on better understanding how blockchain-based programmable finance products could one day solve existing market pain points across real-world use cases. Visa is using the pilot to learn that entire process — working with partners to understand what kind of physical contract you need for a particular market, the regulations required to bring something from off-chain to on-chain, and then seeing how that might be driven by other private initiatives.

Visa to discontinue Visa Checkout. Visa will discontinue support for Visa Checkout (VCO) and will automatically upgrade merchants to Visa Click to Pay. The sunset of VCO is part of Visa's commitment to support industry's transition to Click to Pay and align with EMVCo Secure Remote Commerce standards.

Industry News

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More Americans can't live without digital banking. According to a new BMO survey more Americans (50 percent) reported they plan to move more transactions online throughout 2023. Among younger Americans ages 18-34, nearly half (45 percent) said they are completely reliant on digital banking with it being the only way they bank compared to 43 percent of those ages 35 to 54 and only 20 percent of Americans 55 and up. Only 34 percent of respondents could live less than a day without it, ranking digital banking nearly as important as a car (38 percent) and more important than having a dishwasher (20 percent). Most Americans (59 percent) want access to financial literacy tools and resources within their digital banking apps with 74 percent of those ages 18-34 saying it is important.



Paze to pilot this summer. Early Warning Services (EWS), a fintech behind the Zelle Network, a peer-to-peer payment solution, will launch its digital wallet with a pilot this summer followed by general availability in the fall. The new wallet, called Paze and aimed exclusively at e-commerce use, will start with backing by the owners of EWS but will be "available to all banks regardless of size," James Anderson, managing director of wallet at EWS. With a wide scope of issuers, the company expects banks representing 150 million cards to be participating in Paze by the time of the commercial launch, he added. "All the eligible consumer's cards they use with e-commerce will show up on the day they get the wallet," Anderson says, adding Paze will deliver "better outcomes for merchants," including lower cart abandonment.



Total Household Debt Reaches \$17 Trillion. Consumers in the U.S. continue to struggle with payments, as interest rates and inflation plunge households further into debt. According to the Federal Reserve, aggregate household debt balances have increased by \$148 billion in the first quarter of 2023, a 0.9% rise from the previous quarter. This brings total balances to \$17.05 trillion, representing a \$2.9 trillion increase since the end of 2019, just before the pandemic-induced recession. While growth in mortgage balances has been relatively modest, other forms of debt, including home equity lines of credit (HELOC) and auto loans, have shown consistent upward trajectories. The Fed found that while delinquency rates remained low and roughly flat in the first quarter, the transition rates into early delinquency for credit cards and auto loans increased.

Cost of card acceptance remains unchanged since 2016



The merchants' price for accepting credit cards has remained steady for years, according to a report from the Electronic Payments Coalition (EPC). The EPC's report comes against continued merchant complaints about the cost of card acceptance and efforts by federal lawmakers to put a lid on the fees merchants pay to take credit cards.

The estimated weighted average credit card interchange rate for U.S. sellers was 1.8% in 2021, unchanged since 2016, according to the data, which is sourced to Jersey City, N.J.-based Verisk Financial Research. Interchange is the largest component of merchants' card-acceptance costs, which also include network and acquirer fees. With these fees included, U.S. merchants paid an average discount fee on credit card transactions of 2.22% in 2021, level with 2020 and down slightly from 2019, according to the data.

The release of the data comes amid widespread complaints from merchant groups about what they view as steadily rising costs linked to accepting credit card transactions. The EPC, which represents the card-payments industry, has long argued that merchants undervalue the benefits of card acceptance.

But merchant advocates contend card acceptance remains a steadily rising cost burden in the aggregate for retail businesses. "Swipe fees have been exploding over the last several years. In fact, fees were \$22 billion higher in 2022 than they were in 2021," says Doug Kantor, general counsel for the National Association of Convenience Stores.

The EPC's latest report emerges as Washington considers a proposal to control credit card acceptance costs. The Credit Card Competition Act, introduced last summer by Sens. Richard Durbin, D-Ill., and Roger Marshall, R-Kan., would require that all merchants have a choice of at least two unrelated networks for card processing. The bill, which proposes to foster more competition for processing, failed to pass but is expected to re-emerge this year.

Letter from the CEO

Change is an ever-present and ongoing aspect of life. For Member Access Processing (MAP), it has had an impact on multiple fronts: leadership, growth, partnerships, and the rapid advancement of digital solutions to name a few.

Our industry is evolving at a wicked fast pace as echoed in the words of the U.S. Navy Seal's mantra: "Slow is smooth. Smooth is fast." But lately, fast seems to be the word of the hour. Daily, we are obliged to exceed relevancy, deliver dynamic solutions, advance innovation, and provoke disruption to stay at the forefront of our industry. Thank goodness we have what it takes to succeed!

As we celebrate our 25th anniversary our vision is clear: "To offer credit unions – no matter their size – the same service, opportunity, and solutions that they strive to provide for their own members." While there is solid work ahead, it is doable, and MAP has the opportunity to grow at a rapid pace and serve our industry at a time when service, support and caring are nearly unknown concepts to our competitors.

During the last two and half decades, we've brought in new partnerships, grown our team, and expanded the business. I believed we now have the unrivalled systems, policies, and people in place to ensure that our company can live up to its reputation as a leading payments provider and a great place to work.

We will continue to strive for excellence – passionately debating ideas, employing healthy skepticism when appropriate, and demanding excellence and rigor in all of our pursuits – but we will always treat each other with dignity and respect. And regardless of differences, voices will be heard, perspectives welcomed, and contributions valued.

I want to extend my sincere gratitude to my teammates for their continued focus and dedication to our clients and partners. They have demonstrated a relentless commitment to service excellence, growth, and our four core values – Industry Knowledge, Customer Knowledge, Consultative Approach, and Future Orientation. Our most recent Net Promoter Score of 85 is a testament to our team's great work during challenging times. We are a business fueled by innovation, passion, and performance. These are cornerstones of our creative excellence. We continually recognize, embrace, and celebrate that the very best ideas, the most rigorous execution of those ideas, and ultimately our responsibility to execute on those ideas for our clients.

There's a tendency when companies face growth and challenging moments to lose sight of what makes them special, what makes them great. I am confident that with our of collective commitment to each other, our clients, and partners, we will continue to achieve excellence. 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@map.llc.



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