MEMBER ACCESS PROCESSING
Payments Report

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Happiness Report reveals quality card processing = happy members

Seamless, up-to-the-minute credit and debit card services have become the major demand of credit union members and the biggest focus of concern for credit union executives. According to a new study by Member Access Processing (MAP), credit union members want the most robust app features, the best rewards, and near-instant, responsive customer service. And this is a major worry for credit unions.

The 2019 MAP Happiness Payment Report from Member Access Processing (MAP) revealed that a large majority of credit unions (44.76%) are very concerned that members may leave their credit union if their card services don't offer the most current capabilities or mobile access. These numbers continue an upward trend in the importance role that credit and debit card service plays in member retention across all credit unions.

The survey also revealed when a credit union's card services are running smoothly, there is a corresponding relief and happiness. In fact, credit union executives are happiest about their card payments, with nearly a third (29%) saying this was the most important service for their credit unions. After card payments,

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Happiness Report

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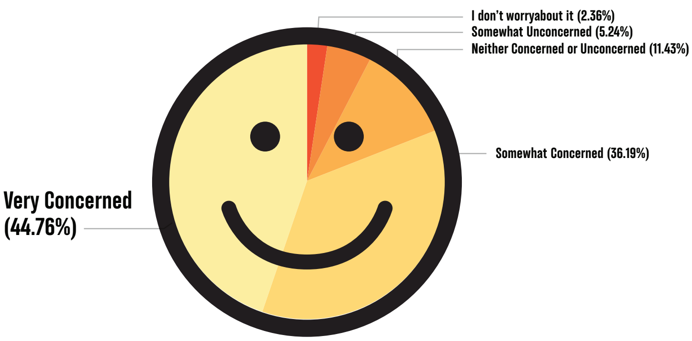
executives were focused on Online Banking (20%), Mobile Banking (18%), Member Lending and Business Lending (10%), Mortgage and Home Loans (6%), Investment Service (4%), and Community Service and Outreach (3%). These numbers reflect a reordering of priorities for members, who now want, and expect, near instantaneous access to their accounts.

How concerned are you that members may leave your credit union if your card services don't offer the most current capabilities?



"There is no underestimating the importance of a solid Payments Program to a credit union's reputation and its long-term relationship with its membership," states Cyndie Martini, President and CEO of Member Access Processing. "We seek to separate ourselves by providing highly personalized service – treating our client credit unions the way they would treat their members. It's why we consistently achieve a 80-plus Net Promoter Score."

Overall, the respondents were happy with their credit unions' Card Payment and Online Banking services. The report found that just over half were Very Happy with their debit (55.71%) and credit (56.67%) programs. Not surprising, those that were Very Happy with their processor were also Very Confident in their performance (77.4%), viewed their processor's innovation as Cutting Edge (77.3%), and rated their provider as Very Easy to talk to via phone of email (80.3%).

Another interesting find was that a majority felt that their card processor was Very Important (54.76%) to the success of their credit union.

MAP's Happiness Payment Report is conducted annually by the credit union-owned issuer and processor, measuring how credit union executives feel about their credit and debit programs and how important those programs are to their institution's success. The report surveyed 212 credit union executives in the U.S. about their debit and credit payment providers. Respondents were executives and department directors in the areas of credit union operations, card management, risk management, Lending, Finance, and IT.

SAVE THE DATE

MAP's Annual Conference: August 20-21 - Seattle, WA

Member Access Processing is pleased to welcome client and guest credit unions to our 20th Annual Payments and User's Conference, a two-day event for credit union professionals to learn about the rapidly evolving payments and financial services industry. This year's conference will kickoff on August 20 with a workshop on how to use shared visioning and a common set of values to engage and create invincible teams. On Friday, August 21, the second day of the conference will feature Bill Hampel, Chief Economist and Chief Policy Officer for the Credit Union National Association (CUNA), and include industry experts Visa and other business leaders and payments experts.

MAP's 2020 Annual Conference will be held August 20 and 21 at the Edgewater Hotel located on Seattle's waterfront at Pier 67. The Edgewater hotel features guest rooms with views of Elliott Bay and the Olympic Mountains. Guest rooms and suites are fitted with gas fireplaces, knotty pine furniture, and leather chairs. Each room includes an European-style spa bathroom with complimentary bath amenities. Additional features include an in-room coffee machine, mini-bar, and views of downtown Seattle or the Puget Sound Guests can work out at the on-site fitness center, outfitted with cardio machines, free weights, and additional exercise equipment. Selling various Seattle souvenirs and collectibles, the on-site gift shop, known as 'Shop...on The Edge,' features an on-site coffee bar. Six Seven, a full-service restaurant, is located on-site and offers seasonal Pacific Northwest cuisine and views of the Puget Sound and surrounding mountains. Pike Place Market is within 15 minutes' walk of The Edgewater Hotel, while the Space Needle is within 20 minutes' walk.

Faster money in the United Kingdom leads to more fraud

The United Kingdom is a frontrunner in the shift to instant digital payments. Now, Britain's parliament thinks certain transactions may need to slow down to guard against fraud. There is growing concern about scams using bank-to-bank transactions, which can be instantly using Britain's faster payments system. Yet it does not provide a way to reverse these payments, raising questions about who is liable when things go wrong.

In some cases, fraudsters make phony requests for money through a forged invoice or a fake email from a contractor. Then, they spirit the money away—hopping through a series of accounts in seconds to hide their tracks—before the sender has time to realize the deception.

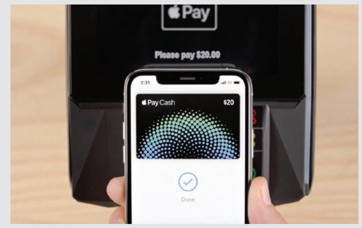
As this type of fraud becomes more common and sophisticated, the UK Commons Treasury committee recommended a 24-hour delay for first-time payments. This would give consumers a chance to contact their bank if something goes wrong.

Unlike debit and credit card networks, which have certain types of fraud protection, consumers have had little recourse from scams involving bank-to-bank transactions. More than £600 million ($772 million) was stolen through scams, including unauthorized card fraud, in Britain during the first six-months of the year. Around £200 million of that money was stolen through "authorized push payment fraud," where people were tricked into sending money to an account controlled by a criminal.

Banks are also working on a security system called "confirmation of payee," which is meant to warn customers when the recipient's name doesn't match the one entered by the customer. The system, already behind schedule, is expected to be available at the six largest banking groups by March, according to the Treasury committee. MPs suggested sanctions if IT delays cause the measure to fall behind schedule again.

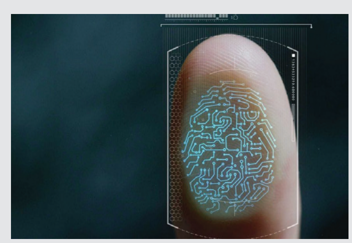
Industry News

Apple Overtakes Starbucks in Mobile Payments. For the first time, Apple Pay has surpassed Starbucks' mobile app as the top proximity mobile payment platform in the U.S., according to eMarketer. The research firm expects Apple Pay to account for 47.3% of the market this year, while Starbucks slips to second place with a 39.4% share. eMarketer attributes Apple Pay's growth to the rapid adoption of the near-field communications (NFC) standard across brick-and-mortar retailers. It notes that Google's and Samsung's platforms use the same standard, but that the two companies are splitting the Android market.



Credit and Debit use and profitability grow. According to the Federal Reserve's Quarterly Report on Household Debt and Credit 16.8 million credit card accounts were opened by all card issuers in the past year. The Fed also says that in the second quarter of 2019, credit card debt made up 6.3% of total household debt – that's 2 basis points more than the same time last year. At the same time, credit card lending increased $39 billion to $870 billion, which is the highest it has been since the fourth quarter of 2008. The past four years have been the most profitable for card issuers this century. The credit union movement's experience with plastic has shown product engagement increasing alongside growth in credit union membership overall.

FATF releases guidance on digital IDs. The Financial Action Task Force (FATF) wants financial institutions to prepare for the global expansion of digital identification systems. FATF published its draft guidance on digital identity, for governments, regulated entities and other stakeholders to enforce anti-money laundering (AML) and counter financing terrorism (CFT) regulations.The intergovernmental organization aims to address emerging security and transparency issues as



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Ninety percent of all sentiment on social media around loyalty programs is negative, according to a recent CapGemini study. Combine that reality with the fact that most households are in 15+ legacy loyalty programs already and the tectonic shifts in how consumers are shopping and purchasing today, and it's clear every company must rethink customer loyalty.

The first place to start is the idea that only certain customers are part of a loyalty program. Let's just throw that idea out right away. Grocery stores and credit cards are outliers, but in general, loyalty programs only get ~20-25% customer participation. Brands are thus ignoring 75% of their customers with loyalty and appreciation messaging. A decade ago, you weren't able to get customer data without a program card tradeoff, but today, consumers are more willing to share an email or mobile number if they believe their overall experience with that company will improve – from top to bottom. That's the trade they want to make, not the old trade of some impossible to follow points system for their personal info.

If you are stuck in a loyalty program mindset, you are thinking about points and tiers and scoreboards and offers. It's confusing to consumers. It's frankly confusing to companies trying to keep it all straight. "What did we promise 12 months ago to people who moved from silver to gold – can we still deliver that profitably?" You can read the research on this question, but the average modern consumer doesn't enjoy this game. The people who do are the ones trying to game your points/tiers/offers game, and that's not the type of loyalty you are trying to encourage. Average consumers value "likeability" and "trust" when deciding to be loyal to a brand, not cards and rewards. Millenials, in particular, are more interested in being loyal (almost 2x as much) than the rest of shoppers, but they specifically value better service and personalization. Loyalty programs are an expensive, time consuming artifice that obscure the real path to customer loyalty. Here's what we think is a better way forward.

First, all customers are in. Yes, they have to share some information so you can identify them, and opt-in to receive messages, but we all know that's a growing percentage of your audience and far higher than 25%. It's time to have a mature relationship with your customers, not the one you have with your kids to get them to eat vegetables.

Second, develop a new culture and mentality around loyalty that is simpler, but can get buy-in across your company and with those on the front lines of your customer touchpoints. You are trying to encourage loyalty, that's the primary goal, and so every positive experience moment is a win and every negative one is a loss. Really, the only scoreboard should be inside your own operation counting all the positive and negative "moments" at each touchpoint and on each customer's journey. Loyalty will manifest itself in many positive ways for your organization – through additional spend by a customer, through positive word of mouth, or online reviews. You do have to treat your best customers better than everyone else – give them early looks, better customer care, special offers. And you want to encourage newer customers to come back, and so, sure, they need occasional incentives and perks.

It's time to have a mature relationship with your customers, not the one you have with your kids to get them to eat vegetables

Finally, you need to create your own segments/tiers for your team to group customers so you can better personalize their experiences. These groupings are going to differ brand by brand, but the philosophy should be the same. You want to build a living, breathing customer understanding-loyalty feedback loop. Historically, companies did customer segmentations every few years. They did a lot of research, created a report, people put it on the shelf in their office, and then 3 years later they did another one. Companies can do that by segmenting and find similarities, and more realistically, focus on the most loyal or most likely to be loyal ones. You can't serve all masters, and we all know mass marketing is on the extinction list.

Visa says "no" to delaying deadline for upgrades to gas pumps

Gas station operators are scrambling to upgrade fuel pumps to accept chip cards but there's a shortage of technicians and dispensers after Visa and Mastercard rejected a request to delay a looming deadline to complete the work. Beginning in October, station operators that haven't modernized their pumps will face liability for any card fraud that happens at their businesses.

Most retailers began to upgrade payment systems in 2015—the first of a series of deadlines set by Visa and Mastercard as the U.S. worked to catch up with nations in Europe and Asia that had long adopted the more-secure chip cards. For fuel retailers, the deadline was ultimately pushed back five years as the industry faced costs of more than $3.9 billion to do the work.

In a 2019 survey by Conexxus, a non-profit that represents convenience stores, almost 70% of respondents who own a convenience store said they haven't upgraded any outside pumps to the new so-called EMV technology.

Few companies manufacture the required pumps. Those that do—such as Dover Corp. or Fortive Corp.'s Gilbarco Veeder-Root—have said they're expecting an increase in sales ahead of the deadline. Once the hardware is installed, fuel companies must have the pump software certified.

Fuel retailers that don't upgrade could face costs of as much as $201,000 per store over the next seven years, according to data compiled by Conexxus. The group expects the fuel industry to suffer $451 million of card fraud in 2020 alone.

In the Conexxus survey, more than half of participants cited a lack of available software for not having chip technology fully deployed, while about 15% pointed to a shortage of hardware.

Visa News

Kroger accepting Visa credit cards at all its locations again.

The retailer previously stopped accepting Visa credit cards at 21 of its subsidiary Foods Co stores in August 2018 and then 250 Smith's Food & Drug locations in April 2019. Kroger was boycotting Visa over its allegedly high interchange and network fees, which are charged to merchants for each transaction a consumer makes using a credit card. Kroger has now ended the ban, but it's unknown what led to the decision to do so.

MoneyGram Expands Cross Border P2P service with Visa Direct. MoneyGram is expanding its debit card deposit service launched in collaboration with Visa through Visa's real-time push payments platform, Visa Direct. This service is now available to Spain and the Philippines. As a result of the launch, MoneyGram is the first company in the industry to enable cross-border transfers from the United States using Visa Direct. The company expects to launch the service to additional countries in the coming months. The MoneyGram launch of Visa Direct internationally comes on the heels of the successful launch of Visa Direct in the US where about 50 percent of users are brand new to MoneyGram, and early indicators show customer retention rates are outperforming expectations.

Visa Announces Plans for New State-of-the-Art Headquarters. With the lease of a new, 300,000 square foot, 13-story building in the vibrant Mission Rock neighborhood of San Francisco, which will serve as Visa's new global headquarters once completed. Additionally, as part of Visa's overall Bay Area real estate expansion plan, Visa will completely redesign its Foster City campus into a state-of-the-art facility to create a collaborative and inspiring environment for Visa's product and technology teams.

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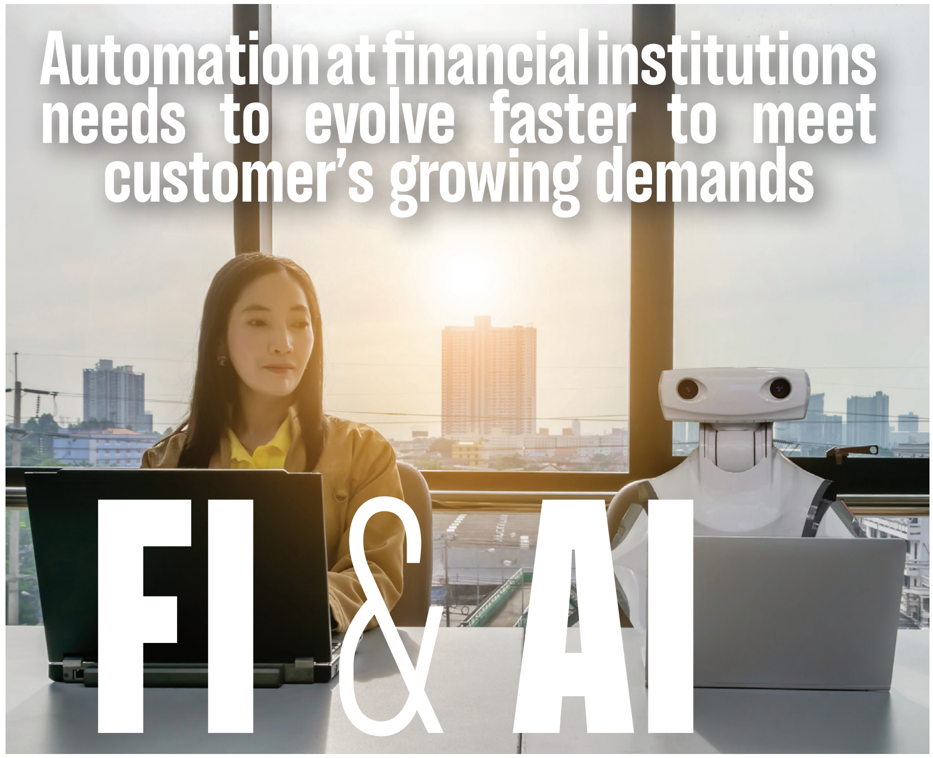
A study has found that 55% of banking professionals view artificial intelligence, automation and robotics as a vital part of the future of financial services. While automation is central to financial services, according to Avaloq research, many fintechs are looking to capitalize on heir position as innovation leaders.



The automation study, carried out by fintech firm Avaloq, also found that increased used of open and collaborative platforms (34%) and more distributed ledger technologies and cryptocurrencies (26%) could play a major role in financial services going forward.

As for what is aiding digital transformation in financial services currently, participants cited compliance under updating regulations (48%), improved customer experiences (46%) and improved cyber security (42%) as frequent drivers of improved performance.

Offering a better customer experience than competitors was the most frequently identified priority for staying ahead of the competition in five years' time, with 41% saying that it was their most preferred advantage, more than double the next placed aspect, 'operational efficiency' (19%).

While traditional financial institutions (FIs) in the US still hold the customer trust advantage, it looks like fintechs are closing the gap. The majority of respondents (64%) to a recent Blumberg Capital survey strongly or somewhat agree that they would trust payment or investment technologies offered by their bank more than those offered by startups — but this is a deterioration from the 2017 number (68%), indicating trust for fintech solutions is growing.

Within financial services, trust is correlated to longevity to some extent, and we expect trust in fintechs will continue to strengthen as time passes. And this will probably be accelerated by the fact that several fintechs are gaining the backing of established financial services heavyweights, which can help improve consumer perception of the fintech sector as a whole. For example, Visa's recent deal to acquire open banking startup Plaid for $5.3 billion is a strong vote of confidence in the fintech.

Regarding a preferred strategy for leveraging AI and automation in order to optimise customer service, 42% said that 'one core platform combined with single add-on applications' would be most effective.

This figure is more than double those representing views that either 'several single best-of-breed platforms' or 'one integrated front-to-back platform' would be the best way forward.

When looking to expand their offerings, fintechs should zero in on what consumers need to ensure their propositions meet existing demand. For instance, around half of respondents to a recent Accenture survey said they want core propositions addressing needs that go beyond traditional financial services, such as a property-buying solution that includes home insurance or a health proposition that includes wearable devices. This suggests fintechs would benefit from creating vibrant ecosystems; an ecosystem — an integrated platform where customers can access a bundle of services or products to fulfill a variety of needs — can be created by a single cross-industry player or by multiple firms providing services across industries or within one. To do so successfully, they should look at the examples of Apple, Amazon, and Google, which have been taking financial services by storm with their massive ecosystems.

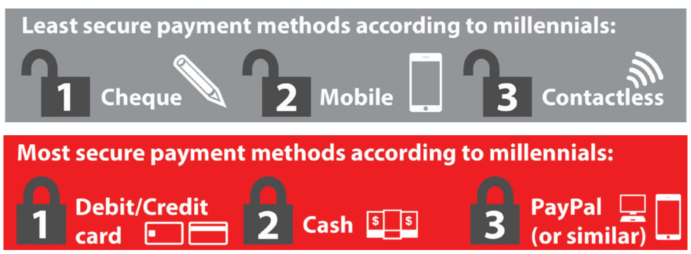
Fintechs should also use their agile infrastructure to innovate at a level not as easily possible for traditional FIs, which are often burdened by legacy systems. To take our prior example further, most fintechs can enable fast connections with external partners through simple APIs and seamlessly execute on the ecosystems consumers crave, as demonstrated by the likes of Starling and Yolt.

Avaloq's study gauged the views of 210 banking and wealth management professionals around the world, including operational and technical employees, middle management and senior managers.

Millenials choose convenience over security

A survey by Compass Plus has revealed that while millennials rely heavily on their mobile phones, they consider them one of the least secure payment methods.

The results show that 93% of consumers under the age of 30 cannot imagine leaving the house without their phone and would rather forget their wallet than the all-important gadget. However, despite this reliance on the mobile device, an overwhelming majority (86% of respondents) believe the mobile is one of the least secure ways to make payments, alongside checks and contactless cards.



Interestingly, when asked what their primary way of paying would be in 10 years, nearly a quarter (22%) of millennials think they will be paying by phone – coming second to multiple methods (39%). The fact that millennials believe they will mainly be paying by mobile in 10 years, even though they consider it to be one of the least secure ways to pay, shows that the age group values convenience over security.

When compare to the results of the 2018 survey, it is noticeable that the millennial generation is still unsure about the security of mobile payments. In 2018, mobile was also voted the second least secure payment method, behind using multiple methods (44%) and almost a third of surveyed under 30's saw it as their primary payment method in 10 years' time – although this number has dropped to 22% a year later.

The survey also revealed a completely different perception of cash by those under the age of 30. Despite not seeing cash as a future of payments (with no respondents believing they would be using it as their primary payment method in 10 years), the younger consumers consider cash to be one of the most secure payment methods. It came 3rd after credit and debit cards with an impressive trust rating of 75% amongst millennials.

The continued reliance on cash is also reflected in millennials' regular use of ATMs. Though not the largest age group to actively perform ATM transactions (57% of over 60's use ATMs weekly or more often), millennials still find themselves regularly making a trip to the nearest self-service terminal – almost 40% do it at least once a week.

Industry News

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the process of financial transactions become more digital, according to the guidance. Notably, the guidance specifically lists distributed ledger technology (DLT) as a tool that can aid in the growth of digital ID networks.

Fed to raise payment fees. The US Federal Reserve will increase the fees it charges financial institutions for several payment services by an average of 2.4% in order to recover its costs and break even — which it is required to do by law. Check Services, Fedwire Funds, and FedLine will all post increases in the year ahead. Notably, ACH — which grew 9.5% annually in Q3 2019, led by peer-to-peer (P2P) and digital payments — will see no change, but also won't recover its cost this year due to expenses from system modernization likely focused on the integration of Same Day functionality.

Holiday gift cards increased 7% in 2019. A Blackhawk Network report has revealed consumers spent 7% more on gift cards during the 2019 holiday season than in 2018. According to Blackhawk's 2019 BrandedPay Holiday Shopping Preview report, surveyed shoppers' holiday gift card spend was expected to increase despite fewer shopping days between Black Friday and Christmas. Blackhawk's post-holiday report found consumers' spending to be on par with those forecasts. The growth was supported by a 4.5% increase in digital gift card sales and the rapidly increasing popularity of curated cards, which will likely continue trending into the new year.

Metal credit cards are on the rise. Card issuers are turning away from plastic as they expand the number of metal cards they offer, per The Wall Street Journal. The number of metal cards in circulation worldwide has increased from 5 million in 2014 to 32 million this year, and is expected to quadruple in the next two years, per data from the Nilson Report cited by The WSJ. Major issuers beyond Amex (one of the first to offer metal cards), including JPMorgan Chase, Capital One, and Goldman Sachs are investing in their physical cards because metal products make customers feel special, give off an air of wealth and status, and, in turn, may make customers spend more, according to the report.

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2020 Fraud Trends: New year brings new risks

If fraudsters' new year's resolution is to commit more frequent, more tech-savvy financial fraud, they could teach a class to many of us on how to stick to resolutions. According to KPMG's inaugural Global Banking Fraud Survey, retail banks experienced increases in total fraud value and volume in 2019. Fraud scenarios that increased included identity theft, account takeover (ATO), card not present, and push payment scams.

What's more, fraudsters seem to gain ground every year by using the same cutting edge technology the payments industry uses to tackle fraud. Here's where the old axiom from Benjamin Franklin holds — an ounce of prevention is worth a pound of cure. To prevent fraud, you have to be prepared for it. Here are seven fraud trends to prepare for in 2020:

Authorised push payment fraud (APP) – The Financial Conduct Authority implemented a rule that went into effect on 31 January 2019, which allows victims of APP fraud to complain to the receiving payment service provider (PSP), not just to the sending PSP. Unfortunately, this rule did little to slow the rate of fraud. In the first six months of 2019, fraudsters stole GBP 207.5 million from unsuspecting victims by manipulating them into authorising payments, up 40% from the same period in the previous year.

SMS spoofing – SMS spoofing is one tactic used to commit APP fraud. SMS spoofing uses technology to impersonate a trusted party such as a PSP as the sender of an SMS message. Victims receive messages that appear to be from their banks but are actually from fraudsters and act out instructions believing to be from their PSP.

Deepfakes and voice biometrics – Facial recognition to unlock cell phones or voice biometrics to command smart home devices generate Jetson-era excitement until criminals get their hands on them. Enter deepfakes, AI-created fake images, videos, or audio manipulations. Expect criminals to increasingly utilise deepfakes to target the C-Suite and PSP's authentication procedures to commit financial fraud.

Social and voice banking – Innovative banking channels, such as social and voice banking create new avenues for automated payments. While the convenience of these new channels is obvious, the registration processes for these services remain relatively weak with known loopholes. Financial criminals might be the unintentional winners in the race to create exceptional customer experiences.

Breaching 2FA – As the use of two-factor authentication (2FA) grows, due in no small part to PSD2 in Europe, so too do circumvention techniques like SIM swapping. SIM swapping exposes weaknesses in 2FA, particularly when criminals attempt account takeover fraud. Scammers might report a device as lost and ask mobile providers to activate a new SIM card with a customer's phone number. If the customer service agent believes the criminal, the victim's phone number gets activated on the criminal's device. Now they can circumvent 2FA because they'll receive a text message or phone call with the verification code they need to log in.

Institutional disruption – Fraudsters like nothing more than large scale campaigns that cause disruption. They can use events such as bank mergers or Brexit as reasons to ask the customer to revalidate credentials or update settings. This angle applies both to social engineering and collecting customer data for ATO attacks. As we see more mergers and government changes, expect a rise in linked fraud attacks as well.

Return of the ATM – Today, Financial institutions are increasing the services available at ATMs (cardless cash withdrawals, real-time payments), which means low tech fraud, such as card theft, could lead to raised fraudster access. Also, fewer ATMs are housed wherever is convenient for customers, allowing for less secure environments where theft, such as shoulder surfing and card skimming, are easier to carry out.

Some of the most proactive stances against fraud include breaking down data and department silos; integrating teams, processes, and systems; and, where possible, using the most advanced technology available.

Visa to acquire Silicon Valley's hottest fintech

Visa's $5.3 billion acquisition of Plaid, one of Silicon Valley's hottest startups, came after conversations between the companies' executives intensified in late 2019.

The rationale is clear: In a world where billions of credit and debit cards have already been issued, the Visa and Mastercard duopoly need to prepare for a time when consumers move beyond pieces of plastic. As more transactions flow through financial apps, like Venmo for payments and Robinhood for trading, these upstarts are increasingly important partners for the card networks.

The acquisition of San Francisco-based Plaid represents a different relationship for Visa who has long had close partnerships with financial institutions. Plaid has been an interloper, providing the electronic plumbing that connects financial upstarts to consumer bank accounts. Fintech apps sometimes push traditional financial institutions into the background, making them invisible, interchangeable utilities, while the Fintechs get all the interaction, providing savings advice or spending information.

Security is also a concern. To access account records, financial apps often ask users for their bank usernames and passwords. Then, they log on and pull in information through a process known as screen scraping, which is one of the services Plaid provides. Banks have complained that it can be a major burden for their systems and some, like JPMorgan and Capital One, have clashed with Plaid over the practice.

Yet, financial institutions have decided the risks are worth it. They may lose customers if their users can't access their favorite apps. Plaid, meanwhile, has struck agreements with banks to use their application program interfaces (APIs) to access data using encrypted token-based credentials. These specialized gateways are seen as safer and more stable than screen scraping.

To the extent that some banks are still wary of Plaid, placing the upstart inside the Visa mothership could offer reassurance, as the card giants are trusted networks, with expertise in handling hundreds of billions of transactions per year.

"We know there are financial institutions who would prefer Plaid operate differently in some places," Visa's CEO said this week, without naming any particular companies. "We intend to address those concerns," he said.

Visa News

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Visa Checkout merchants set to move to new buy button. On January 21, merchants that offer Visa Checkout — Visa's buy button that had 350,000 merchants in October 2018 and aims to speed up online checkout by storing consumers' payment information — will begin to transition to the click to pay button that top card networks recently introduced, per a press release. The new button, which is based on Secure Remote Commerce (SRC)specifications developed by EMVCo, will accept credit and debit cards from American Express, Discover, JCB, Mastercard, UnionPay, and Visa, for online merchants, bringing standardization to the space.

Visa new partnership to help fintechs in Asia Pacific. Visa has partnered with four companies that offer platforms that help develop financial and payments products, an issuer processing platform, and technical operations support. The partners — Episode Six, Euronet Worldwide, Global Processing Services (GPS), and M2P Solutions — have joined the Visa Fintech Fast Track program, which is meant to help firms quickly start working with Visa. The new partnerships cover 12 markets in Asia Pacific (APAC) and aim to enable fintechs to get all of the tools they might need to add new solutions in the region from Visa. This follows Visa and Marqeta announcing that they're collaborating on a platform to facilitate global expansion in APAC, specifically to help firms develop digital-first card programs. Both of these efforts suggest that Visa wants to be heavily involved with new and innovative offerings in APAC, likely because the region is a key driverof noncash transaction growth globally.

Participation in Visa Token Service Hits Major Milestone. Visa Token Service (VTS) are estimated to process a combined ecommerce volume of $1 trillion, marking a significant opportunity in its efforts to make digital payments more secure. In 2019, despite a shortened holiday shopping season, consumer spending was up 19.7 percent from 2018, with online shoppers spending a record $9.4 billion on Cyber Monday alone. To that end, consumers shelled out $125.6 billion online from Nov. 1 to Dec. 19, with more than a third of that spending happening on smartphones. Beyond the meteoric rise of digital shopping, tokenization technology is also on the rise with increasing adoption among merchants and retailers.

Industry News

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MPOS Transaction Values to Exceed $1.9 Trillion by 2024.

New data from Juniper Research forecasts that mPOS (Mobile Points of Sale) transaction values will exceed $1.9 trillion by 2024, up from $850 billion in 2019. This growth will be driven by service adoption from new business users, including pop-up stores and street vendors, for whom the acceptance of card payments was previously inaccessible.

Card spending to top $10 trillion. Spending for goods and services initiated by credit, debit, and prepaid cards issued in the United States, which totaled $7.266 trillion in 2018, is projected to reach $10.086 trillion in 2023. The Nilson Report also projected that outstanding credit card balances will hit $1.435 trillion by the end of 2023, up from $1.124 trillion at the end of 2018. It predicted that the average credit card transaction would rise from $90.73 in 2018 to $94.44 in 2023. The forecast also said that the number of credit, debit and prepaid cards in circulation in the United States would rise from 6.96 billion at the end of 2018 to 8.02 billion at the end of 2023.

Synthetic Identity Fraud is the Fastest-Growing Financial Crime. According to GIACT Systems, the leader in the positive identification and authentication of customers, new synthetic identify fraud (SIF) tactics are being deployed across a variety of financial products and industries, widening the risk of infiltration and fallout. In the U.S., which has had more than 446 million consumer records exposed in data breaches in 2018 alone, an increase of 126% of exposed customer data compared to 2017, businesses and consumers are particularly vulnerable. According to the Federal Reserve, the credit card industry lost $6B in SIF attacks in 2016 alone.

US mobile payments make a comeback. A survey by consulting company Mercator Advisory Group found a resurgence in the use of mobile payment systems in the US, marking a turnaround after a two-year decline. Research showed the use of all mobile wallets, including retailer-specific payment systems such as those offered by Starbucks and Walmart, had grown to 60 percent in 2019 from 48 percent at the same point in 2018. Use of built-in payment systems from online service providers including Uber and Airbnb also increased, from 28 percent to 36 percent.

Augeo FI rebrands to ampliFI Loyalty Solutions

Augeo FI, MAP's leading loyalty solutions provider, announced the business' rebrand to ampliFI Loyalty Solutions. The extensive rebrand heightens the focus on advancing to new horizons taking cardholder engagement to the next level.

ampliFI
formerly augeo FI

ampliFI Loyalty Solutions is the end-to-end platform solution provider of loyalty programs for banks and credit unions. The company's unique platform combined with custom, product-engagement solutions symbiotically merges with the company's mission to ampliFI to new heights. As the networks, issuers and processors, along with online and mobile-app providers advance into a new digital space, Mike Knoop, Chief Executive Officer, wanted to ensure the company stays ahead of the market demand and show the team's commitment to ampliFI through the same lens of technology and innovation. "Some companies deliver marketing, while some focus on points and rewards programs, and some drive portfolio growth and engagement," says Knoop. "We ampliFI all of that!"

"ampliFI Loyalty Solutions' new branding reinforces our company's culture of working tirelessly to support our great clients and partners, investing in product innovation and aligning with the values and expected impact for those utilizing our products and services," says Ron Silvia, Chief Revenue Officer.

The company will continue to invest to ampliFI engagement by delivering a robust offering of rewards and loyalty solutions with a personalized, dynamic approach. "As we look to continue to advance, we must keep an eye on innovation as our clients will continue to rely on us more and more to drive increased engagement and to ampliFI the experience to bring new product solutions to market—like real-time redemptions and gamification," says Silvia.

The new logo symbolizes the business' overall growth and strength featuring an apex representing the upwards impact for clients, cardholders and objectives for partnerships. The stroke through the apex defines the constant focus to the horizon from product innovation, platform enhancement, data advancement and ampliFI'd engagement.

Letter from the CEO

Late last month, Visa Checkout merchants in the US transitioned to a new, easy, smart and secure online shopping experience for card payments across web and mobile sites, mobile apps and connected devices. The new click to pay button (aka, SRC Universal Buy Button) will allow members to pay with confidence knowing their Visa (MasterCard, American Express, or Discover) card will be using advanced technology and authentication methods, including device binding and biometrics to protect transactions. The click to pay experience is also interoperable with the EMVCo tokenization specification and with the 3-D Secure specification to bring more of today's most advanced security methods to emerging and existing digital payments channels.

Cyndie Martini
President/CEO

This has been a long journey toward giving members, credit unions and merchants a safe, standard and interoperable online checkout experience. A few years ago, the card networks began to promote Secure Remote Commerce (SRC), an industry effort to extend the EMVCo standard to online checkout and what became to be called the "SRC Universal Buy Button."

The aim of SRC is to avoid confusing, time-consuming checkouts by providing one "universal buy button," a feature meant to be the online equivalent of the single payment terminal at a physical store – but digitally. On sites displaying the SRC Universal Buy Button, member cardholders will no longer have to enter a 16-digit primary account number, look up passwords or fill out long forms to make a purchase. SRC gives members the same single terminal experience that accepts network-branded cards and streamlines the checkout experience – no matter what type or size of store.

The SRC Universal Buy Button is just now starting to roll out and it will probably take time to get thousands of merchants and consumers signed on. Yet, once SRC is up to speed in the next year or two, its changes to online checkout will have significant impacts on conversion, fraud, and authentication. First, it remove a number of pain points from the online checkout by providing a consistent and streamlined experience. SRC's device-agnostic specifications will ultimately drive greater e-commerce adoption on a variety of devices by provide a standardized screen experience across all devices like phones, TVs, and cars, etc. It will help reduce CNP fraud by replacing guest checkout, which involves inputting and transferring new payment information. Finally, the most significant benefit of SRC is that it will greatly reduce merchants' reliance for keeping cards-on-file, creating a future where data breaches no longer expose millions of personal and financial records to repeated and damaging fraud.

At MAP we support and actively promote new and innovative industry standards that advance our credit unions, their members, and the merchants where they shop. Through education and advocacy, we are helping our clients embrace digital payments for the future of their institutions. 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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