

MEMBER ACCESS PROCESSING

Payments Report

ISSUE 55
Winter 2023

25
YEARS
of Service Excellence
1998-2023

Inside this issue . . .

- P.2** – MAP's 25th Anniversary (continued)
- P.3** – SAVE the DATE: uConference23
– Industry News
- P.4** – Credit card debit reaches \$1 trillion
– Visa 2023 Debit and Prepaid Promotion
- P.5** – MAP welcomes new leadership
– Visa News
- P.6** – Cybersecurity threats shift after the pandemic
- P.7** – Debit beats out credit
- P.8** – Happiness Report
- P.9** – Households pay \$986 in hidden Bill Pay costs
- P.10** – Declining cash usage raises concerns
- P.11** – Letter from the CEO



PO Box 88884
Seattle, Washington 98188

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

www.maprocessing.com

MAP celebrates 25 years of service to credit unions and their members



Member Access Processing (MAP) is celebrating its 25th anniversary of providing innovative payment solutions with the expertise to answer any question and integrate that answer into a credit union's ongoing operation.

MAP takes great pride in the work and contributions that have led to the growth of our clients and the credit union industry. Two decades on, MAP clients can match the bank and card services of their large bank competitors and can deliver to their members the versatility to better access their money and leverage their purchase power.

MAP was founded by Cyndie Martini, MAP's current President/CEO, at the Washington Credit Union League (WCUL) in 1998 to serve the growing demand for Debit Card solutions by credit union members. Many of MAP's first credit union clients still process with the company more than two decades on, including Community Healthcare Federal Credit Union, Gesa Credit Union, Great NorthWest Federal Credit Union, Our Community Credit Union, TwinStar Credit Union, and Waterfront Federal Credit Union.

MAP became a credit union-owned Credit Union

See "MAP's 25th Anniversary" on page 2

MAP's 25th Anniversary

Continued from page 1

Service Organization (CUSO) in 2004 with the mission to compete head-to-head with big bank card services, offering credit unions the innovation and versatility that their members demand for better access to their money and increased purchasing power.

"While we can look back with great pride at our achievements, it is the future that excites us," said Martini. "We are constantly looking for new technologies, new strategies, and new services to give credit union members the edge in living their best lives while protecting their credit and futures. This is what drives us forward."

As a CUSO service entity MAP provides wholesale pricing of card products based on the collective use of contracted services and transaction volumes. The business structure is comprised of numerous affiliates and relationships dedicated to providing a premium processing solution. Card processing services offered through MAP are considered fundamentally superior to those available within the industry, distinguished by a combination of leading-edge technology, price and exceptional customer service.

MAP welcomes 12 credit unions, achieves 19% growth

Each of the new credit unions joining MAP benefit the company's single point, direct connection to Visa through its unrivaled service model giving members greater access to financial versatility. This marks another milestone for MAP as a Credit Union Service Organization (CUSO) that has achieved 19 percent annual growth as a demonstrated payments leader and innovator.

"We're very excited about the diverse nature, number, and size of credit unions joining MAP," said Cyndie Martini, MAP's President and CEO. "True to our mission, MAP offers credit unions, whatever their size, the same service, opportunity, and solutions that they strive to provide for its own members."

Transactions grew at a robust 19 percent in 2022. With the year's results, the company continues record annual growth year-over-year. MAP benchmarks its transaction volume to Visa. Visa's processed transactions grew 12 percent during its Fiscal Year 2022.

"MAP completed the year in a strong position to bring on new clients and provide the unparalleled level of service we are known for," states Jeff Sims, MAP's Chief Financial Officer. "MAP's advantage has always been to scale more competitively in the areas of service and technical expertise."

First-in-the-nation Virtual Issuer Processor

MAP is leading the industry again with a move to a virtual office. The



company has consolidated its operations, both digitally and in the cloud, to leap ahead of competitors with an environmentally sustainable and digitally agile organizational system. Years ahead of the industry, MAP is leading by example as it helps credit unions meet the persistent changes facing retail financial institutions.



Bread of Life Mission staff and volunteers visit MAP's former headquarters to pick up donated its furniture, equipment and supplies.

"The pandemic was time when companies decided they could either hunker down and weather the storm or leverage the situation to grow and learn," states Joyce Carter, Chief Customer Officer. "MAP re-examined all our operations, studying and enhancing proficiencies, and, along the way, cutting wasteful or inefficient practices. This allowed us reduce costs and increase our client service levels. Service, a hallmark of the MAP brand, is top of mind in everything we do. MAP was able to complete all these efficiencies while still receiving a 85 NPS in 2022 ."

With the closure of MAP's headquarters, the company donated its furniture, equipment and supplies to Bread of Life Mission. Started in 1939 to feed and care for those suffering from the Great Depression, Bread of Life is a local nonprofit that cares for homeless neighbors throughout greater Seattle. Bread of Life brings hope, healing and recovery to people experiencing homelessness by reaching beyond the physical needs of a person and offering them an opportunity to truly heal and experience lasting change.

MAP's transition to a virtual office will reduce carbon emissions, minimize waste and conserve energy and other limited resources. MAP's new virtual work environment will prevent 250 to 300 tons of CO emissions annually thanks to eliminated commutes and purged offices. This is equivalent to recycling 85 to 102 tons of waste instead of land filling it .

Moreover, MAP's cloud and digital operations will nearly eliminate paper use. The average office worker uses about four dozen sheets of paper per day, it's estimated that 45% of paper printed in offices ends up trashed by the end of the day. The typical employee spends 30-40% of their time looking for information locked in email and filing cabinets . Eliminating old business practices allows our team members to focus more our credit union clients and the payment needs of their cardholder members.

SAVE THE DATE

uCONFERENCE23

MAP's Annual Conference | Seattle Waterfront

Member Access Processing (MAP) is pleased to welcome client and guest credit unions to attend our 25th 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.

Robert Spector, one of America's leading experts on customer experience and employee experience, will Keynote the company's annual client conference August 16-17, 2023, uConference23, at its Seattle headquarters in the city's historic Pioneer Square neighborhood. Great customer service has become part of the Seattle cultural landscape. From Nordstrom, Eddie Bauer, Costco, Amazon, Starbucks and Member Access Processing, employees are encouraged to act as if their name is on the door – to live the brand.



Robert Spector

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 will feature network, workshops, and presentations for payment and operations professions to learn the latest trends and tools in the industry, including:

- Payment and Subject Matter Breakout Sessions with MAP Teams
- Being a Rock Star in Business and Life with Sandy Gennaro
- Product Trends Insights with Visa and MAP Team members.

For the latest updates and more information about the conference, check out uConference23.com.

Industry News

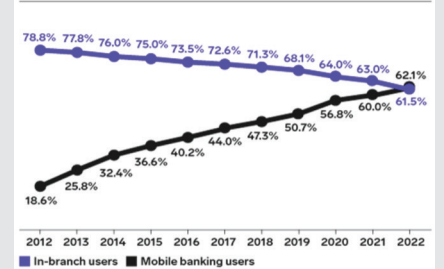
Mobile is beating out branches. In a first, 62.1% of adults in the U.S. will use mobile banking, surpassing the 61.5% who will use in-branch banking, per our forecast. This is a marked shift from 10 years ago, when

78.8% of adults used bank branches and 18.6% used mobile. The tech expenses of US banks will rise 10.6% year over year in 2022, according to our estimates.

While that is eating into branch budgets, the branch experience will remain vital to incumbent

banks. Branches tend to be associated with higher-quality accounts, and they provide solutions for customers who prefer human support.

US In-Branch Banking Users vs. US Mobile Banking Users, 2012-2022
% of population

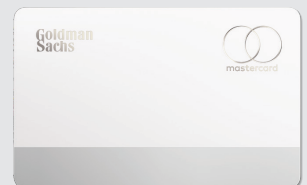


APP [Authorized Push Payment] Fraud Volumes Expected to Double by 2026.

Losses to authorized push payment (APP), a social engineering attack that seeks to trick consumers and businesses into making manual bank transfer payments to fraudsters' accounts, will double in the next four years, hitting \$5.25 billion ACI Worldwide. APP fraud is reaching epidemic levels thanks to the growth of real-time payments, the prevalence of which makes it much easier for fraudsters to get away with it. This is because payments made in real time are transferred instantly and cannot be reversed by the victim. Fraudsters can further exploit this feature to launder their profits, moving payments through other accounts to cover their tracks and lower the risk of being traced.

Apple Card cost Goldman Sachs billions in losses.

Goldman Sachs has lost \$3.03 billion in almost three years. Bloomberg claims that a sizable chunk of such losses was attributable to credit cards. Bloomberg was informed by sources that the losses were "mostly tied to the Apple Card." According to additional reports, most of the \$2 billion losses expected for 2022 will be attributable to the Apple Card and the fintech installment-lending site GreenSky. According to 9to5Mac, the losses result from Goldman Sachs' substantial investment in Apple Card, which is thought to have ranged from \$1 to \$3 billion. Platform Solutions' break-even point is now 2025 instead of 2022, which was the bank's original goal.



Continued on page 7

US credit card debt is nearly \$1 trillion as balances hit pre-pandemic levels



US credit card debt reached nearly \$1 trillion in the fourth quarter, according to data from the New York Federal Reserve. Debt grew by \$61 billion from the prior quarter—the biggest jump since 1999—and by a record \$130 billion annually. A number of factors have fueled the jump in debt, including:

- **Inflation.** Higher prices at checkout meant consumers spent more on a dollar-for-dollar basis. While inflation began to cool by late 2022, prices in December still increased 6.5% year over year, per the Consumer Price Index.
- **Higher interest rates.** The Federal Reserve's aggressive interest rate hikes made carrying a balance more expensive for cardholders. The average APR for all credit card accounts was 19.07% in Q4, compared with 14.51% the same quarter a year ago, per Fed data.
- **Revolving balances.** Consumers have also been carrying balances longer—which may be a sign of financial strain. Sixty percent of US respondents with credit card debt have carried it for more than a year—up from 50% a year ago, according to an October CreditCards.com survey. Last year, consumers could not rely on government stimulus to pay down debt like many did in 2020 and 2021.
- **Seasonality.** Holiday shopping likely also played a role, with many consumers likely leaning on credit cards to fund their gift purchases. US holiday sales hit \$1.297 trillion, according to our Retail & Ecommerce Holiday Season Sales forecast.

Of concern is that the large card issuers concluding Discover, Bank of America and JPMorgan Chase are tracking increases in delinquency rates. For example, the percentage of Discover's loans that were delinquent 30 or more days reached 2.67% in January, compared with 1.75% a year ago, per a Securities and Exchange Commission (SEC) filing. Many issuers have already started preparing for the worst—American Express and Capital One, for example, have set aside reserves in case consumers can't pay back their loans.

Join the Visa 2023 Debit and Prepaid Online Sweepstakes



As consumers become more comfortable with using their cards for online purchases, prepaid and debit card usage has transformed. Consumers have come to depend on the convenience of e-commerce, and enhanced online security protocols are leading to increases in online usage. To take advantage of these trends and reinforce this behavior, Visa has developed a campaign that helps clients educate consumers and motivate Visa Prepaid and Visa Debit card usage online.

The campaign encourages online shopping by highlighting Visa's advanced security features and promoting a sweepstakes with cash prizes. During the sweepstakes period, May 1 – June 30, 2023, cardholders can shop online with their Visa Prepaid or Visa Debit cards from participating portfolios and be entered for a chance to win one Grand Prize of \$15,000 or one of 10 cash prizes of \$1,500 each.

It's easy to participate. Credit unions can get started by requesting the 2023 Visa Prepaid & Debit Online Sweepstakes Partner Program Agreement by emailing David Fond at dfond@visa.com, using subject line: 2023 Visa Prepaid & Debit Online Sweepstakes. Complete, sign and return the agreement according to the instructions, including portfolios activated for sweepstakes (e.g. Business Identification Numbers [BINs]).

Contact Amanda Rowella (Arowella@cosgroveny.com) at our marketing agency to request native files for the campaign assets listed below. Majority of campaign assets are intended to be customized. The participating partner can insert their card name, card art, logo, and disclosures.

The campaign features a complete toolkit with a selection of promotional assets, including Email with information that announce the Sweepstakes, Banner Ads, Social Posts, and a Sweepstakes Landing Page. All marketing materials drive cardholders to a hosted campaign video. Preview campaign materials at the Visa Online Marketing Promotions section (visaonline.com).

MAP Welcomes New Members to its Executive Leadership Team

MAP welcomes three new members to its Executive Leadership Team. Dan Ruppe has joined the company as the new Senior Vice President of Product Services and two officers have been promoted: Jeff Sims has been named Chief Financial Officer and Tim Bornemeier has been named Chief Implementation Officer. The three will serve as strategic leaders and provide new insights as part of the company's eight-member Executive Leadership Team.

"I'm pleased to have Dan, Jeff, and Tim join our leadership team in these key strategic roles," said Cyndie Martini, MAP's President/CEO. "MAP is intently focused on profitable growth and on delivering long-term value for our client credit unions. We are continually growing our leadership team to better align our organization, drive revenue growth, and improve operating efficiency. These leaders have great institutional knowledge and possess the creativity and drive that will help MAP grow and succeed."

Jeff Sims previously served as Vice President of Finance and Corporate Systems. He is responsible for the daily operations of MAP's financial and IT systems, as well as MAP's internal and external financial reporting, annual budgets, annual audits, and analysis and recommendations of future systems solutions. Ruppe will lead MAP's growing suite of payment services, including the management of third-party solutions

"I admire MAP and its dedication to credit unions and their members," said Jeff. "I look forward to working with Cyndie and the team to move MAP forward on its financial, operational, and cultural transformation."

Tim Bornemeier previously served as Vice President of Implementations. Tim directs and manages all phases of implementations for new client onboarding as well as all project implementations for existing clients to ensure outstanding delivery and support.

"I am excited to join such a transformative company," said Tim. "MAP has an exceptional focus on the customer and on service."

An experienced product strategist and leader, Ruppe brings over three decades of experience in the card payments industry and has held various staff and management positions in the areas of Account/Service Management, Systems Quality Assurance, Business Analysis, Compliance, Sales, and Product Management. His past companies have included PaySys International, Hogan Systems, PSCU, and the combined entities of the Honor Debit/ATM network, the Star Debit/ATM network, and First Data Corp.

Visa News

Visa Tokens surpass actual number of Visa cards.

Visa announced that the company has now issued more than 4 billion network tokens worldwide through Visa Token Service (VTS), marking a major milestone in its proprietary offering to help secure digital payments and further accelerate ecommerce innovation and acceptance. This historic milestone, which nearly doubled Visa's token count in one year, surpasses the number of physical Visa cards in circulation worldwide. This milestone underscores the powerful security that tokens provide to merchants, issuers and consumers alike.



Justice continues investigation of Visa Debit Practices.

The U.S. Department of Justice is requesting more information from Visa Inc. on its U.S. debit practices, a continuation of an investigation originally started in 2021. Visa disclosed the request in a Jan. 27 U.S. Securities and Exchange Commission filing and said the Justice Department's Antitrust Division made the request on Jan. 4.

New report explains the top language of fraud traps.

A research report from Visa in partnership with Wakefield Research, "Fraudulense: The Language of Fraud," brings to light that when it comes to spotting scams, cybercriminals are finding vulnerabilities among even the most tech-savvy consumers. While nearly half of the population are confident they can recognize a scam, 73% are likely to miss the requisite red flags in digital communications. In the last year alone, Visa has proactively blocked \$7.2 billion in attempted fraudulent payments across 122 million transactions before those transactions impacted clients. The report is online at <https://usa.visa.com/content/dam/VCOM/regional/na/us/run-your-business/documents/visa-fraudulense-report.pdf>



Visa files trademarks for crypto wallets and the metaverse.

Visa filed two metaverse trademarks with plans to manage digital and cryptocurrency transactions, cryptocurrency wallets, non-fungible tokens (NFTs), and digital currency, among others. Furthermore, if the application is approved, Visa will also offer software for managing digital transactions and auditing cryptocurrencies.

Continued on page 9

Cybersecurity threats shift after the pandemic

Whether in-person or online, cybercriminals target payments touchpoints with sophisticated fraud techniques according to new report from Visa. The industry leader shared an updated look at how fraud has evolved since the height of the pandemic, with criminals simultaneously targeting online and offline vulnerabilities as our daily lives return to a blend of in-person and e-commerce experiences.

“As in-person commerce returns to pre-pandemic levels, crooks are back to exploiting the physical points of vulnerability in stores, while continuing to capitalize on e-commerce through malware, ransomware and phishing attacks, among others,” said Paul D. Fabara, Chief Risk Officer at Visa. “In fact, we are continuing to see high rates of skimming, growing over the already elevated levels of the winter of 2021, where fraudsters are jumping on the rise of in-person activity.”

Two new pieces of research – the latest Visa Biannual Threats Report and an MIT Technology Review Insights study “Moving Money in a Digital World,” released today in partnership with Visa – highlight new and returning threats to the post-pandemic economy.

While fraud early on during the COVID-19 pandemic was concentrated on online scams, in-person attacks are now trending higher as criminals widen their scope to once again capture physical targets. The past year experienced an increase in card-present threats such as physical skimming on ATM and point-of-sale terminals – a trend that will likely persist. For instance, from June – November 2021, Visa saw a 176% increase in physical skimming devices over the previous 12-month period.

Digital commerce are rich targets for fraudsters

Still, the digital commerce environment – vastly accelerated by the pandemic – remains the richest target for cybercriminals. Nearly three-fourths of fraud and data breach cases investigated by Visa’s Global Risk team involved e-commerce merchants – often social engineering and ransomware attacks. Digital skimming attacks targeting e-commerce platforms and third-party code integrations are common.

These attacks shine a light on the need for stringent security controls on merchant websites and checkout pages, ensuring external code is not enabled in sensitive cardholder environments. In fact, 42% of respondents



in the MIT Technology Review Insights report say security measures are important for their customers, with 59% acknowledging that cybersecurity threats are the biggest challenge to expanding digital payments. Many are prioritizing advanced security capabilities like digital tokens (32%), artificial intelligence and enhanced authorization (43%).

Beyond attacks on traditional currency, threat actors are employing new tactics to defraud cryptocurrency users, including new malware focused on browser extension wallets for crypto users as well as innovation in phishing and social engineering schemes. Crypto bridge services are also a target. From January through February 2022, three sizeable thefts exploiting vulnerabilities in various bridge services netted cyber thieves over \$400 million.

Protection Is Visa’s promise

While cybercrime persists, Visa has increased its efforts to mitigate fraud. Over the past five years, Visa has invested more than \$9 billion on network security. Visa employs more than a thousand dedicated specialists protecting Visa’s network from malware, zero-day attacks and insider threats 24x7x365. Visa also deploys AI-enabled capabilities and always-on experts to protect its ecosystem, proactively detecting and preventing billions of dollars of attempted fraud. In fact, Visa’s real-time monitoring with AI blocked over \$4.2 billion in fraudulent payments volume in the last 12 months, preventing many from ever knowing they were at risk of a potential fraudulent transaction.

To read more of the Payment Fraud Disruption report, visit Biannual Threats Report ([visa.com](https://www.visa.com)). To read the full MIT Technology Review Insights Moving Money in a Digital World report, visit Moving money in a digital world at MIT Technology Review.

Debit beats out credit



Consumers' usage of debit cards has finally surpassed that of credit cards. Through the second quarter of 2022, 56.2% of consumers preferred debit as their primary payment card, compared to 39.5% for credit, according to a report from S&P Global Market Intelligence. Those numbers represent a dramatic change in the payments landscape, as just 40.2% of consumers cited debit as their primary payment card as recently as last year, compared to 54.6% for credit.

The reasons for the overwhelming shift are varied. On a broad scale, they include lower or no fees for debit card use, faster settlement, the additional security feature of a PIN for card-present transactions, and no interest charges. When drilling down into the reasons, however, two stand out: the growing issuance of contactless cards and the popularity of buy now pay later loans.

In the United States, 59% of consumers have a contactless card, and 34% of those consumers say they are using their card more often due to the card's tap-to-pay functionality. Those factors are opening the door for debit cards to be used for more everyday and smaller-ticket purchases, according to the report.

Dovetailing into that trend, the report points out that consumers have begun to favor debit cards more for everyday purchases during the Covid 19 pandemic, a category where debit usage has been particularly strong. As a result, consumers have started using credit cards more for discretionary spending, according to the report.

BNPL's influence is being driven by Gen Zers, Millennials, and Gen Xers, all of whom, the report says, are heavy users of BNPL. Consumers who view BNPL loans as a replacement for credit card debt say they can pay them off using their debit card. Debit card usage among Gen Zers, Millennials, and Gen Xers has grown substantially the past year. Debit usage among Gen Zers has risen 26.8 percentage points since 2021, while Millennials and Gen Xers increased their debit card usage by 18.4 and 18.6 percentage points, respectively during the same period. Despite younger consumers' growing preference for debit cards, the jury is out on whether the trend will continue as those generations age.

Industry News

Continued from page 3

Banks to reimburse some victims of Zelle scams. The seven banks that own the payments network Zelle, the nation's most popular peer-to-peer payments platform, are preparing a major rule change that will require the network's member banks to compensate customers who fall victim to certain kinds of scams. Many details of the new policy are still being worked out, said the people, who requested anonymity to describe private discussions. The approach would, for the first time, require banks to assume liability for certain transactions made on the Zelle network.



Card-not-present fraud to make up 73% of card payment fraud. This year, card-not-present (CNP) fraud will account for \$9.49 billion in loss, up 8.5% over last year, according to our data. CNP will make up 73.0% of card payment fraud loss this year, up from 57.0% in 2019. US retail ecommerce sales grew by 36.4% in 2020, the same year CNP fraud loss increased by 31.2%. Both areas will normalize over the next few years.

Card Skimming Grew Dramatically in 2022. Instances of card skimming were up in the United States in 2022, with more than 161,000 impacted cards identified, a five-fold increase over 2021, and a more than three-fold increase in the total number of cards compromised, according to FICO (formerly Fair Isaac Co.). In addition, 3,000 unique financial institutions were affected by a compromise, a 79% jump from a year earlier. On average, 185 cards were compromised per skimming event.



CFPB critical of big card issuers for 'suppressing' credit reporting data. The Consumer Financial Protection Bureau is accusing the six largest U.S. credit card companies of hurting their customers' credit scores by failing to report their full payments to credit bureaus. Millions of U.S. credit card holders could see at least a 20-point jump in their scores if the companies reported borrowers' monthly repayments, the agency said in a summary of its findings. Customers whose credit scores rose would get better offers from other card issuers, the CFPB said. JPMorgan Chase, Citigroup, Bank of America, Capital One Financial, Discover Financial Services and American Express either never reported their payments or stopped doing so in quick succession around 2013, according to the CFPB.



Continued on page 10

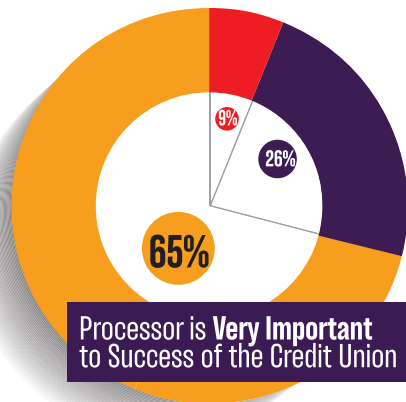
Happiness Report defines the importance of a solid relationship with a Payment Processor

Each year Member Access Processing (MAP) conducts a survey of credit union leaders with the aim of understanding how they experience and evaluate payment solutions at their corresponding financial institutions. The MAP Happiness Report is a comprehensive examination of how satisfied or “happy” credit unions are with their payment solutions and providers. “Happiness” refers to the positive emotional response that credit union leaders experience in their day-to-day participation with their payments solutions, including processing, implementation, settlement, fraud, profitability, and member experience. This viewpoint rests on MAP’s core belief that happy credit unions make for happy members.

Payment solutions serve as a daily touchpoint for most credit union members. A touchpoint refers to any interaction or point of contact between a customer and a company or brand. When using a credit or debit card, members are more engaged and aware of the credit union through its daily use than, per say its lending products. Given an auto loan or mortgage is usually paid on monthly basis, it involves lesser engagement. While the weight of payments to a credit union’s revenue is minor overall, payments play an outsized role with respect to a member’s experience with respect to the credit union’s brand and their satisfaction with the institution.

The success of a credit union can depend on factors beyond a fidelity to providing a profitable core lending solution. As financial cooperatives that are owned and operated by their members, a focus on daily touchpoints necessitates a concentration on payments. Moreover, most credit unions are unable to support more than a single Full-Time Employee (FTE) dedicated to card operations, creating a heightened dependence of medium and smaller credit unions on their Card Processing Company.

Considering these factors of influence on the credit union, assessing an institution’s happiness with its card processor and overall payment solution become ever more significant. The results from the MAP Happiness Report 2022 demonstrate of the Card Processor relationship, with nearly 65 percent of respondents stating that their Card Processor is “Very Important” to the success of their credit unions and less than 9 percent rating the relationship “somewhat Unimportant” or “Not important.” As one of its most important relationships, the support and ease of day-to-day interactions is crucial to credit union happiness. The 2022 MAP Happiness Report is a longitudinal study



of credit union leadership to assess their institution’s “happiness” with their card processing and payment solution providers.

The results of this year’s Happiness Report were consistent with past surveys. For the fourth consecutive year, respondents listed “Credit Union Advocacy or Credit Union Service Organization” as the top consideration for choosing a card processing provider, followed closely behind by a processor’s “Competitive Product Offering.”

However, happiness grew significantly from 2021. A majority of respondents stated they were “Very Happy” with their debit (69.5%) and credit (67.1%) programs. This is an 18-point increase for debit and nearly a 17-point increase for credit from 2021 even though the engagement measure of card processing providers has remained relatively unchanged.



A primary reason for the increased happiness is that credit unions are feeling more confident in their card services capabilities. In response to whether they are concerned “that members may leave your credit union if your card services don’t offer the most current capabilities”, respondents have stated they are less concerned than in 2021 and prior years. The spike and subsequent return to normal undoubtedly reflects the increasing credit union members’ reliance on card services which grew substantially during the early part of the pandemic. Though the preference for card services and card usage were rising prior to 2020, the numbers increased rapidly in 2020 and 2021. The current satisfaction and confidence seems to indicate that credit unions are adjusting to this new normal of credit and debit card reliance.

“The true value of a solid card processing relationship is dependant on my factors and requires a commitment to engaging a credit union at all levels of the relationship,” said Cyndie Martini, President and CEO of Member Access Processing (MAP). “MAP’s enduring relationship with our clients comes from our commitment to serving the credit union staff as they would serve their members.”

MAP’s Happiness Payment Report surveyed 209 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.

U.S. Households pay \$986 in hidden Bill Pay costs

According to the recent “Hidden Costs of Bill Pay Report” by doxo, a web and mobile bill pay service, U.S. households spend over \$128 billion annually, averaging \$986 per household on hidden bill pay costs, including identity fraud, late fees, overdraft fees, and detrimental credit impacts.

These figures are 6% higher than they were for last year’s “Hidden Costs of Bill Pay Report,” which showed that the hidden costs of bill pay had an overall market impact of \$119 billion, and an average annual cost per household of \$925. Moderate increases across the board contributed to this spike, with the biggest increase coming from biller late fees and penalties. While households paid \$15 billion because of biller late fees and penalties last year, this year they paid \$20 billion. The report uncovered concerns American consumers have about these hidden costs and quantifies the expense for the typical U.S. household.

Analysis of consumer survey and statistical data shows the average U.S. household incurs \$986 per year on additional hidden costs associated with bill payment, comprised of:

- **\$54 in Identity Fraud Costs:** The average household out of pocket costs for identity fraud amounts to \$7 billion, or \$54 per household a year, as compared to a total of \$3 billion, or \$26 dollars per household, last year. These are just the direct costs, not including the time and expense consumers spend to restore and repair their identity records once compromised.
- **\$119 in Overdraft Fees:** Banks charged consumers over \$16 billion in overdraft fees this year, or about \$119 per household. This is compared to an average of \$97 last year, with bill payments as the primary cause of bank overdrafts.
- **\$155 in Late Fees:** Missing or paying a bill late often incurs late fees, and 32% of households reported incurring one or more late fees. This totaled \$20 billion in household expenses, or \$155 per household, as compared to a total of \$15 billion, or \$119 per household last year.
- **\$658 in Added Costs of Credit:** Staying current on bills and debt payments is a primary factor for strengthening credit. doxo’s analysis shows that staying ahead on payments and improving credit score by 35 points can save the average household \$658 per year in interest expense. The average U.S. household carries over \$96,000 in revolving debt – between mortgages, auto loans, and credit cards, primarily – so boosting credit and qualifying for lower interest rates significantly reduces expenses.

Hidden bill pay costs like identity fraud, detrimental credit impacts, late fees and overdraft fees are a major avoidable expense for many consumers. Using a bill pay manager like those offered by a credit union can help members avoid incurring a per-household cost of \$986 a year on average.

Visa News

Continued from page 5

Visa and P97 Networks team up to further EV payments.

P97 Networks, a leading connected commerce, mobile payments, and mobility services provider, announced today that it is teaming up with Visa to deploy its token technology. This collaboration will help reduce friction with in-car payments, enable EV charging payments across public networks, and further accelerate mobile payment innovation and acceptance.



McInerney takes CEO Role.

Visa Inc. said President Ryan McInerney has become chief executive officer, replacing Al Kelly. McInerney has been behind the company’s push to deepen its foothold in new forms of payments, including the more than \$120 trillion businesses send to one another each year. The 47-year-old took over in February and Kelly assumed the role of executive chairman. McInerney came to Visa in 2013 having held the chief executive of consumer banking position at JPMorgan Chase & Co. since 2010, according to his LinkedIn profile. Prior to that, he was a principal at McKinsey & Co., a consulting firm, from 1997 to 2005.



Visa to support Merchant Code for Gun Stores.

Visa, Mastercard and American Express will take steps to implement a new merchant code to improve tracking of firearm purchases. The moves by the largest US credit-card companies come a day after the International Organization for Standardization approved a new merchant category code for gun and ammunition stores to use when processing transactions. The approval follows a campaign by Amalgamated Bank, New York city and state officials, and the California’s teachers’ pension fund for the new code. A merchant category code is a four-digit number used by credit-card companies to classify businesses. It typically indicates the types of services or goods being sold to consumers. The new code will apply to all purchases at gun and ammunition stores, though firearm purchases at other types of retailers won’t be captured separately.



Industry News

Continued from page 7

Real-Time Payments to grow 300%. The total number of real-time transactions, also known as instant payments, worldwide will reach 376 billion in 2027, up 289% from 97 billion, Juniper Research forecasts. But real-time cross-border traffic will grow faster than domestic around the world over the same time period, reaching more than 6 billion transactions, the United Kingdom-based research firm says in a report entitled "Instant Payments: Future Opportunities, Regional Analysis & Market Forecasts 2022-2027."

Most US Financial Institutions consider Open Banking essential.

Finastra research reveals that views on Open Banking in the U.S. have matured over the last year, with 68% of respondents considering it either a 'must have' or 'important', up from 48% last year. Of those who have integrated Open Banking, 100% now say there has been a significant impact to their organization. With 56% of US respondents (up from 45%) saying that open finance is now a 'must have', suggesting the sector is actively reviewing products and services that would benefit from an ecosystem model.



Nearly 75% of US adults have not used or heard of cashierless checkout.

Just 14% of US adults regularly use cashierless checkout, like mobile scan-and-go and just-walk-out technologies. That figure is higher among 18- to 34-year-olds, at 21%, while only 6% of 55- to 65-year-olds use the tech routinely. While these figures are low, they suggest tens of millions of US adults already use the shopping tech. Amazon is ahead of the curve, having rolled out its cashierless solutions in not just its own stores, but those of other retailers. As the tight labor market pushes stores further toward automation, the question is no longer when the checkout tech will be ready, but when customers will be ready to use it.



Americans Can't Afford any more Subscription Services.

Two-thirds of American subscription users (65%) say they now "can't afford" all the subscriptions they want. In spite of this financial pressure, over a third (35%) don't actually know how much they're already spending on subscriptions, rising to over half (53%) for Gen Z. To better keep track of costs, more than three quarters (79%) believe that having this single platform would help them to better manage their household expenses. That's according to a new study from Bango — based on data from 2,500 American consumers currently paying for subscription services.



Declining cash usage raises concerns for some consumers



Roughly 41% of US adults said they don't pay for any of their purchases in a typical week with cash, a sharp increase from the 29% and 24% of those who said the same in 2018 and 2015, respectively, according to data from Pew Research Center.

While cash use has declined across the board in the last few years, factors like income, race and ethnicity, and age played a role in cash use.

- Three in 10 US adults with an annual household income of \$30,000 or less said they use cash for all or almost all of their purchases in a typical week. But only 4% of respondents with an annual household income of \$100,000 or more reported the same.
- About one-quarter of Black adults (26%) and 21% of Hispanic adults said they used cash for all or almost all of their purchases in a typical week. Only 12% of white adults reported the same.
- Forty-five percent of adults under 50 said they try to always have cash on hand, compared with 71% of adults ages 50 and up.

Cash remains an important payment method for many in the US. It's especially important for unbanked consumers, who made up 5.4% of US households—7.1 million—in 2019, according to the latest data from the Federal Deposit Insurance Corporation. And while most small businesses accept digital payments, many prefer cash because it helps them save on merchant card fees.

Accessing cash is becoming more difficult as the number of ATMs declines across the US—putting cash-reliant consumers at risk. There were an estimated 470,000 ATMs in the US in 2019, per Euromonitor International data cited by Payments Dive. But that figure had fallen to 456,000 by 2021.

Cash use is declining, but the US is unlikely to become a completely cashless society in the near future. Government initiatives—like Sens. Bob Menendez (D-NJ) and Kevin Cramer's (R-ND) Payment Choice Act, which prohibits cash-free businesses.

Letter from the CEO

Member Access Processing is celebrating our 25th anniversary of providing innovative payment solutions with the expertise to answer any question and integrate that answer into a credit union's ongoing operation. From the beginning, our promise has been to offer credit unions – no matter their size – the same service, opportunity, and solutions that they strive to provide for their own members. Everyday. For the past 25 years. Member Service has been fundamental to what we do.

While we can look back with great pride at our achievements, it is the future that excites us. We are constantly looking for new technologies, new strategies, and new services to give credit union members the edge in living their best lives while protecting their credit and futures. This is what drives us forward.

In 2023 we plan to continue building on our core strengths. Last year, we welcomed 12 new credit unions and achieved another year of robust growth, with transactions volumes increasing more than 19 percent year-over-year. The coming year and beyond hold unique opportunities for MAP and our client credit unions.

Firstly, FedNow is expected to launch by mid-year. The promise of FedNow for credit unions is significant, as it will offer several benefits that can improve their operations and enhance the services they provide to their members, including **Real Time Payments** for improved cash flow management for credit unions and their members, **Increased Efficiency** with enabled automation of many current manual processes, **Enhanced Member Services** through new and innovative service, and **Improved Competitiveness** by offering faster and more efficient payment processing services for members.

However, we are also facing some economic headwinds that could effect transaction growth in the coming year. While we anticipate a modest slowdown in consumer and business spending in 2023, many prominent forecasters are increasingly confident the U.S. Federal Reserve and other central banks can engineer a soft landing for the economy or even avoid a cyclical slowdown altogether. If inflationary pressures dissipate, the Fed could stop raising interest rates and then start to lower them later in 2023 or early 2024, supporting a continued expansion in economic activity. This optimism is supported by high levels of employment and nominal wage growth supporting consumer and business spending as the economy pulls through its recent softer patch.

We continue to be optimistic about the future as we prepare for what might come. This year we refined and streamlined our operations and created an industry-first virtual processing solution. Our virtual office and cloud-oriented operations ensure that we are more agile, resilient and future-ready for our credit union clients. At MAP, we are leveraging the power of the cloud to help our client credit unions thrive in an increasingly complex and dynamic payment environment. 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.



Cyndie Martini
President/CEO



PRSRT STD
US POSTAGE
PAID
SEATTLE, WA
PERMIT #1445



PO Box 88884
Seattle, Washington 98188

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