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**We're Moving...
one building over.**

As of April 2, our new offices will be located at:

**16000 Christensen Road
Suite 240
Tukwila, WA
98188**

Member Access Pacific Inks Agreement with VISA for Prepaid Cards

Member Access Pacific reached agreement with VISA DPS in late 2006 for a reloadable Visa-branded prepaid card. The Agreement gives Member Access Pacific administrative authority over the program so MAP can better respond to client prepaid card needs.

“The prepaid card program will allow our clients to offer instant issue, reloadable prepaid cards right at their branches,” said Herb Tajalle, Director of MAP Products and Services. “Credit unions will be able to outsource to MAP the back-office services that are generally attached to a debit card program.”

The prepaid cards allow credit unions to enhance their debit card offerings to members, while generating fee income for the credit union. Prepaid cards also give credit unions an opportunity to penetrate new lifestyle areas of members, such as

teen cards, loyalty cards, employee bonus and incentive cards, gift and travel cards and payroll cards.

“The prepaid product market is rapidly expanding,” said Tajalle. “There is a segment of our population that is now un-banked and underserved. This segment can use prepaid cards for payroll, funds transfers and bill payments. These cards can also be attached to traditional credit union programs like auto loans, home equity line of credits, and mortgages.”

With the prepaid program expected to grow to \$31 billion in revenue in 2007 and to 49 million users in 2008, prepaids are not a product that credit unions can afford to ignore. Prepaid cards differ from debit cards in that prepaids carry specific dollar amounts, and are not related to a traditional “deposit” account.

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Capitalizing on Market and Technology Trends with a Limited Budget



If you are responsible for card services in your credit union, you know that budgetary funds are always tight and that new technology and market trends are always evolving. So, how do you position the credit union to take advantage of market and technology trends on a budgetary shoestring?

You can adopt many of these market and technology trends in a low-tech, low-cost way—by capitalizing on people and resources you already have access to.

Here are some suggestions:

Devote at least one day each month to market and technology trend reading, education and research. You'll be surprised how many low-budget, "common sense" strategies and ideas you can pick up and implement at your credit union.

Each year when you sit down to figure out your budget, make sure you set aside time to define and determine your strategies first.

For each strategy, strive to quantify the results you expect to realize, and in what timeframe. Then, link the strategies to specific dollar requests in your budget. When it comes to haggling over funding, you will be ahead in the game if you can predict membership-building or dollar-yielding results.

Regularly manage and measure your card portfolio—and tell others about it. Member Access

Pacific is here to help you with portfolio analysis. Portfolio analysis is critical for garnering upper management support for projects. Portfolio analysis also gives you an excellent opportunity to see where you're doing well, and where there is room for improvement.

Tie cards into all points of the member experience. Reading up on market and technology trends can give you "pointers" on how to continually interact with branch front-line staff and with other critical areas like lending and the credit union's business development staff. The goal is to build card usage and income generated from your card products.

Continually work with the branch front lines—and with other departments (business development, lending) responsible for telling members and businesses about card products. Research indicates that cards are one of the products least understood in credit unions. When people don't understand something well, they tend to shy away from promoting it. Don't let this happen at your credit union.

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Capitalizing on Market and Technology...
Continued

Know the “key players” at your credit union for your card program.

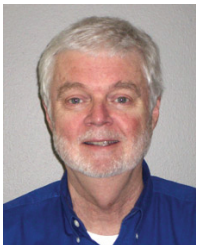
These key players are: Marketing, Business Development, IT, Branches, Lending and Financial Risk Management. All of these areas bring unique expertise that you can capitalize on. If you hear about a new market trend, arrange a meeting with Marketing and ask Marketing for suggestions on how to capitalize on the trend. Often, a statement stuffer or even a card promotional advertisement on the statements sent to members can be issued out with very little expense. It is also cost-effective to post card promotions on the credit union's Website, using Marketing's and IT's experience in this area. Meet regularly with IT to see how you can optimize your IT assets, and also to check on new enhancements that your DP vendor might be bringing out for the card area. When you are planning a new program, Finance Risk Management personnel can be very helpful to assure that safety and regulatory requirements are met. Last but not least, you should plan to meet regularly with the business development and branch systems to ensure that both your member cards and your business cards are actively being promoted in the field.

Finally, network—with other credit union card services professionals and by attending seminars and educational events. Networking is a great source of new ideas—and ways to cost-effectively implement them.

News Capsules

- ▶ **Credit union ATM machines are out-performing ATMs at banks.** ATM & Debit News reported that credit unions with \$500 million or more in assets averaged 5,601 transactions per month per machine. In contrast, banks with \$10 billion or more in assets averaged 4,500 monthly transactions per ATM. Several reasons were given. First and foremost, was the strength of credit union no-surcharge networks. Second, many credit unions take more time to encourage and educate members on ATM use.
- ▶ **The number of prepaid cards** cards branded with Visa, MasterCard, Discover and American Express doubled to 45.7 million in 2005 from 21 million in 2004. Analysts predict that prepaid sales will reach \$7.5 billion by 2009.
- ▶ **Both H&R Block and Jackson Hewitt will** offer tax refunds to clients through prepaid cards that allow their clients to avoid check cashing fees. Block indicated that many of its three million clients do not have bank accounts. It expects the prepaid cards, which are valid at most merchants and are reloadable, to save the average client as much as \$460 in check cashing fees annually.
- ▶ **MasterCard and 7-Eleven are** in the process of marketing cell phones with embedded prepaid payment capability. Users can use the phones to pay by tapping them on radio frequency readers at 32,000 merchant locations that accept MasterCard contactless payment cards.
- ▶ **Florida-based Credit Union 24,** the national credit union-owned ATM and POS network, successfully completed its switch-processor conversion from Fiserv EFT to Fifth Third Processing Solutions (FTPS). The conversion caused no unscheduled outages, and had all processors, clients and network volume migrated to the new switch platform within the targeted schedule. “We're very pleased with the results we achieved in such a short timeframe, and we're now able to offer more value to our member credit unions than ever before,” said CU-24 President and CEO James Park. Credit Union 24's new switch-processing includes a complete overhaul to the network's fee schedule, along with a substantial increase in interchange income for member credit unions. The CU-24 network has hundreds of thousands of POS locations and more than 100,000 ATM terminals across the country. It is the only national credit union-owned POS network in the country.

Member Access Pacific Adds Greg Beck as Director of Business Development



Greg Beck

Greg Beck joined Member Access Pacific as its new Director of Business Development in December of 2006.

With experience driving sales growth, developing strategic marketing plans, Building brands, and launching new products Greg will lead future growth at MAP. . He began his career in the optical scanning industry, ultimately moving into a sales manager position with a leading education manufacturer, where he grew regional sales to over 12 million dollars annually. Recent achievements include writing and developing strategic marketing and product management tactics for a Washington-based start-up company to grow niche market share to over 3.5 million dollars in four years.

Greg has an AA Degree from El Camino College, a BS Degree from California State University, a Certificate in Integrated Marketing from the University of Washington, and a Cisco Networking Certification from Green River College.

Trend Watch

- ▶ **New Ways to Use Card-Based Technologies** More institutions and businesses are looking for new ways to deploy card-based technologies. Churches are using kiosks with debit card processing capabilities for the collection of donations—and are joining movie theatres, airlines, retailers and the U.S. postal service in their use of kiosks. . Several NFL teams, including the Seattle Seahawks, are using contactless cards that work on radio frequency (RF) technology to transmit card information to payment terminals. The New York Department of Labor is paying unemployment compensation to out-of-work residents with reloadable debit cards. In San Francisco, twelve financial institutions are using debit card-based accounts as a way of forming banking relationships with the city's unbanked.
- ▶ **New Instant Card Issuance Strategies for Competitive Advantages.** More financial institutions are moving to instant card issuance as a strategy to get new members active right away with credit and debit cards, while demonstrating fast and efficient service—and giving themselves competitive advantage.
- ▶ **Card-based Customization of the ATM Web Banking Experience.** Fifth Third Bank is currently conducting a pilot where “Web-based” program defaults allow its customers to insert their ATM cards into a Fifth Third ATM and interact with the ATM's Web-based formats based upon the default settings contained in their ATM cards. In this scenario, a Spanish-speaking customer would get Spanish language at an ATM without having to press a button, because the ATM machine would automatically read this preference from the individual's ATM card. The program is one of the first of its kind to customize individual Web experiences though the use of an ATM card. Other institutions are expected to follow suit. The move paves the way to better integration of ATM machines, cards and online banking.

Combat Strategies for Plastic Card Fraud

CUNA Mutual recently took aim at plastic card losses in credit unions, indicating that 2006 losses were well ahead of 2005's, which were more than double the losses of 2003.

“Closing these security breaches is CUNA Mutual’s number one priority, but we can’t do it alone,” said Jeff Post, CUNA Mutual CEO, who was recently quoted in the Washington Credit Union League’s FOCUS newsletter. “The criminal minds perpetrating these acts of thievery on unsuspecting individuals and businesses are resilient, resourceful and relentless. It will take the power of credit union cooperation to find ways to prevent these losses and protect the viability of credit union plastic programs.”

CUNA Mutual has shared its concerns and is actively working with card associations, card processors and credit unions. It advises credit unions that currently do not have fraud problems to “not assume” that they won’t have one, and encourages all credit unions to use every available fraud prevention tool on a 24/7 basis.

CUNA Mutual also has published the following “best practices” for card fraud prevention:

- 24/7 review of potentially fraudulent activity that includes having the ability to take action on alerts at any time of day or night.
- Visa CVV validation for all debit and credit card transactions offered at point of sale, including PIN-driven transactions.
- CVV2 card authentication on all Internet, mail, telephone and key-entered transactions.
- Establishment of daily limits on plastic card usage.
- Assertion of credit union rights against stores and/or merchants that improperly store card data and then later suffer a card information compromise that puts member data into the hands of organized, high-tech crime rings.
- Validation systems that perform name matching between the name transmitted on the magnetic stripe and the cardholder name stored in the credit union’s system.
- Declines of card transactions where the expiration dates on the cards and the system do not match.
- Implementation of PIN-driven or home calling card activation procedures.
- Address verification that matches the billing and shipping addresses of the members for Internet and phone transactions.

Member Access Pacific Inks Agreement...
Continued from pg. 1

They can be easily tied to themed or incentive type programs, and are also transferable. Once the prepaid card amount is loaded into the system, card processing continues to decrement purchases against the card until the card’s value is expended. There are two types of prepaid cards: “open loop” cards that can be used to make debit transactions at a wide variety of locations, and may also be used to withdraw cash from ATMs, Visa, MasterCard and AMEX-branded cards; and “closed loop” prepaid cards that can only be used to purchase goods at a specific retailer (e.g., Target, Home Depot). Prepaid cards may have the capability to be reloaded by users, or they may simply be issued as “disposable” cards that are thrown away once their stored value is expended.

Member Access Pacific is scheduled to launch a full suite of prepaid card products in second quarter of 2007. The prepaid cards will be VISA branded, and offer a variety of re-loadable solutions and options. All prepaid products are supported by financial institution and cardholder access to a user-friendly member service Website for prepaid cardholder/member care.

Card Processing Solutions for CUSOs

Member Access Pacific is the first company to provide CU*NorthWest members and cardholders on-line Visa debit, credit and ATM services.

CU*NorthWest is a data processing, financial solutions provider and credit union service organization (CUSO). CUSO services are based in Liberty Lake, WA. A subsidiary of Michigan based CU*Answers, CU*NorthWest was founded two years ago by a group of local credit unions.

The power of CUSO's is well-known. Credit union service organizations bring credit unions together in cooperative arrangements for cost and service sharing. Member Access Pacific's CUSO online processing solution will be separately implemented at CALCO FCU, Spokane Catholic Credit Union and Seattle Credit Union Center credit unions, with implementations customized to each individual credit union's specification.

In the future, MAP will seek out new affiliations and solutions while providing Credit Unions greater flexibility, product offerings and processing services.

Visa News

- ▶ **Visa is rising prices for acquirer switch fees** in May, 2007, to offset investments in new fraud mitigation tools and new levels of functionality and system reliability. Visa stated that the new switch fees will still be lower than those of competitors. Acquirer service switch fees as of May, 2007 will be \$.035 per transaction for Purchase debits, Preauthorization completions, Resubmission and Credit; and \$.005 per transaction for Preauthorizations and Reversals.
- ▶ **Effective April 1, 2007 Visa is bringing** online a new risk management system that will be able to perform real-time risk evaluations on all U.S. VisaNet authorizations. The tool will provide issuers with immediate risk evaluation information on credit- and debit-signature based cards, Interlink point-of-sale points and Plus ATMs. With advanced authorization, issuers will be able to immediately identify high risk accounts and transactions, because of risk predictors that will be encoded into each incoming message. In 2006 alone, Advanced Authorization identified \$350 million of fraud access across all products.
- ▶ **Visa has updated its Surprise! Surprise! Program,** which is positioned to build in-branch card account acquisition. The renovated Visa program features more retail-oriented point-of-sale materials and merchandising that will assist branch front line personnel in acquainting members with credit union card programs. Program marketing materials cover consumer and business credit and check cards; and Visa Buxx, gift and TravelMoney cards, and are available in both English and Spanish. February 15, 2007 is the early order discount deadline for May 1-August 31, 2007 program launches, and March 1, 2007 is the formal program order deadline. For more information, contact Herb Tajalle, at 866-598-0698 x7116.
- ▶ **Visa is making \$20 million in incentive money available** to financial institutions to in turn make the money available to merchants that process more than one million Visa transactions per year. Current security compliance among these merchants ranges between 15-36%. The goal is to cash-incent merchants so that merchants make the necessary changes to secure cardholder data.
- ▶ **In late 2006,** Visa announced a global restructuring that will lead to an initial public offering of company stock projected between October, 2007-March, 2008.

Letter from the CEO



Cyndie Martini, CEO
Member Access Pacific

Member Access Pacific continually researches industry trends and emerging technologies to assure its clients competitive

solutions that meet the needs of a rapidly changing marketplace.

One such trend is the move of American households to mobile technologies like cell phones, Blackberrys, Personal Digital Assistants (PDA) and other portable communicators.

With more and more households abandoning landline telephone service for mobile telecommunications, the payment industry is looking for ways to equip these mobile devices with enhanced capability for mobile payment transactions in a secure environment.

On January 8, 2007, Visa launched its global mobile strategy, which delivers a suite of technology tools, applications, security standards and business models to mobile communications operators, manufacturers and sellers. The new solution will enable service providers to deliver mobile payment options to consumers.

One such option is contactless payments, which are already in trials in a number of retail areas. Using the method provided for by the Visa Proximity Payment Specifications, Visa card holders will be able to make financial transactions by shooting an infrared beam from a device such as a mobile phone or a personal digital assistant to a small infrared receiver located at a point-of-sale terminal in a retail store, a vending machine, a subway stall, a tollgate, a bus or other device. The consumer's payment information will be securely encrypted in the mobile device and will only be activated by a PIN number. Other applications which will soon follow include Over-The-Air (OTA) personalization options for consumers using mobile devices for their payments, coupons, direct marketing, remote payments and person-to-person payments.

With more than \$4 trillion in sales and over 24 million transaction-accepting locations around the world, Visa's commanding position in card processing makes it a global leader able to marshal telecommunications service providers, manufacturers and others into a cooperative payment technology alliance that uses interoperable technologies and standards that require little or no changes to backend systems that are already in place, and that will speed mobile device payment technology to the market.

Your members will be hearing about these new capabilities—and when they do, MAP, a premier Visa business partner, will be there to help you capitalize on new mobile technology payment solutions for the consumer market.

Best regards,

Cyndie Martini
President/CEO
Member Access Pacific

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