

Inside this issue . . .

- P.2 – \$48 Billion in Rewards
- P.3 – Surcharge-free ATMs
- P.4 – Trip of a Lifetime Sweepstakes
- P.5 – Industry News
- P.6 – Back-to-School Promotions
- P.7 – Visa News
- P.8 – The Case for ATM Deposit Automation
- P.10 – CUNA Guest Editorial
- P.11 – Letter from the CEO

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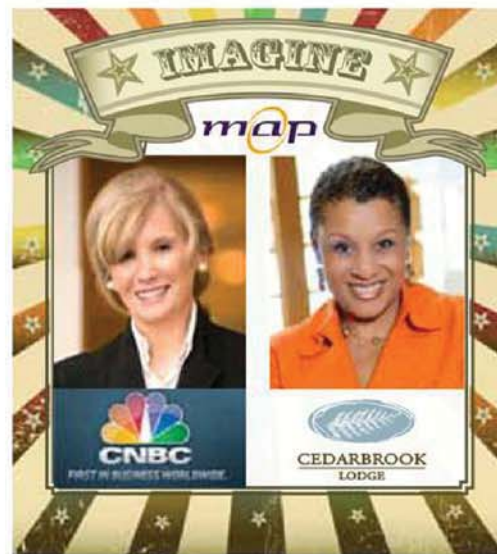
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MAP Conference to feature esteemed Industry Speakers

Annual Conference to be held August 4 and 5 at Seattle's Cedarbrook Lodge

You may know her from her many appearances on the CNBC business television network. As a regular contributor and economist on Business Day and the cable network's other programs, Dr. Quincy Krosby is a leading voice and commentator for understanding today's economy and markets both nationally and around the world. MAP is pleased to welcome Dr. Krosby as the keynote speaker for 2011 Users' Conference to be held August 5 at Seattle's Cedarbrook Lodge. Dr. Krosby is the Chief Market Strategist for Prudential Annuities and a member of the investment management group. Dr. Krosby has worked as a senior investment strategist for The Hartford, Deutsche Bank, Credit Suisse and ING Barings. She earned her master's and doctoral degrees from London School of Economics, and she served as a U.S. diplomat in Washington and U.S. embassies abroad. Dr. Krosby is a former Assistant Secretary of Commerce and past U.S. Representative to the International Monetary Fund.

The afternoon program will feature Debrena Jackson-Gandy. An award-winning speaker and best-selling author, Ms. Gandy is



leader in the field of professional and individual potential. She is respected nationally and internationally for her ability to excite and inspire audiences to reach their aims and ambitions. She is a popular guest on radio and TV and she is often featured in magazines and publications as a personal growth expert.

Joining Dr. Krosby and Ms. Gandy will be industry-leading experts from Visa. Kicking off the conference, Greg Brochart will overview the current state of the payments industry.

Continued on page 2

Continued from page 1

Mr. Borchardt represents Visa as a leader of its Consumer Debit Products. Greg has been indispensable at assisting MAP clients grow their sales volume by identifying portfolio opportunities to increase penetration, activation and usage – as well as improving operational efficiencies. He is a former VP/Product Manager at Bank of America, First Nationwide Bank and former Product Manager at Fair Isaac.

For the past few years, prepaid and gift cards have been the fastest growing segment of the payment industry. Leading Visa's Prepaid Processing Services is Virgil Mathias. Mr. Mathias was an instrumental partner in the development of MAP's Prepaid program and he will be assist us again at the conference in a review of what's ahead for Visa Prepaid and the Prepaid industry as a whole. Virgil has over 20 years experience in the financial services industry including merchant acquiring, home banking and bill payment. He has held various positions in Product Management and Operations at Visa Interactive/Integriion, EDS, MOST Debit Network and Signet Bank.

The role of ATMs at credit unions is changing. As more and more customers gravitate from visiting their local branch to handling their finances by other channels, the relationship between credit union and their members is also changing. With the assistance from Rowena McCallister, product manager for the Visa DPS ATM driving, we will examine the emerging products and features for ATMs. Ms. McCallister brings more than 24 years of ATM-related experience to her role at DPS, including extensive development, implementation, technical, and project management support experience both in the U.S. and abroad.

Finally, the conference will be the product launch for the Visa DPS's Mobile Solution. MAP is pleased to offer our clients a comprehensive and forward-thinking solution to mobile banking and mobile payments. To assist our credit unions in learning about Visa's mobile solutions and help them build a business case for their institutions, we will welcome Paul Provenzano, Vice President at Monitise. Monitise is Visa's mobile solutions provider and Mr. Provenzano is leading its business development and sales initiatives.

Paul is a seasoned business professional and has over 15 years experience in the financial services space with a focus on emerging technologies. Paul's financial services technology background ranges from enterprise-wide data processing systems to more specialized applications such as document imaging, internet banking, comprehensive data aggregation and reporting solutions and, most currently, mobile banking and payments.

MAP's 2011 Annual Conference will be held August 4 and 5 from 8:00 a.m. to 4:00 p.m. at Seattle's Cedarbrook Lodge. For more information, please contact your client services manager or Karl Kaluza at 866-598-0698 x1618 or karl.kaluza@mapacific.com.

Of \$48 billion in US rewards, one third go unredeemed

While American consumers earn approximately \$48 billion worth of loyalty points and miles each year, a surprising one in three reward points goes unused, according to a study into the perceived value of loyalty programs published by Colloquy and Swift Exchange. The 2011 Forecast of US Consumer Loyalty

Program Points Value study found that, out of the approximately \$48 billion worth of perceived value in reward points and miles that American businesses issue each year, at least one-third are not redeemed.

To put this perspective, the average household that is active in loyalty programs earns \$622 worth of points each year, yet does not redeem \$205 of that reward value – enough to buy an airline ticket, purchase a week's worth of groceries, or even to buy a smart phone. The study examined consumer-oriented reward programs from a range of merchants, including those from travel and hospitality, retail and financial services. Taken together, the sheer amount of currency issued by this group demonstrates the economic muscle and potential untapped benefits for all involved in rewards programs.

Other key findings of the study:

- Financial services sector is the biggest provider of rewards at \$18 billion a year, followed by the travel and hospitality sector at \$17 billion, and the retail industry at only \$12 billion – although retail makes up 40% of all loyalty program memberships
- The number of loyalty memberships is estimated at 2.1 billion, exceeding 2 billion for first time
- The average household has signed up for 18.4 programs, up from 14.1 programs in 2009.

The study concluded that while unredeemed points may translate into short-term corporate savings, they do not equate to long-term customer relationships: "If redemption equals engagement, and engagement delivers customer satisfaction and profit, then loyalty programs should encourage members to make the most of their rewards."



Surcharge-free ATMs

Give Your Members What They Want

In this challenging economic climate, many consumers are looking for practical ways to cut back expenses and save money, even a couple of dollars. From cutting back on family vacations to eliminating stops at the coffee shop, cutbacks are everywhere. But rarely can a consumer save money AND get more. Surcharge-free ATM transactions, such as those provided by the MoneyPass network, are the perfect example of giving your cardholders more for less.

If you haven't considered providing your members surcharge-free ATM access, now is the time. ATM fees are growing. Recent announcements by some of the nation's largest financial institutions indicate that \$5 ATM fees can be expected in the near future. A credit union that can provide cardholders with a surcharge-free option can go a long way in winning over new demand deposit accounts and building stronger relationships with existing account holders.

How to Offer Surcharge-Free

When considering providing ATM access for your members there are a few things to consider. One option is for your financial institution to install more off premise ATMs. While this can increase availability for your cardholders, it will take a large capital expense to install enough ATMs to give the coverage your members want and need.

A more practical alternative is offering surcharge-free transactions at ATMs owned by other financial institutions or organizations. This can be done one of two ways. Your credit union can offer a refund program where ATM fees are refunded to some or all of your cardholders. This has proven to be successful at some financial institutions. However, fee refund programs often require significant back office maintenance and support. It may not always be practical to run a complicated operation, if staffing resources are limited. A rebate program can also become very expensive especially when your members begin visiting those ATMs that are charging \$4.00 and \$5.00 per transaction.

Many financial institutions find it is the most simple to join an existing surcharge-free ATM network. There are different networks available to meet varying needs of an organization. Some are regional, others are for credit unions only, and still others are all encompassing and national.

Selecting a Network That's Right for Your Members

You've come to the decision to join a surcharge-free ATM network to give your members greater access to their cash and to save them money. But you need to consider what it means for you and your credit union. It's important to look at the features of each network when choosing:

Do they offer access where your cardholders need it? For example, a participating financial institution is located in Maryland but many of its clients work in Washington D.C. It is important to this financial institution to have access in that area.

- Is marketing support available? This is important because when you make an investment in offering surcharge-free ATM access, you need to make your cardholders aware. Something as simple as a statement stuffer or web banner may do the trick. But a good network will give you the tools to promote the network to your members.

See MoneyPass on page 7

Be part of the excitement trip of a lifetime

more people go with
VISA

\$100,000 dream vacation sweepstakes

As a Visa issuer, you are eligible to offer Visa campaigns to your member cardholders. The latest campaign, "Trip of A Lifetime" Sweepstakes is a travel-themed integrated marketing campaign in the U.S. to reinforce Visa as the preferred way to pay for travel.

From April 27 to Oct. 31, 2011, Visa cardholders in the United States will automatically be entered for a chance to win \$100,000 to embark on their personal trip of a lifetime when they use their Visa card. Official rules for the Trip of a Lifetime Sweepstakes are available at www.facebook.com/visa. No purchase or obligation is necessary to enter or win. The winner will be selected on or around Nov. 14, 2011.

With MAP's in-house marketing support we can personalize these materials at no-charge to you as a client. To get started or for more information, contact Karl Kaluza at Member Access Pacific, 866-598-0698 x 2151 or email at kaluza@mapacific.com.

memory mapper

The campaign gives travelers a new tool to share their experiences through the introduction of a Facebook application,

Memory Mapper, which uses Google Maps satellite technology and a consumer's own photos, videos and captions to chronicle a visual story of their travels for a unique keepsake to share with friends and family.

The Memory Mapper is available at www.facebook.com/visa for travelers to chronicle and share their memories. With Memory Mapper, consumers are able to upload photos and videos, input the locations in which each image originated, write captions, and add music to create a virtual keepsake of their adventures to share with family and friends via Facebook, email and Twitter. Additional features include exclusive travel-related merchant offers and a public gallery of recently uploaded Memory Maps.



**make a
memory mapper**

Advertising & Sweepstakes

In support of the campaign, Visa is airing a national television commercial that follows the real-life Igloi family of four as they surf first on the shores of their home state of California and later in Teahupo, Tahiti while on their own trip of a lifetime. The commercial brings the Memory Mapper to life using satellite map views of each location they visit in combination with photos and video of their dream vacation. The commercial highlights the Trip of a Lifetime Sweepstakes and encourages viewers to visit www.facebook.com/visa to engage further with the campaign.

Travelers will also meet the Igloi family in a series of digital videos and banners across social networking channels such as Facebook, Flickr and Photobucket, online travel merchants and services including Orbitz.com, and popular online media channels DailyCandy and Yahoo.com. At each point of engagement, viewers will be encouraged to use their Visa card to enter for a chance to win their personal \$100,000 trip of a lifetime and use the Memory Mapper to share their experiences with their social networks.

Why Participate:

- *Travel is a growing category: The U.S. Travel Association recently reported domestic travelers spent \$655.6 billion last year, a 7.4% increase.*
- *Seasonally Relevant: Promotion is launching at the peak of travel spending*
- *Promotions have been effective in driving Visa transactions. For example, in Visa's recent NFL campaign, NFL fans exposed to the 2010 "Trip to the Superbowl for Life" promotion showed a 16 point increase in survey results "more likely to use my Visa card" compared to a control group.*

Tourism on the Upswing

Entering the 2011 travel season, the tourism industry is showing signs of strength and regained optimism of travelers both domestically and internationally, according to Visa. Visa's recently released Tourism Outlook: USA report showed an increase in the amount spent on travel related purchases made on Visa payment cards abroad in 2010. Visa Travel Data from 2009 to 2010 showed that spending by U.S. cardholders traveling internationally increased by six percent, from \$29 billion in 2009 to \$31 billion in 2010, while spending by international cardholders traveling to the U.S. increased by 18 percent, from \$29 billion to more than \$34 billion. In addition, the U.S. Travel Association recently reported domestic and international travelers spent \$758.7 billion in the U.S., an increase of 7.7 percent over 2009. Of this total, \$655.6 billion was spent by domestic travelers (7.4 percent increase from 2009) and \$103.1 billion by international travelers to the U.S. (a 9.8 percent increase from 2009).

Industry News

Best Practices Guide for Decommissioning ATMs:

The ATM Industry Association (ATMIA) has published a new best practices guide for dealing with ATMs at the end of their 7-10 year lifespan.

The manual addresses four risk scenarios confronting ATM owners whenever the initial ATM lifespan



is over. The guide covers areas such as best practices for protecting consumer data at ATM decommissioning, how to handle secondhand ATMs properly and various liability issues associated with the disposal of ATMs. To read the Best Practices in full and view ATMIA's library of Best Practices, please visit the ATMIA website at www.atmia.com.

Boom in Deposit Automation: The world is experiencing a boom in deposit automation, according to London-based strategic research and consulting firm Retail Banking Research (RBR), whose latest study "Deposit Automation and Recycling 2010" covers the 46 largest markets worldwide for the technology. A total of 464,000 ADTs had been installed worldwide by the end of 2009, a figure that has increased by 44% since 2007. A notable landmark has been passed, with automated deposit ATMs now outnumbering envelope deposit ATMs worldwide. It should be noted however that this milestone has still to be reached in a number of the world's largest markets, including Brazil, India, Spain and the USA.

Financial Institutions Top Cards in Trust Survey: Digital wallet services are often promoted based on the strength of the card brands backing them, but data from a recent survey by Market Strategies International shows that consumers do not place that much trust in the name on their card. Just 32 percent of respondents said they would trust the institution that issued their card to keep their data secure in a mobile wallet, compared with 47 percent who trust PayPal and 59 percent who trust their primary financial institution. The study also reveals that about one-fourth of the population is leaning toward adopting new technologies, a fourth feel technology is moving too quickly, and the remaining half find themselves somewhere in the middle. The bottom line for credit unions is that it remains an advantage to aim product marketing for new technologies toward younger people and early adopters, assuming that others will eventually follow their lead.

Continued on page 7

All New Back-to-School Promotions

The busy back-to-school shopping season is the perfect time to promote your credit union's Visa debit, credit and prepaid card usage. Millions of students are heading back to school this fall, and many will be on their own for the first time at college. We know seasonal promotions can be stressful and overwhelming...so we'd like to help out with some great turnkey marketing materials from Visa and MAP.

During this important time, help your members learn about your institution and help them save with valuable discounts from leading retailers. Parents and students alike will be looking to their trusted credit union for the financial card products that will best fit their family's needs. Visa's Back-to-School Merchant Promotion offers all Visa Card users savings at select merchants. With MAP and Visa negotiated merchant promotions, you can easily distribute these turnkey materials to your members. Available materials include:

Back-to-School Statement Insert: Take advantage of market-ready statement insert to announce special back-to-school discount offers from popular retailers such as Gap Outlet, JCPenney.com, The Children's Place and more.
Back-to-School E-mail Template: The pre-designed e-mail template features discounts from Target.com, Apple Store, GAP, Shoebuy.com and more.

Back-to-School Web Page Template: Create a free, customized Web page featuring relevant back-to-school offers with the Merchant Offer Program Tool at Visa Online.

Free Marketing Support: With MAP's in-house marketing support, you can personalize these materials at no-charge to you as a client. For more information or assistance, contact Karl Kaluza at Member Access Pacific, 866-598-0698 x 2151 or email at karl.kaluza@mapacific.com.



Use your Visa® card to take advantage of these great back-to-school savings.

Visit visa.com/discounts.



Pass the savings test with back-to-school deals.

[Name],

Getting ready to go back to school doesn't have to be stressful or cost a fortune. Visa Discounts can help you save...and it's as easy as using the Visa card in your wallet. Just use your [MEMBER'S DISCOUNT NAME] Visa card when you shop with the merchants below. Be smart and benefit from attractive deals from Gap Outlet, Apple Store, Bluefly.com and many more merchants that you know and trust. You won't have to study much to learn that the savings you get from Visa are top of the class. To see more deals, visit www.visa.com/discounts.

		
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FREE Shipping FREE ground shipping on all orders over \$50	Save 15% Look smarter than ever - save an additional 15% off your purchase of \$75 or more	Save \$30 Get an A+ in style - Enjoy \$30 off your first purchase of \$150 or more
See offer details	See offer details	See offer details
		
SHOEBUY.COM	Target.com	Target.com
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THE CHILDREN'S PLACE

big fashion like prices

VISA



MoneyPass

Continued from page 3

- Where are the ATMs in this network located? This may seem trivial but a family on vacation does not want to stop at a run down motel to withdraw cash! A network with ATMs located in financial institutions and reputable, safe retail locations is a must.
- Does the network make it easy for your cardholders to locate participating ATMs? Many surcharge-free ATM networks offer online locators, mobile locators and even apps for smart phones. All of these should be accessible to your cardholders free of charge.
- Does the network allow for shared deposits? Not many networks do, so if this is important to your credit union, be sure to look into this option with the networks you are considering.
- Lastly, does the network offer support when you need it? Of course you want a network that is run smoothly. But if an unexpected issue arises, you want to be sure you can reach someone quickly.

Making the Choice

The time is right for considering surcharge-free ATM access for your members. How you offer that depends on the needs of your credit union and your budget. But no matter the method, your cardholders will thank you for saving them money one transaction at a time.

Industry News

Continued from page 5

US strategy for online security: The US government has released the National Strategy for Trusted Identities in Cyberspace (NSTIC) aimed at protecting consumers from fraud and identity theft. The initiative is also meant to boost the economy by enabling the industry to move more services online and to create innovative new systems. NSTIC is aimed at developing a network of credentials, dubbed the Identity Ecosystem, which will allow consumers and business owners to prove their identities while conducting online transactions. The participants will be able to obtain a single credential, a unique piece of software on a smart phone, a smart card, or a token that generates a one-time digital password and then logs into any website via their single credential which can be selected from different markets of different providers of credentials. According to market research company Javelin Strategy & Research, companies have lost nearly \$37 billion to online fraud or theft in 2010 and 8.1 million US adults have had their identities stolen. In fiscal 2012, the Commerce Department will allocate USD 24.5 million to for the development of a network of credentials.

Visa News

Gap Tests SMS Offers With Visa Real-Time Service: In an effort to extend its mobile strategy, Gap is delivering real-time discounts and promotions to consumers via SMS text messages, leveraging a service from Visa. The opt-in service is powered by Visa's global processing network. Participating consumers receive offers on their mobile devices after completing a qualifying transaction through enrolled Visa accounts. The offering is part of a larger strategy designed to personalize the consumer shopping experience and deliver more value to merchants and financial institutions by helping them tailor consumer marketing programs.



Digital Wallet to Launch in the Fall: Visa has announced the next generation of payments solutions that include a secure cross-channel digital wallet and a range of customized mobile payments services that address the specific requirements of geographic markets around the world. The digital wallet will store Visa and non-Visa payments accounts, support NFC payments through the innovative Visa payWave application and deliver a wide range of transaction services to accommodate multiple commerce scenarios—including eCommerce, mobile commerce, micropayments, social networks and person-to-person payments.

Key features of the wallet are expected to include:

- **Click-to-buy:** Shop conveniently and securely by simply entering an email address, alias or online ID and password, instead of a billing address, account number and expiration date. In addition, Visa is exploring dynamic authentication technologies that will bring added layers of security to online purchases.
- **Cross-channel payments solution:** The wallet consolidates multiple Visa and non-Visa payments accounts and can be used in mobile, eCommerce, social network and retail point-of-sale environments.
- **Preference management:** A menu that enables consumers to set preferences for how their wallet will work, allowing them to customize and control the features of their personal wallet from privacy settings to designating which account will be accessed based on merchant type or purchase amount.
- **Merchant offers:** A service that allows consumers to personalize their shopping experience by opting-in to receive money-saving discounts or promotions from participating merchants.

The Case for ATM Deposit Automation

Despite the steady decline in check volume, ATM deposit automation can bolster the bottom line by reducing the incremental costs of deposit handling.

Branch rationalization plans are more important now than ever. Some credit unions justify their brick-and-mortar footprint as a member service or an acquisition source for new members. Many banks think of the branch as a business hub for high transaction commercial and small business customers. A great deal of observation and industry feedback enables me to say with confidence that the one thing the branch is not is relevant to the average retail customer once the account is opened. Among the phenomena driving this "state of branch irrelevancy" are online and mobile capabilities, a cashless society and intelligent ATMs.

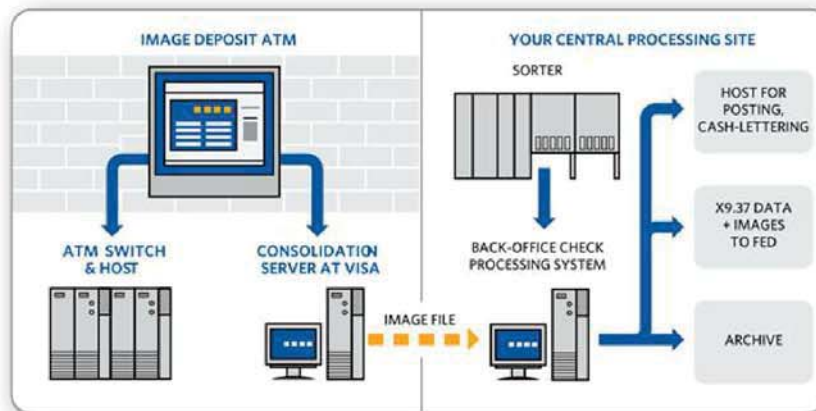
Let's look at the impact of intelligent ATMs and deposit automation on reduced teller and branch activity and the associated strategy implications. For an initial relationship setup, the brick and mortar branch is still where most consumers go to establish new accounts. Subsequently, about the only thing that gets customers into their branches is the occasional need to deposit a check. With the increased adoption of self-fulfillment for online account opening, any additional accounts the consumer requires can be handled without a branch visit. As these consumers turn more and more to debit cards, direct deposit and online banking for customer service, the need for services that a branch can offer is further reduced.

Countless studies show a dramatic decline in check volumes. This decline is primarily a consequence of consumer purchases and payments migrating to debit cards, credit cards and Automated Clearing House (ACH) debits – both scheduled and those resulting from

online bill pay. The types of checks consumers are still writing and receiving are one-off transactions, e.g., paybacks from friends and family, rebates and reimbursements. Most of these payment types are also under electrification assault via person-to-person (P2P) and prepaid rebate cards. So why are banks investing hundreds of thousands of dollars in ATM automation? Does it make sense to pour precious capital into a declining transaction type?

The answer is yes if the investment results in lower overall operating costs. When the incremental cost of handling more deposits is effectively zero, then the business case becomes very clear.

Intelligent ATMs, deposit automation and image deposits all refer to the same underlying concept: allow deposits made at the ATM to



With MAP's ATM Terminal Driving Service Deposit Automation, MAP and Visa manage the transaction authorization while the agent at the ATM manages the image transfer. The data and image are sent to a consolidation server using secure file transfer. Each check and cash item is translated into the appropriate file format for transfer to the credit union for validation.

benefit from straight-through, automated processing. The following are key components of a best practices intelligent ATM solution:

- Check scanner in the ATM
- Cash acceptor/recycler in the ATM
- ATM deposit processing software that handles MICR line recognition; first-line fraud detection (counterfeit bill and check photocopy detection); balancing and receipt printing with images



- Centralized deposit processing software that handles second-line fraud detection (duplicates, unusual deposit size fraud, holds); posting; clearing and reporting

At a high-level, deposit automation enables a customer to make a deposit that may consist of checks and cash without using an envelope, validate and balance the deposit integrity at the time of the transaction, immediately give credit to the customer, and, by leveraging existing Check 21 imaging technology, route the images to the clearing network. The only human intervention will be to empty the receptacle when it is full.

The benefits associated with intelligent ATMs are many. In addition to better customer service that allows an account holder to make deposits 24x7 and gain full access to the deposit amount, the bank will achieve: lower supplies expense by eliminating envelopes; lower fraud losses and research costs due to empty envelope deposits; faster fraud identification since the checks are immediately available for analysis; reduced manual labor retrieving and processing deposits daily; and reduced courier costs at depository ATMs at off-site locations.

Research suggests that transactions at intelligent ATMs increase following deployment. Data from The Cornerstone Report shows that deposits per ATM are 33% higher for banks that have deployed intelligent ATMs. In addition, productivity as measured by the number of deposits per ATM support full-time equivalent (FTE) is 160% higher for those that have intelligent ATMs versus those that handle ATM deposits centrally.

Deposit automation at the ATM is a win-win technology. Although

we wish it had arrived 10 years ago, it is quickly becoming a required component of an overall remote delivery strategy. As financial institutions continue to provide more self-service and remote delivery capabilities, the need for traditional branch services diminishes.



Fully leveraging the investment in these new channels requires that banks gently steer customers away from the branch for the services that are more efficiently handled elsewhere. As more customers listen to this message and choose faceless interaction, the marketing, call center and technology teams will need to work in tandem to deliver and fulfill timely and relevant solicitations, service and support.

ATM Relationship & Efficiency Tools

MAP's ATM Terminal Driving Service Deposit Automation capability increases convenience for your ATM users and simplifies deposit processing for you. With Deposit Automation, your members can deposit checks and cash without an envelope and enjoy the peace of mind of check images and deposit details on their receipt. Deposit Automation also enables you to validate bills as they are deposited and electronically transmit check images from the ATM to your credit union for clearing. Whether your customer has one check, a stack of checks or a combination of cash and checks, Deposit Automation makes depositing easy and envelope-free.

Enhance your ATM systems with industry-leading tools from MAP:

- **Campaign Management** allows you to use your ATM network as an effective marketing platform for delivering key company messages, promotional offers, coupons and relationship enhancing messages.
- **ATM Preferences** allows cardholders to personalize their ATM experience with their preferred language (English or Spanish), fast cash amount and receipt delivery. In addition to building loyalty, this optional feature can also help you speed up ATM transaction time.
- **Remote Key Distribution (RKD)** system securely generates, stores and downloads a unique, double-length Terminal Master Key (A-Key) to your ATMs to help lower costs and simplify complexity of ATM deployments and conversions.
- **Terminal Totals Manager (TTM)** is a Web browser application for viewing current and historical ATM totals and balance ATMs remotely.

For more information about MAP ATM Driving Service, Deposit Automation, and ATM Relationship and Efficiency Tools, please contact Blake Colbo at 866-598-0698 x1620 or blake.colbo@mapacific.com.

Guest Editorial from CUNA

Swipe fees give retailers a windfall of billions at the expense of consumers.

Earlier this month the US Senate failed to pass an amendment sponsored by Sens. Jon Tester (D-Mont.) and Bob Corker (R-Tenn.) that would have protected small debit card issuers and delayed the harmful Federal Reserve proposed rule on debit interchange for one year. The vote undermines our payment system and is a direct slap in the face of consumers and the credit union they rely on for financial independence. The Wal-Marts of the world have spent millions and years lobbying Congress to effectively eliminate a little known transaction fee known as "interchange" - or "swipe fees." Very simply, interchange is paid by merchants who want to use the vast debit card network.



*Bill Cheney
President/CEO, CUNA*

This massive computer system processes billions of instant transactions safely and securely. It has increased sales, helped make online businesses viable and has made debit cards second only to cash as the preferred method of payment. Such a highly advanced and consumer-friendly network costs money to operate. Until recently, the merchants who used the system paid for it, usually about 1 percent to 2 percent per transaction. These fees have spurred the creation of an enormous variety of free payment cards from credit unions, community banks and major institutions. But the giant retailers' lobbyists were able to slip a provision into last year's Wall Street reform legislation that will create a government price cap on debit card interchange and cut it by about 70-90 percent below the current market rate. Worse yet, Congress passed this amendment with no serious review and very little debate.

What does that mean to the average person? Merchants are going to get a \$15 billion plus windfall - with no evidence, and no requirement, that they pass their gain back to their customers.

That money is going to come from credit unions and others that issue debit cards. For the big banks that may mean that customers pay more, get fewer services and/or shareholders make less profit. And even with their enormous resources, in some cases they have already raised their fees to address the reduced revenue. In a credit union, however, it's all about the consumer-member - who is also the owner. As not-for-profit institutions, extra revenue gets channeled back to the credit unions' membership as higher savings yields, lower loan rates and lower fees. Last year, these savings to credit union members amounted to more than \$6.5 billion.

So the merchants' larger paycheck will be signed by ordinary individuals and families. And, credit unions do not have the financial bases the major banks have to cushion the impact. In fact, most rely on the interchange revenue they realize just to offer debit card services. For example, interchange revenue helps offset fraud costs. The data breach earlier this month at Michaels stores around the United States showed just how massive those costs can be. Credit unions and other financial institutions were not responsible for the breach, but they are the ones that will have to cover the cost of reissuing compromised cards. To keep offering those debit services - which millions rely on as a safe and convenient way to make their payments - credit unions will have little option but to charge fees, which will be borne most heavily by those who can least afford to pay them.

We're concerned the same merchants who pushed for this legislation will simply refuse to accept credit union debit cards. Nobody will benefit from payment card discrimination. Congress has a chance to avert this train wreck before the regulation takes effect and transfers billions of dollars from debit card users to giant retailers. In both the House and Senate, there are bills that would delay the price caps long enough to complete a review into their unintended consequences. Any regulation directly affecting so many Americans should have received proper study before it was passed. The least that can be done is for Congress to recognize the severity of situation and take another look before it's too late.

Letter from the CEO

The future of payments may be closer than you think.

Smart phone technology has ushered in a new way of shopping. More and more, consumers are using mobile devices to search for product information, compare prices and even purchase items. New research affirms that mobile is becoming an indispensable tool for today's consumer. Today, 50% of Americans use a mobile device to navigate their shopping experience, according to a recent study from Leo Burnett.

No doubt, mobile is completely transforming the way people research and purchase products. This has enormous implications for manufacturers and retailers who will need to transform their businesses in response to mobile shoppers who rely on their phones to purchase products. Yet, it will also change the way credit unions serve their members.

As mobile adoption grows, we can anticipate two fundamental changes that will affect our credit unions. The first is that members will come to expect that they will be able to pay with their mobile phone. Today, all the pieces to the mobile-payments puzzle are here. It is just a question of how long it will take to assemble the puzzle. As other financial institutions adopt mobile payments, members will assume their credit union will also provide mobile payments.

The second change on the horizon for credit unions is that the payments landscape will change with the introduction of mobile payments. What we now call "alternative payments," such as *PayPal*, *Google Checkout*, or *Checkout by Amazon*, that are primarily used for Internet payments, may eventually migrate into the Point-of-Sale (POS) environment. We only need to look at the recent launch of the *Google Wallet* to see that the current way of looking at the payments industry will likely change in the next few years. The mobile payments evolution will be akin to the debit revolution of the last decade. The exponential growth of debit during the last 10 to 15 years has had a dramatic impact for our credit unions, namely the very positive and solid revenue generated from debit card usage by members. The outlook for mobile could be just as promising as long as we are prepared to take advantage of the opportunity.

Making the most of opportunities is fundamental to our mission at Member Access Pacific. We are here to ensure that our client credit unions can access the payment solutions they need to successfully serve their members. This summer we are especially pleased to welcome you to our Annual MAP Conference - a forward-looking event that will present the latest in payment solutions. As noted in the cover article, we have assembled a "Who's Who" of industry experts to present at this year's conference.

I hope to see you at the Annual MAP Conference, and, as always I am available to hear your concerns and answer any questions you might have. Feel free to call me, 1-866-598-0898, ext 1610 or email me at cyndie.martini@mapacific.com.



Cyndie Martini
President/CEO

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Best regards,


Cyndie Martini
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