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Who's Afraid of PAVD?

In the Edwin Albee play by the same name, the lead characters, Margaret and George, tease each other by repeating the refrain "Who's Afraid of Virginia Wolfe?" to the tune of the famous three little pigs' song "Who's afraid of the big bad wolf?" For today's credit union executive, the question "Who afraid of PAVD?" can be just as vexing, especially since everyone - processors and networks alike - seem to be singing a different tune.

For many credit unions, PAVD (Pin Authenticated Visa Debit) may not be an issue, but for a number of others PAVD has become less of an acronym more of a 4-letter word (pronounced "paved"). These institutions entered into new agreements with debit networks after the Durbin Amendment was enacted. The legislation requires issuers to have at least two unaffiliated debit and signature networks. The important part of the requirement was that the networks had to be "unaffiliated." Since nearly two-thirds of the country's debit cards are branded as Visa signature, institutions started looking at non-Visa networks, i.e. not Interlink. Since everyone was looking, the debit networks - STAR, NYCE, Pulse and all the others - were offering deals. Most of these deals included "preferred rate participation" or incentives for credit unions that agreed to increase and

meet certain transaction volume benchmarks.

In making these deals, issuers were assured that there was little or no downside because the merchants were now making transaction routing decisions, and merchants: (1) prefer PIN because it's less expensive and has less fraud and (2) Visa fees will be the same whether the transactions are routed as a PIN or signature. Simply put, add non-Visa networks because you can't earn more interchange with Interlink and the merchant will choose your PIN transaction over Visa's signature.

At MAP, we took a different approach. We recognized that Visa was offering the best rates for our clients for both Visa signature and Interlink PIN transactions. Since credit unions really couldn't choose a second signature network, we recommended that our

See "Who's Afaid of PAVD? on page 9

Americas are loyal, but it needs to be easy.

73% of smartphone/tablet users would like to use their mobile devices to interact with their loyalty programs.

73%

65% 65% of program members are satisfied with their loyalty program.

Offering better rewards may not be the best way for financial institutions to foster loyalty. Incentives are important, according to the 2013 Maritz Loyalty Report, but the main driver of "satisfaction" with financial-services firms' loyalty programs is how easy they are to use. The survey also showed that banks need to balance their customers' need for communication with privacy concerns.

The 2013 Loyalty Report found that the average U.S. consumer belongs to 7.4 loyalty programs across all industries, including retailers, airlines, hotels and financial service firms. The results suggest that 71% of members would join more loyalty programs, even though the average US consumer is only participating in 63% of the programs in which they are enrolled.

The report revealed that 47% of members have stopped participating in one or more programs in the past year. This number is disconcerting for program operators, yet of even greater concern is that only seven percent of these defecting customers actively defect, meaning they actually formally ask to leave a loyalty program.

Overall, 65% of members said they are satisfied with the loyalty programs in which they participate. The study included customer ratings for more than 35 program attributes and key drivers of satisfaction, including program values (pride of membership, program uniqueness, meeting customer needs), program mechanics (ability to earn and redeem points, quality of rewards), ability to interact with programs (website, mobile, customer support), program innovation (program freshness, access to exclusive events, personalised experiences), and communications from programs (means, relevance and frequency of communications).

The implication for program operators is that in order to be competitive, especially in categories with many largely undifferentiated programs, it is essential for programs to deliver effectively on both the key drivers of satisfaction.

74% of Americans ages 16-34 describe receiving personalized offers based on their purchasing habits as 'cool and exciting'

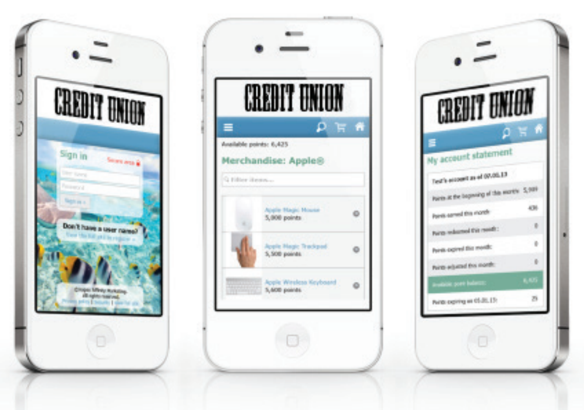
74%

94% of members want communications from their loyalty programs, and 46% say they want that communication to come via at least 3 channels.

94%

augeo
It's Time to Engage.™

Are your rewards mobile yet?



Increase "ease of use" and cardholder satisfaction with Augeo's Mobile Rewards Platform. Members can view available rewards and redeem their points directly from a smart phone or tablet. For more information about MAP's reward and loyalty solutions, contact

Remote Deposit Capture Coming Soon to MAP's Reloadable Prepaid Visa

The Ingo App is a network utility of Chexar Networks.

MAP is pleased to announce the launch of Ingo, a new "Mobile Deposit Capture" application for depositing checks to Visa-branded reloadable prepaid debit cards. By simply snapping a photo of a paper check, cardholders can deposit paper checks to their reloadable Visa prepaid card using their smartphone.

Ingo is currently in BETA as Spyke, a Chexar funding network for converting paper checks into Good Funds. Ingo - The Good Funds Network (www.ingomoney.com) was developed by Chexar as the market's leading solution to enable any consumer to convert any type of check into Good Funds from mobile and other remote capture devices. MAP will make the Ingo Network available to MAP cardholders as soon as it is accessible. Check for updates at www.mapacific.com/ingo.

Getting started with Ingo will be as easy as 1-2-3. In just a few steps cardholders will be able to load checks right onto a MAP reloadable prepaid card anytime from a smartphone. First, members download the Ingo mobile app for iPhone or Android (Coming Soon!). Next, they enroll in the mobile app so Ingo – The Good Funds Network can verify their identity and protect their account. Finally, they enter the information from the MAP prepaid cards they want to load checks onto. Ingo will store the card information securely in their phone so that they can easily load additional checks at a later time.

Once members are approved by the Ingo, they can use the Ingo app to load any approved check - up to $2,000 - onto their MAP reloadable prepaid card. Loading a check is as simple as taking a picture. They simply select the card they wish to load a check to and type in the amount of the check. They take a picture of the front and the back of the check and submit it for processing. In minutes they will know if the check has been approved and loaded onto their card. Members can do this from the safety and convenience of their home, car, or workplace. It's that easy to convert any check into good funds on a MAP prepaid card.

You + Ingo = Good Funds™ in Minutes.

1 You just got a check?

2 Take a picture of that check using your smartphone and Ingo.

3 We'll review your check in minutes and if approved, we'll load ready to spend Good Funds onto your prepaid card.

Members have the option to use the Ingo for free (the deposit will take approximately five business days). However, if they need access to their funds immediately, Ingo will charge a small 1% fee for printed payroll and government checks and 4% for all other checks.

Industry News

M-commerce transactions to exceed $3.2 trillion by 2017. The value of mobile commerce transactions conducted via mobile handsets and tablets is set to exceed $3.2 trillion by 2017, up from the year's $1.5 trillion in 2013, according to a new report from research firm Juniper Research. The increasing popularity of mobile devices for bill payment is reflected in the fact that the mobile banking sector accounts for the lion's share of transaction values over the next five years. The report found that key industries – retail, airline, financial institutions – are emphasizing the importance of the mobile channel as an engagement, delivery and payment mechanism.

To Millennials, 'banking' is anything but traditional. According to a new study released by Think Finance, nearly all (92 percent) Millennials say they currently use a bank, but almost half (45 percent) have supplemented banking services with an alternative financial product or service (e.g., prepaid debit card, money transfer service, check cashing, pawn shop, payday loan, etc.) within the past year. Asked why they turn to alternative financial services, Millennials who have used them say the products are more convenient (42 percent), have lower or more predictable fees (31 percent), and have products that generally better meet their needs (30 percent). More than half of Millennials indicate that they prefer to manage their banking needs on their bank's website (56 percent). Additionally, 29 percent report that they use a mobile app to help manage their money.

Contactless adoption lower than expected in UK. In the United Kingdom, a country years ahead of other in contactless payment technology and adoption, contactless payment usage is far behind the initial predictions at this stage, according to a recent survey. The survey revealed that less than 10 percent had actually used their contactless card to purchase an item 34% believed contactless cards to be the least secure method of payment. While it is widely believed that the UK is becoming a cashless society, with more and more people using cards and smartphones, this survey shows that consumer adoption is not meeting the expected levels. The lack of awareness of differing payment types combined with security concerns and 'comfort in cash' are contributing factors to the lower levels of adoption.

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Digital Wallets: Market Potential and Adoption

Barriers

Digital wallets represent an innovative technology that has not yet reached critical mass among consumers due to a variety of factors, including low awareness and a muddied understanding of their benefits, according to a recent report by comScore.

The current digital wallet landscape remains fragmented among providers because of low consumer adoption outside of PayPal, with only 12 percent of consumers claiming to have used a digital wallet other than PayPal. The study results indicated that the digital wallet market opportunity could eventually reach 1 in 2 consumers as consumers become more aware of the offerings and educated on their benefits. One clear barrier to use of digital wallets is that the concept is often difficult to convey and prone to misinterpretation. Even after being asked to review the websites of particular digital wallets, respondents across all wallet brands still scored an average of just 45 percent in terms of demonstrated level of understanding.

The study revealed that security remains a top consumer concern, but that a significant portion of consumers are not aware of security features inherent in digital wallet usage. The ability to improve communications of features addressing consumer concerns, such as security, could remove an important hurdle to adoption. There was a time when consumers were reluctant to use ATMs for similar reasons. It would seem that the future is bright for digital wallets, but it will require deliberate execution of strategies such as sound marketing. In order to win over consumers, wallet marketers, providers, developers and retailers must work together to address adoption barriers.

Order Your Holiday Gift & Prepaid Cards Today!

Member Access Pacific (MAP) is offering FREE implementation for your institution. That means you can get started with the full-featured, reloadable Visa Prepaid Card and the Visa Gift Card for only the cost of the cards.

It's time to cash in on the popularity of gift cards with MAP's In-Branch Gift Card Displays. Gift cards are a proven way not only to increase customer convenience and satisfaction, but also they keep them coming back.

The Gifting Experience. According to the National Retail Federation's 2012 Gift Giving Survey, 59.8% of consumers said they wanted to receive a gift card as a present for the holidays. Members love the ease and convenience of gifting with a card but they don't want to give up the personalization of the gifting experience. Displaying card presenters with your cards helps your members maintain that gifting experience. With MAP's In-Branch Gift Card Displays, you can choose from a variety of standard or custom branded merchandising products to help give your gift card program that personal touch.

Award-winning Program. MAP's In-Branch Gift Card Displays, introduced during the 2012 Holiday Shopping Season, took first place at the this year's Northwest Credit Union League's Spectrum Awards, an annual program honoring excellence in credit union communications and marketing. MAP was recognize in the Business Partner Marketing award category for marketing excellence in promotion for the creation of turnkey marketing materials for credit unions that effectively promote a product, service or the broader credit union movement, such as in-branch displays, brochures, newsletter articles and statement inserts.

2012-2013 Results. In response to tangible demand, credit unions with Gift Card programs for more than one year saw an increase of 32.8% from the 2011 to 2012 Holiday Season. Moreover, the average dollar amount loaded onto each Gift Card increased by 27.3% from the 2011 Holiday Season. After the holiday season (January 1), Gift Card sales continued to increase. During the first quarter of 2013, sales of Gift Cards in credit unions with "In-branch Gift Card Displays" increased by 53.1% over the same period in 2012.

Gift Card Displays. How you display your product plays a big part in the success of that product. Gift cards are no exception. Card merchandising (card racks, posters, signs, and member communication) put your card program front and center with the customer and set you up for gift card success!

Countertop Gift Card Display. This 8-facing, counter spinner gift card display's small footprint makes it ideal for displaying up to 160 Hanging Gift Card Holders on busy in-branch countertops.

Floor Gift Card Display. This 20-facing, floor-spinner gift card display's small footprint makes it ideal for displaying up to 400 Hanging Gift Card Holders in busy in-branch environments.

As a Visa issuer, you are eligible to offer Visa campaigns to your member cardholders. The most popular campaign of the year is the National Football League (NFL) Sweepstakes. Visa's sponsorship of the NFL provides an unparalleled opportunity to tap into the power of America's premier professional sports league. The mass appeal of the NFL gives Visa an ideal platform to create relationships with millions of passionate fans, building a stronger connection with your credit union, while awareness of Visa's NFL sponsorship can drive increased card usage. What's more, you'll benefit from cost-effective market-ready and customizable materials appealing to NFL fans nationwide.

How it works.

Cardholders who make purchases with their Visa card between 5 September and 29 December 2013 will be automatically entered for a chance to win the Visa Super Bowl XLVIII Sweepstakes. The more they use their Visa card, the more chances they'll have to win.

One Grand Prize winner will receive:

- A trip for two to Super Bowl XLVIII in New York / New Jersey.
- Five-day / four-night hotel accommodations in New York City.
- A VIP experience in New York City, with their own personal tour guide, a dining experience at a premier NYC restaurant and a $1,000 Visa Gift card.
- A visit with an NFL player and access to select NFL event.

Why Participate.

The NFL has been America's most popular sport for the past 47 years, with 181 million fans nationwide—87 million of whom are avid fans. Women comprise a large part of the NFL audience, with 43 million tuning in last year to Super Bowl XLVII. This large and dedicated fan base is best known for its unparalleled passion and loyalty. Super Bowl XLVII drew an audience of 108.7 million viewers and inspired 5.3 million people to send out 26.1 million tweets.

Marketing Support.

Scheduled to coincide with Visa's national NFL advertising and public relations efforts, the promotion will be supported with an integrated marketing campaign including market-ready and customizable materials for issuers. Visa's NFL integrated marketing campaign – Go Fans – celebrates the passion that fans have for the sport of football and the Super Bowl. Promotional materials, designed to build excitement and participation, are now available and can be customized with your credit union's logo or card artwork. Materials include: statement inserts, take ones and tent cards, plus e-marketing materials such as web banners and an email template. With MAP's in-house marketing support we can personalize these materials at no-charge to you as our client. To get started or for more information, contact Karl Kaluza at Member Access Pacific, 866-598-0698 x 1618 or email at karl.kaluza@mapacific.com.

Visa football fantasy sweepstakes

Financial Football HD is the latest version of the popular financial literacy video game created by Visa Inc. and the NFL. This free game has been developed with help from New Orleans Saints' quarterback Drew Brees, who created a variety of its personal finance questions and appears on the cover. Financial Football puts individuals' fiscal knowledge to the test in a game that combines the structure and rules of the NFL with financial education questions of varying difficulty. The engaging, fast-paced game is available in English and Spanish and can be played online or downloaded as a free app for iPhones and iPads (in HD).

Financial Football is part of Practical Money Skills for Life, Visa's free, award-winning financial education program that launched in 1995. The program contains comprehensive money management resources and lesson plans tailored for use at home and in the classroom. Financial Football can be played for free at www.practicalmoneyskills.com/football. The game challenges players to answer multiple-choice money management questions correctly to advance down the field for a chance to score a touchdown. Game play features include: Single player and head-to-head options; Three difficulty levels: Rookie (ages 11–14), Pro (ages 14–18) and Hall of Fame (ages 18+); The game also includes companion classroom lesson modules for teachers who want to expand and reinforce greater financial learning.

Visa News

Visa, Inc. (V) stock recovers after Judge's Ruling. Visa stock has made a strong and rapid recovery since the historic July 31, 2013, ruling that overturned an Federal Reserve's $0.21 cap on debit card fees for financial institutions over $10 billion in assets. Moreover, the company is described to be on a growth warpath that can support the company's impressive growth is set to continue.

Visa Online Access to Be Expanded to Third Party Agents. Visa is expanding its information access policies to help meet the evolving needs of third party agents. To ensure information is received by all Visa clients and partners in a timely and efficient manner, Visa will soon allow third party agents to directly access relevant documents and resources on Visa Online. By expanding access to a website previously limited to its licensed clients, Visa is helping clients and partners grow their businesses and making it easier to do business with Visa.

Visa joins Dow Jones Industrial Average (DJIA). Visa Inc. will replace Hewlett-Packard in the Dow Jones Industrial Average (DJIA) after the close of trading on Friday, September 20. The changes will be effective with the opening of trading on Monday, September 23. The index changes were prompted by the low stock price of HP, slated for removal, and the Index Committee's desire to diversify the sector and industry group representation of the Index.

Goldman Sachs, which will replace Bank of America, and Nike, which will replace Alcoa, will also join the DJIA on September 23. DJIA is a stock market index created by Wall Street Journal editor and Dow Jones & Company co-founder Charles Dow with his business associate, statistician Edward Jones. It is an index that shows how 30 large publicly owned companies based in the United States have traded during a standard trading session in the stock market.

Industry News

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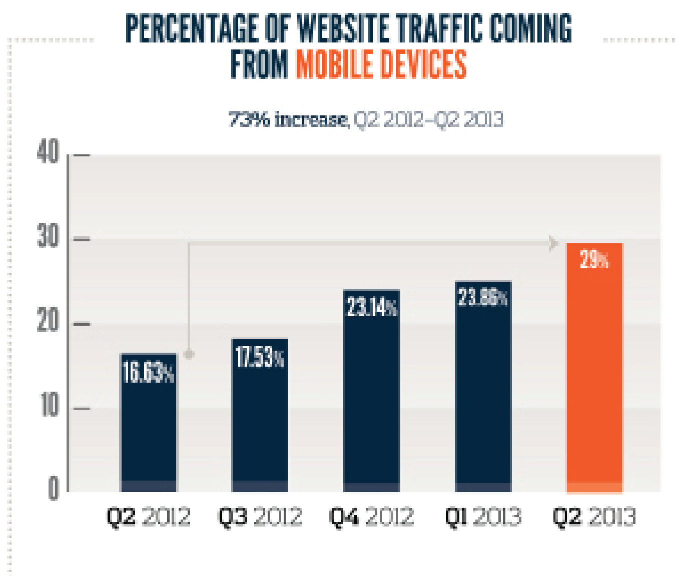
NFC Set to Exceed $180 billion by 2017. A new report from Juniper Research has found that the NFC retail payments market will exceed $180 billion globally by 2017, more than a seven-fold increase over 2012. North America is among the leading regions that will contribute to this market value as smartphones with NFC payment technology become standard. The report concluded that more than 1 in 4 Mobile Users in the US and Western Europe will pay in-store using NFC by 2017. The report found that 2011 was a watershed year for NFC payments. Major technology infrastructure standards were finalized, many mobile network operators committed to the market and NFC payment pilots from both mobile operators and financial institutions transitioned to commercial service. Above all, NFC-enabled smartphone models were announced by almost all handset manufacturers.

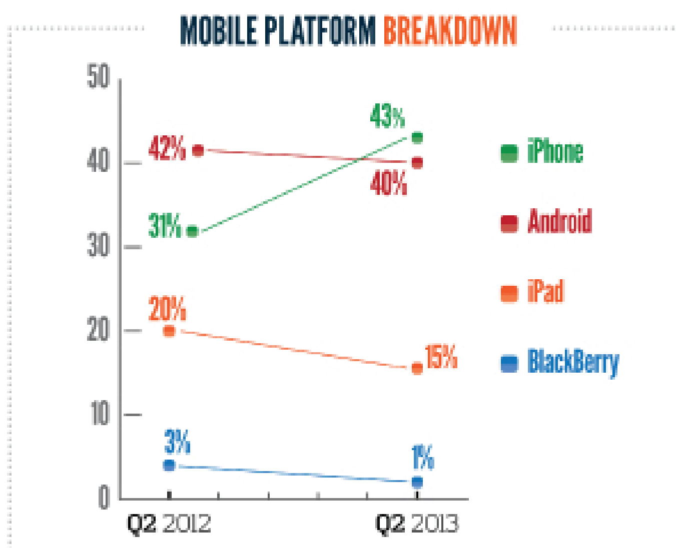
Online fraud losses rise in 2012. A new report from the Internet Crime Complaint Center shows an 8.3 % increase in unverified losses from fraudulent online activity since 2011. These complaints represented a $525 million adjusted dollar loss. According to the report, criminals are increasingly focusing their fraudulent activities on the Internet. California had the highest percentage of complaints (13.41), followed by Florida, Texas, New York, New Jersey, Pennsylvania, Illinois, Virginia, Ohio, and Washington. Victims who reported losing money lost an average of nearly $4,600. More than 82 percent of complainants were ages 20-50, while 14 percent were 60 and over, and just over 3 percent were under the age of 20.

Slow Death of Paper Checks. The slow death of paper checks showed up again in the latest quarterly statistics from NACHA, the regulatory body for the automated clearing house network. Overall, the network moved about $9.6 trillion in value, a 6.1% increase. Transaction volume on point of purchase (POP) slid fully 8.5% in the first quarter compared to the January through March period a year ago, to 99.4 million. irst-quarter transaction volume for BOC, which stands for back-office conversion, fell nearly 10.5% year-over-year, to just under 43 million. By contrast, ACH transactions for bills consumers pay on biller sites continued a steady rise (these ACH transactions that begin and end as electronic payment). First-quarter volume came to 790.3 million, up almost 9.5% year-over-year and 1.35% from the fourth quarter.

US App Landscape: Mobile is driving the US market

The mobile applications landscape has changed tremendously in the last 12 months. US financial institutions have set the stage for broader market trends with the industry undergoing a shift in customer centricity. As preference and usage move from branches to online and mobile, there's a broad consensus that digital channels and mobile represent the path forward. Although the digital channel space is relatively new, institutions are already offering value-added services that are context-sensitive, timely, and utilize Big Data. There's a large disparity among digital offerings—industry leaders are light-years ahead of the laggards.





Who's Afraid of PAVD?

Continued from page 1

clients choose a second debit network that would enhance the higher rates offered by Interlink. We have found that Interlink has always been competitive. Further, Visa was improving it Interlink pricing to bring it more in line with it's signature pricing. Finally, we advised clients that they should avoid getting locked into any long-term incentive deals because the market was just too volatile for us, or really anyone, to predict rates or volumes.

As it turned out, in the months that followed merchants responded to the new environment as anticipated and Visa lost roughly half its share of the debit market according to industry analysts, namely, because Visa lost its agreements with issuers to exclusively use both its signature and debit networks.

We anticipated a volatile debit market once merchants began choosing which debit networks to use. We knew merchants would be testing the new environment and that all the players would be jockeying for volume through price and incentives. However, it was PAVD that was the most disruptive in the months initially following the regulatory change in April 2012. As it turns out, while the debit networks were busy making deals with issuers, it was Visa who had spend its time leading up to the April deadline and immediately following the deadline, signing large merchants.

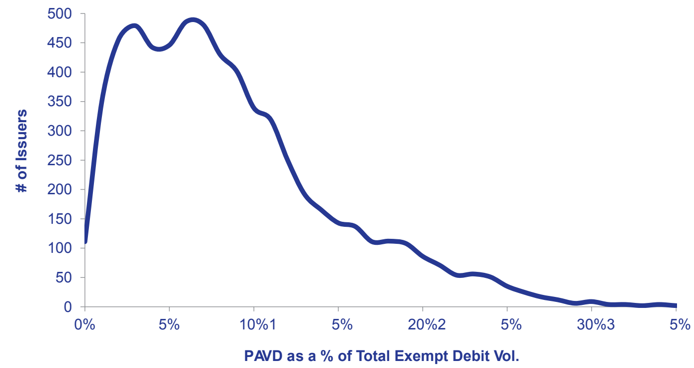
Visa could no longer provide issuers incentives for exclusive routing because of the Durbin Amendment, but the company could provide merchants incentives for routing over VisaNet. Since the top 60 retainers account for 70 percent of debit volume (Walmart, Kroger, Target, etc.), signing incentives with them could go a long way to securing overall debit volume. The only obstacle for Visa was that merchants preferred PIN. Visa's solution was PAVD, one of Visa's Cardholder Verification Methods (CVMs) that allowed a Visa signature transaction to be verified with a PIN if one is present. (How it works: after swiping the card, the POS terminal would prompt the customer to enter their PIN, whereupon the merchant would have the option to route the transaction to Visa).

PAVD has been around for while as a CVM, but it had been sub-optimally implemented, according to Visa, which led to high decline rates (over 40%). Visa's cure was to require all issuers and their processors be capable of properly handling PAVD transactions with the April 2012 Visa Business Enhancements Release.

Today, PAVD transactions share the same pricing as Interlink, interchange and chargeback rights as all other Visa Debit transactions. Visa Debit issuers receive interchange and pay fees on total Visa Debit volume regardless of cardholder verification method (i.e., PIN, signature, no signature required). Issuers with Interlink have experience little effect from PAVD because almost all debit cards

Chart 1: PAVD Impact

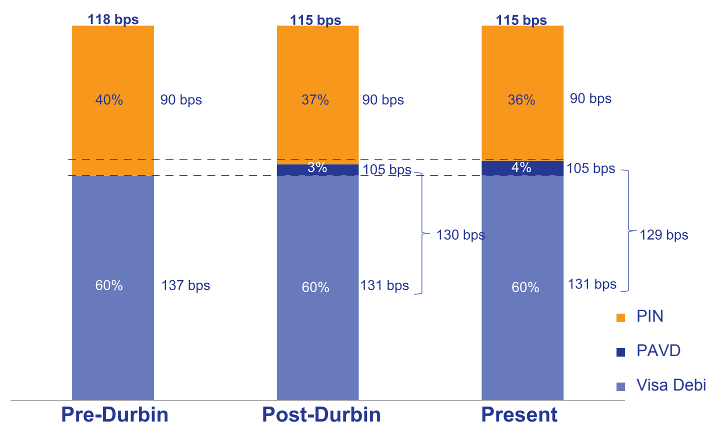
Majority of Exempt Issuers (64%) experience < 10% PAVD volume



have a PIN. For institutions who don't have Interlink, they have seen an incremental increase in signature. According to Visa (see Chart 1, above), PAVD volumes represent approximately 8.6% of total Visa Debit Volumes for the average exempt issuer and PAVD estimates for exempt issuers are less than 10 percent of all debit transaction,

Chart 2: Visa Debit Rates

Sample Issuer Debit Volumes and Effective Rates



making the impact much less than what we have seen competing networks claim. Further, most exempt issuers are earning more on PAVD transactions than non-Visa networks when interchange and network fees are included (see Chart 2, above).

The complexity of the payment industry is all the more fluid following the recent District Court ruling to throw out the Federal Reserve's caps on debit card fees. As we wait for the Fed's appeal to be resolved, credit unions need to remain vigilant about their debit card portfolio. The debit networks have responded to PAVD by expanding the "PINless" transactions (once only for low-risk bill pay categories) into riskier Card Present merchant categories. Understanding the potential for fraud is even more important in a post-regulatory environment as the courts consider throwing out the cost for fraud protections under the Durbin cap.

Exactly How Important is Data, Really?

Big Data this, Member Data that…really? Just exactly how important is "knowing your data?"

He who owns the data wins. And by owns…I mean he who compiles, analyzes, understands and leverages the member data available to their credit union will grow faster than their peers. It is impossible not to.

Bold statement? Not really. The more any manager knows, the better their decisions. So why hasn't every credit union hugged their data today? Maybe it is a lack of time, or talent or maybe just pure ignorance of the power of data. Who can say? Regardless of why, the lack of action on owning data has to stop. Growth is dramatically (and I mean big-time) easier with information.

Information begets knowledge. Big phrase huh? And once you understand what this intelligence reveals, you will naturally act on it to improve cross-sales, loyalty, satisfaction, efficiency and more – unless of course, you ignore it. Gathering and leveraging data for cross-sales, etc. is what the big boys do. Yet this is totally a scalable proposition. That means every credit union can enjoy the benefits, without paying a gazillion dollars. This knowledge will make your investment in marketing and sales have the impact it should (and be completely measurable). Who doesn't want this?

When you really examine the cool member data held by your loan and deposit systems, bill pay and 3rd party providers (Credit Cards, Insurance, etc,), transactional activity and profitability – and combine it into one database for analysis…fuggetaboudit. Opportunities leap from the data. Risks too.

Want to get crazy? Add detailed product level market data and competition specific intel around every one of your branches. Talk about blowing your mind?! This kind of answers the question, "How can you leverage your marketing and sales efforts to positively impact your market and your membership?" It is in the data, folks.

Now let's blow the cover off the ball. There is a great deal more data out there, like mobile transactions or social media touch points. Data is data. The sky is the limit. And your Credit Union needs someone on your staff (or on retainer) – who understands how to harness, organize and then make sense of all of this free flowing data. And maybe most importantly – they need to help you do something with what you learn.

He who owns the data wins. Growth for the informed is a sure thing. So is data important? You tell me.

Letter from the CEO

EMV is coming.

Cyndie Martini
President/CEO

EMV is finally coming to the United States, and it represents a significant evolution for the U.S. payments infrastructure and the end of our country's long reliance on the antiquated, easy-to-counterfeit mag-stripe technology.

Today, we are working with all of our clients on a path to implement EMV in their institutions. We anticipate to have the majority of our clients employing EMV by Visa's 2015 deadline thatshifts liability for fraudulent transactions to parties that don't accommodate EMV.

EMV specifications create a framework for interoperable chip-based payment cards that significantly reduce the risk of counterfeit card use at the point of sale. This technology has effectively decreased counterfeit card fraud across the globe, and its U.S. rollout will enhance interoperability for global travelers and increase the security of digital payments. As the final G-20 country to embrace EMV, we feel confident our credit unions will adopt EMV on their credit portfolios within the next two years. We are concerned, however, that the path to bringing chip technology to debit is littered with many obstacles and may not come any time soon.

The first and yet unresolved obstacle to EMV's path to adoption is forging an agreement about a common application identifier (AID) that would enable all chip debit cards to meet Durbin's routing rules. Today, mag-stripe cards work easily with Durbin's routing requirements (two unaffiliated networks). In contrast, Visa and MasterCard own the core EMV technology. The national networks have offered to share the AID, but many of the debit networks, led by the Secure Remote Payment Council (SRPc), have sought a different path, using the Discover Card's AID. In July, the path appeared to be clearing when SRPc proposed a compromise that would provide for joint ownership and management of four AIDs and applications. Such an arrangement would permit all four AIDs to be resident on all terminals, and issuers to select the one AID of those four that will be used with their cards.

The second major obstacle to EMV adoption came at the end of July when U.S. District Court Judge Richard Leon threw out the Federal Reserve Board's 21 cent cap on debit card interchange for non-exempt financial institutions as well as the Fed's debit routing solution, concluding that the Fed failed to meet legislators' intentions. I think it was the ATMIA's USA executive director, David Tente, who stated the it best when he said: "This decision could completely stall progress toward development of the debit solutions necessary for the vast U.S. EMV migration."

While the Appeals Court agreed to fast-track the Fed's appeal, it will still take 9 to 12 months before we have any idea of what may take shape for Debit and EMV. This requires us to focus on credit in preparation of the Visa liability shift deadline as we look to anticipate the rajectory of U.S. EMV migration and its major milestones and deployment timelines.

At MAP, we strive to make our clients more competitive by providing payments solutions that best serve their members. Our success comes from providing cost effective, best-in-class solutions for our clients. For more information about how MAP can best serve you and your institution, feel free to call me, 1-866-598-0898, ext 1610 or email me at cyndie.martini@mapacific.com.

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