

Inside this issue . . .

- P.2 – Why a Credit Card Program is Important
– VIP Travel Monitor

- P.3 – MAP's Annual Conference - Making Payments Pay

- P.4 – Industry News
– Federal Reserve Mobile Report

- P.5 – Order Your Holiday Gift Cards Today!

- P.6 – Merchant Offer Program

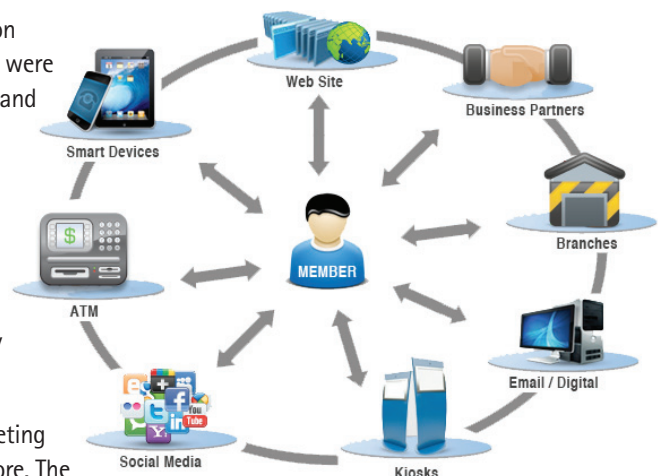
- P.9 – MCIF - Avoid the Dust Collector

- P.10 – CU24 Leadership Changes

- P.11 – Letter from the CEO

Are you ready for Omni-Channel Loyalty?

There are many more communication channels available today than there were before the rise of social, interactive and other electronic media. Even in the past two years alone, credit unions have found a growing number of innovative ways to reach members and potential members, whether at home, at work, or at play - especially through the rapidly growing social media phenomenon.



The lines between the various marketing channels are blurring like never before. The term omni-channel is an outgrowth of multi-channel marketing—efforts that under the proper management expertise and technology solutions can be upgraded to offer an omni-channel experience. And in these tech-centric times, omni-channel loyalty is the answer. In simple terms, it's the promise of omni-channel marketing brought to life. Financial institutions want to sell products to consumers while loyalty experts wish to engage, retain and grow these new customers and drive them to advocacy. But truly, the only way to accomplish both effectively is by offering channel-optimized loyalty programs "right timed" to deliver engagement at each and every touch point that meets the needs of each customer on their own level.

Omni-channel marketing is the fundamental practice of providing a seamless marketing experience across all mediums possible, engaging consumers with the right message at the right time on the right channel.

Unlike traditional rewards programs, omni-channel loyalty is the approach to maximizing cross-channel marketing with an emphasis on driving cumulative loyalty-related outcomes—not through a single campaign, but through a lifetime of ongoing campaigns that speak to that customer and engage them within the brand. But key to its success is that it's accomplished in a way that isn't bombastic,

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Relationships and Revenue

- the opportunities from offering a credit card in today's market



Last year, credit union membership grew by 2.1% - more than double the rate of population growth and the strongest advance in the past decade. Loan originations hit an all-time high and grew by 29% compared to 2011, and industry earnings totaled 0.84% - a 16 basis point improvement over 2011 results and the highest earnings rate reported since 2005.

This good news is frustrated by a slow moving economy in 2013 and 2014, and record low interest rates that continue a downward pressure on credit union net income. To counter lean margins on traditional lending products, credit unions are considering the value of credit card products. For many financial institutions credit cards are the largest source of revenue. According to The Nilson Report, credit card transaction volume is expected to grow approximately 9 to 10 percent each year over the next two years.

Before the turn of the millennium, credit cards were a standard offering for financial institutions of all sizes. Today, less than half of credit unions offer credit cards, suggesting a vast number of institutions foregoing the opportunity to build a complete member relationship that includes a full range of financial services. In spite of the market dominance of large issuers, a countertrend is beginning to emerge. Today, there are sound reasons why credit unions of any size can profitably serve their members.

For a credit union that just won a loan or deposit business, there's a significant potential to parlay that bond into a stronger relationship. The opportunity to win credit accounts is particularly favorable for brand-new deposit accounts and for younger customers in the early stages of finding the best mix of products and services for their financial needs. Offering credit cards is a significant way to deepen your relationship with new and existing members.

The presence of credit cards in the product line enhances the member relationship by fulfilling a broader range of credit needs from

See "Credit Cards," continued on page 7

VIP Travel Monitor Service

New Product

In time for summer travel season, MAP Offers fraud tool to help traveling cardholder members

MAP is introducing the VIP Travel Monitor Service. With this new service, credit union clients can designate special transaction processing and manual fraud case review for their traveling and VIP cardholder members.

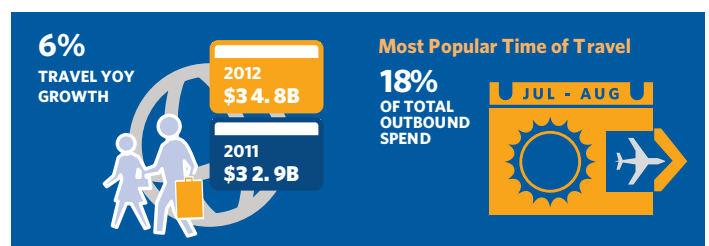
The VIP Travel Monitor Service allows credit unions to define and manage rules through Risk Services Manager (RSM). While VIP Travel Monitor Service is enabled through the use of RSM Risk Factors, participation in RSM is not required. Available menus, options, and fields will vary based on your institution's settings and each user's security profile.

The VIP Travel Monitor Service offers the following benefits and features:

- Increase cardholder satisfaction by reducing negative purchasing experiences for traveling cardholders.
- Provide a higher level of service to cardholders by removing them from automated fraud systems.
- Limit the number of false positive suspect fraud cases associated with traveling or VIP cardholders.
- Increase cardholder retention through hands-on delivery of fraud case management.
- Provide a premium, 24/7 monitoring capability that enables cardholders to verify transactions with a dedicated toll-free number.
- Allow issuers to easily manage travel monitoring at the cardholder level at any time using the Card & Account Maintenance Client Administrative Tools and Services (CATS) application, or through batch processes.

For more information about adding VIP Travel Monitor Service or Risk Services Manager (RSM), please contact Herb Tajalle, herb.tajalle@mapacific.com or 1-866-598-0698 x1616.

2012 Visa TRAVEL SNAPSHOT



MAP's Annual Conference - Making Payments Pay

Growing Revenue from your debit, credit and ATM portfolio.

Member Access Pacific is pleased to welcome clients and Visa-member credit unions to our 13th Annual Conference "Making Payments Pay - Solutions for building recurring revenue in your debit, credit and ATM portfolio." This year's conference is being held at the Bellevue Westin on Thursday, August 22 and Friday, August 23.

We welcome keynote presenters Dr. Neil Goldman and Michael Marx. Dr. Goldman's research expertise stems from two decades of theoretical and applied work in organizational leadership, having worked directly with hundreds of credit union executives and boards. Neil is currently CEO/Senior Partner for GCS and former President of Member Research. He holds a doctorate degree in organizational leadership as well as an MBA from Pepperdine University.



Dr. Neil Goldman

Michael Marx is a frequent speaker at industry conferences on behalf of Visa Global Research and Analytics. Mr. Marx is responsible for consulting and communicating on all aspects of intelligence including market research, market intelligence, competitive intelligence and consumer trends. As Senior Business Leader at Visa, Mr. Marx is a trusted expert in understanding key markets who will drive the payments business going forward as well as ground-breaking Visa research efforts that contribute to its partners' success. Prior to joining Visa in 1996, Mr. Marx served for 11 years as manager of the corporate market research function at Wells Fargo. He has also held research positions at Clorox and Market Facts.



Michael Marx

Joining Dr. Goldman and Mr. Marx will be payment industry experts and analysts from Visa to overview the immediate and long-term revenue generating opportunities from member debit, credit, ATM and mobile product portfolios. MAP hosts this small conference each year for credit unions where we bring together industry experts to meet in a relaxed setting for learning and exploring what is happening in the payments industry and how it will impact our members. As an intimate event for select participants, space is limited. Save your place today at uconference13.com. Registration will be mailed May 24, 2013.

MAP'S ANNUAL CONFERENCE

AUGUST 22 AND 23, 2013 · THE BELLEVUE WESTIN

Making Payments Pay



MAP User Group and Web Events

The MAP User Group meets quarterly at regional locations. The next meeting is scheduled for June 5 at Unitus Community Credit Union in Portland.

Check Out MAP's Upcoming Webinars:

May 30 | VROL Creating a Case for Visa DAS | Webinar - 10am - 11am PST. Learning the steps required when opening a case on a transaction that will be processed by Visa's DAS team.

June 18 | ATM: Working with Terminal Totals Manager | Webinar - 11am PST. Learn how to manage and settle terminals using the CATS application Terminal Totals Manager.

July 9 | Credit Risk Solutions | Webinar - 10am - 11am PST.

July 23 | Driving Customer Engagement | Webinar - 10am - 11am PST. Learn more about the different types of loyalty programs, how to improve reach and customer engagement with current programs, and about the Visa resources that can help.

August 13 | Penetration, Activation and Usage Best Practices for Debit | Webinar - 10am - 11am PST. Learn how to prioritize debit opportunities based on benchmarking and revenue potential, best practices for onboarding new accounts, and cost effective strategies to enhance activation and usage among existing cardholders.

August 27 | Credit Financial Evaluator Tool 1 | Webinar - 10am - 11am PST. Learn to use the Visa Credit Financial Evaluator tool and build a business case for certain credit business decisions such as new product launches and product upgrades across the Visa credit platform.

September 10 | Accelerating Cash-to-Card Conversion | Webinar - 10am - 11am PST. Learn to size the market opportunity, how to identify which cardholders are most likely to convert, and marketing strategies to address barriers and accelerate conversion.

Industry News

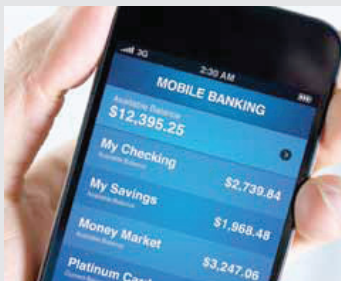
Judge threatens trade groups with contempt in card-fee pact.

A federal judge has taken the unusual step of threatening to hold retail trade groups in contempt for a website urging merchants to reject a proposed \$7.2 billion settlement with Visa Inc and Mastercard Inc over credit card fees. The website, merchantsobject.com, was set up earlier this year by the National Association of Convenience Stores, a trade group that opposes the proposed antitrust settlement. Attorneys for a class of nearly 8 million merchants who support the proposed settlement had asked U.S. District Judge John Gleeson to take steps to correct the site, which they said was misleading and could cause merchants to think that accepting the settlement was not an option. A lawyer for the trade groups, Jeffrey Shinder, has argued that the website was not deceptive, and that ordering it to be corrected or removed could chill the groups' right to free speech.



Consumers Want More From Mobile.

Forty-one percent of North American smartphone users are "extremely aware" of the payments capabilities their mobile devices possess, yet just 16 percent have actually made a mobile payment, according to Accenture's recent white paper, "Driving Value and Adoption of Mobile Payments – Consumers Want More." The white paper dives into why some consumers shy away from mPayments, and offers 10 insights into the relationship between the users and the technologies. Accenture asserts that "picking a winning mobile payments technology is unnecessary." Yes, that's right – the NFC vs. QR code vs. alternate technology debate doesn't matter to consumers considering mPayments. Accenture also highlights that instant coupon generation is among the best ways to incentivize consumers to increase their use of smartphones for payments, as 60 percent of those they surveyed indicated that they'd be "extremely likely" to increase usage if offered such rewards, with just 7 percent stating that coupons were "not at all likely" to influence their behavior.



Fed Report: Increased acceptance equals greater opportunity

Mobile devices have become a part of every-day life around the world, used for banking, entertainment, communication, payments, budgeting and even shopping. A recent survey by the U.S. Federal Reserve focused not only on the general growth in mobile usage but also on the increasing number of U.S. consumers turning to mobile for their financial service needs.



Mobile phone and mobile Internet access have become much more widespread in the United States; 87 percent of the population now own mobile phones, 52 percent of which are smartphones. More surprisingly, the Federal Reserve found that 28 percent of mobile phone owners have used their phones for mobile banking in the last 12 months. An even larger proportion of smartphone owners (48 percent) have done the same. The most common uses of mobile banking are to check account balances or recent transactions (87 percent), and to transfer money (53 percent) and deposit checks (21 percent).

U.S. financial institutions are seeing the growth in mobile technology as an opportunity to reach the unbanked and under-banked, many of whom have embraced the accessibility and convenience of opening bank accounts and making payments through their mobile phones. While the share of unbanked and under-banked consumers in the U.S. has remained relatively constant at 10 percent, the Federal Reserve reports that 59 percent of the unbanked and 90 percent of the under-banked have access to mobile phones. Forty-nine percent of the under-banked already report having used mobile banking in the past 12 months.

Perhaps even more interesting than the prevalence of mobile in these communities is that mobile users are actually growing comfortable with using their phones as a way to access money and even pay for goods and services. While the number of consumers using their phones regularly to make some form of mobile payment is still small, the increase in mobile banking use could be a sign that unease about mobile financial security in the U.S. is waning. The Federal Reserve found that 15 percent of mobile users have made a mobile payment in the last 12 months, the most common payment being some form of online bill payment. However, 22 percent of mobile phone owners have expressed an interest in using their phones to make purchases at the POS.

Forward-thinking financial institutions may want to increase focus on mobile applications or mobile-friendly websites, and also begin seriously considering ways to ensure that consumers are able to continue to use their FI's cards, even when using their mobile device to make the transaction.

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 recognized 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.



HEAT UP CARDHOLDER LOYALTY WITH Great Summer & Back to School Offers.

GIVE YOUR MEMBERS A SUMMER TREAT
WITH NEW OFFERS FROM THE
VISA MERCHANT OFFER PROGRAM.



**GRAB CARDHOLDERS'
ATTENTION — AND
LOYALTY — FOR FREE.**



**TRENDS & TIPS
FOR INCREASING
CARDHOLDER USAGE.**

66% of respondents plan to spend more time shopping around before booking travel.

Visa makes it easy and affordable to reach your cardholders by offering not only great summer deals and discounts but also **FREE** customizable marketing tools.

- Web page and direct mail templates
- Market-ready statement inserts

TIP

Show cardholders how they can use their Visa card to save by promoting offers on travel deals with **market-ready, travel-themed statement inserts.**

**KEEP THEM INTERESTED
WITH CHANGING OFFERS.**



Spending on special outings (e.g., golf and sporting events) for Father's Day increased **15%** last year.

With deals on cruises, rental cars, fashion, technology and more, there are many ways for your cardholders to save money this summer. That's why Visa works closely with major merchants to ensure you never run out of ways to reward your cardholders.

TIP

Use **Visa's FREE web page templates** to promote great Father's Day offers.

**BUILD LOYALTY
THE EASY WAY.**



On average, those with children in grades K-12 will spend **\$688.62** on back-to-school shopping.

- 1 Access summer offers at us.visaonline.com/LoyaltyOffers
- 2 Promote the deals with **FREE marketing tools.**
- 3 Help increase card usage and loyalty.

TIP

Help your cardholders save on their school needs with **FREE back-to-school web page templates** available in the MOP tool.



**NOT YET
ENROLLED?**

Signing up is **FREE AND EASY.**
Simply visit the **Merchant Offer Program Web page** at Visa Online.
For more information about Visa Online registration, contact your Client Services Manager, 1-866.598-0698.

Credit Cards – Grow Revenue, Attract New Members and Meet Member Needs

continued from page 2

one trusted source. Consequently, most card issuers view the credit card offering as a vital catalyst for retention and “wallet share.”

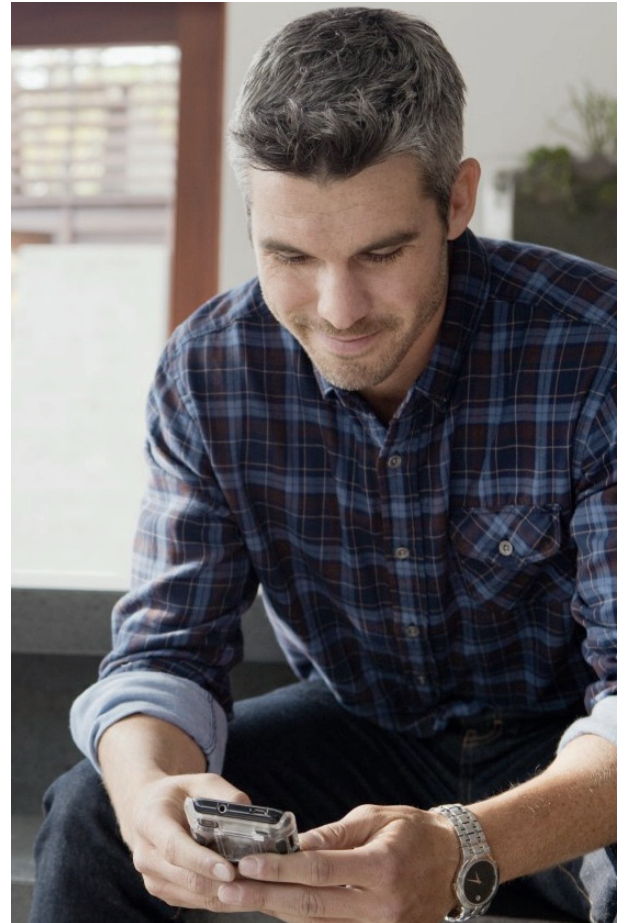
However, when an anticipated service, such as a credit card, is not offered, the potential customer relationship is incomplete, and the institution’s customer base is more vulnerable to competitive churn. Ron Shevlin, a senior analyst at Aite Group, asserts, “Branded credit cards offer a compelling opportunity for community financial institutions that understand the value of building long-term customer relationships and rewarding customers across the entire relationship.”

Credit cards grow revenue. Credit cards can be a consistent, recurring source of interest, fees and interchange income. About a third of credit card revenue typically comes from interchange income – that amounts to approximately two percent or more of every transaction. According to Callahan’s 2012 4Q Trendwatch, credit cards are among credit union’s highest earning assets. Credit card 12-month loan growth was 6.1 percent versus 6.7 percent for first mortgage, and 6.4 percent for new auto loans. Credit cards loans now top \$40 billion for all credit unions, and account for a significant amount of income.

Credit cards support existing relationships. Providing members with a variety of services is critical in maintaining a connected relationship. Credit cards provide another touch-point to your members. With credit cards, members obtain the funding they need—for short- or long-term requirements—without the need to fill out more forms or to open and close loans repeatedly. From a credit union’s perspective, unsecured credit cards serve as renewable loans that result in a stream of interest income and fee income.

Credit cards attract new members. Many credit unions are seeing success garnering new members simply by promoting more attractive interest rates and other credit card incentives. With a complete

Forrester research found that brand name was a key factor in the choice of 29 percent of U.S. adults who opened a credit card in the past 12 months. That’s a clear sign that members want to use the card of their preferred financial institution.



product line, plus a respected brand built on a foundation of personal service, a credit union enhances its ability to cross-sell other services, and it is in a better position to win the next mortgage, home equity loan or car loan. Credit cards are a key component needed for offering a full range of deposit and lending services. By simply having access to members through their credit card account, credit unions can market other financial services including special offers for credit card holders.

Credit cards can be a strategic advantage for credit unions. Members’ options are often limited to the top 10 credit card issuers. These issuers – none of them credit unions – accounted for 85.9 percent of market in 2012, according to The Nilson Report. The opportunity to offer a credit cards can both deepen member relationships and grow an institutions bottom line. To learn more about MAP’s industry leading credit card solutions, contact Mike Reynolds, Senior Vice President of Sales, mike.reynolds@mapacific.com or 1-866-598-0698 x1628.

Industry News

Continued from page 4

Big Banks Make Big Gains in Customer Satisfaction.

Overall customer satisfaction with retail banks improved significantly from 2012, largely a result of improvements made by big banks, according to our J.D. Power and Associates 2013 U.S. Retail Banking Satisfaction Study. Many of the big banks have made great strides in listening to what their customers are asking for: reducing the number of problems customers encounter and, more importantly, improving satisfaction with fees. Below are a few highlights from the study:

- Fees have begun to stabilize. Satisfaction in this area has begun to rebound, and is up by 14 points.
- One-third (33%) of customers say they "completely" understand their fee structure, compared with 26 percent in 2012.
- While customers appreciate the personal service they receive at their branch, such transactions are slowly declining, while the numbers of online, ATM and mobile banking transactions are increasing.
- As banks roll out envelope-free ATM deposits and deposits by mobile phone, customers are finding it easier to handle routine transactions without needing to visit their branch.

Successful banks are not pushing customers out of the branch, but rather providing tools that make it easier to conduct their banking business when and where it is convenient for them. Customers are quickly adopting mobile banking, making it a critical service channel for banks, not just a 'nice to have' option.

Starbucks counts 10M active mobile customers, 4M mobile payments per week.

Coffee company Starbucks continues to see significant traction in its mobile efforts - the company said more than 10 million people are "active" users of the company's mobile apps, and that the company now counts close to 4 million mobile payment transactions per week (up from 2 million near the end of last year and 3 million a month ago). "We are witnessing a seismic change in consumer behavior due to the emergence of social and digital platforms and ... Starbucks remains on the very leading edge of all of these developments," said Howard Schultz, Starbucks president and CEO. Schultz said Starbucks managed to increase the number of its "My Starbucks Rewards" members during a two-week period by 1 million by offering a \$5 credit. During that period the company also recorded 500,000 mobile app downloads.



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Omni-Channel Loyalty

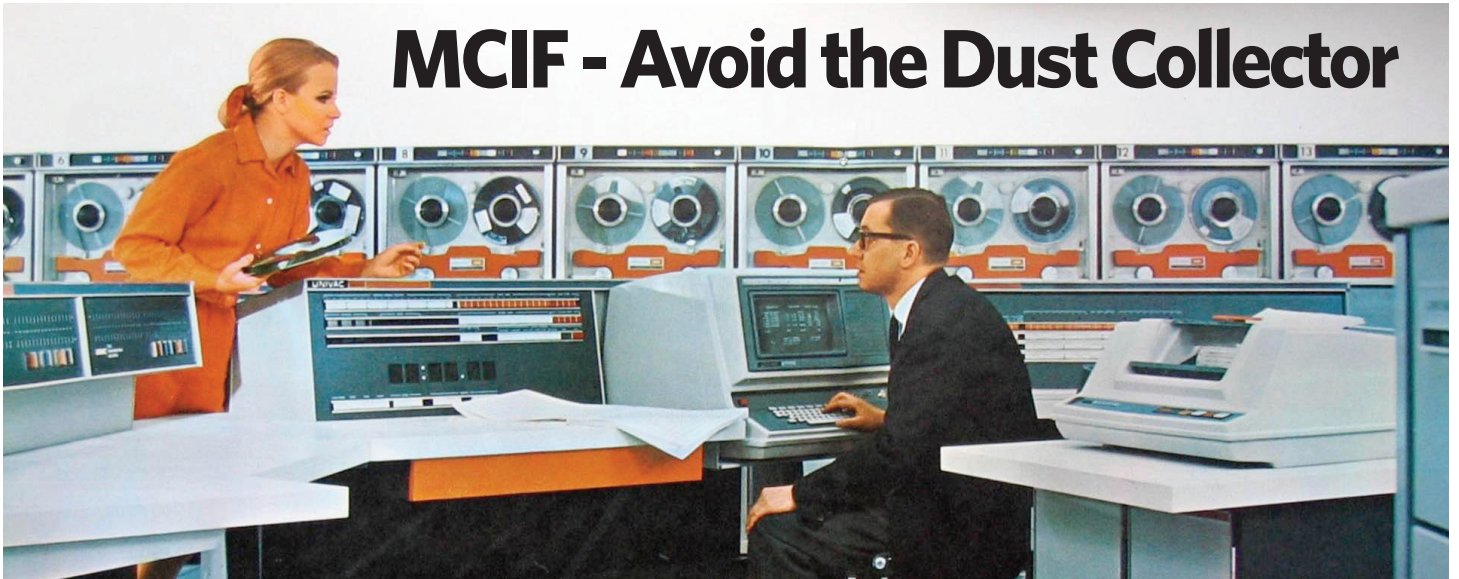
tic, monolithic or intrusive, but rather organic, intuitive, individualized, engaging and fun—and offered in real time, 24-7-365, regardless of the channel.

Loyalty and reward programs classically have two basic intentions: (1) generate important customer profile data that can be used for targeted marketing and communications, and (2) leverage loyal behavior to reduce the consideration and use of competitive products and services. Yet a recent study by the CMO Council found that most companies employing loyalty programs were using them simply to deliver general discounts and perks to members, ignoring customer profiles. The same study found that 54 percent of loyalty program members were considering leaving the programs because of impersonal treatment, an onslaught of irrelevant messages and low and non-meaningful benefits.

Data increasingly shows that the perceived value of loyalty programs has dropped—only 22% of respondents in a 2011 Forrester survey said they were influenced to reuse a brand because of their participation in a loyalty program. So loyalty for loyalty's sake is not the answer, rather it is necessary to provide better experiences aligned across all channels to improve engagement and grow membership. This means a credit union must first take careful stock of their existing multi-channel loyalty efforts and perform channel by channel evaluations of what they're doing well and what could be done better. Collecting customer data is only the first step. Analyzing it is what's really important. And because it's easier to engage existing customers than attract new ones, understanding and leveraging that mountain of data becomes even more essential (See MCIF - Avoid the Dust Collector on page 9).

So what's the difference between multi-channel and omni-channel? It's all about awareness, consistency, and tracking. Multi-channel means that your brand is on all of the key channels, while omni-channel is about loyalty in a way that's customized and optimized for each channel that takes significant planning, a smart digital strategy, and strong execution. For all that's changed in loyalty marketing, what hasn't changed is equally important: customers seek a unique experience, with appealing benefits and experiential rewards that meet their needs and compels them to further action. Especially in these cash-strapped times, loyalty programs, from card-based to smartphone-enabled to everything else in between, are the backbone of the marketing industry because they promise true customer satisfaction. Messaging and relevant content needs to hit customers where they "live" and transact—on the go and everywhere. Integrating existing loyalty programs into an omni-channel approach, while ditching the one-size-fits-all-paradigm, is a must if loyalty programs wish to evolve with current marketing.

MCIF - Avoid the Dust Collector



You may have heard this, "Our MCIF (Marketing Customer Information File) was our most expensive dust collector." But then there are success stories from credit unions that show how they overcame some magical obstacle and had abounding success. So what gives? Why can one institution make an MCIF sing, and another be left to relive again and again the memory of wasted money and disappointment?

Let's mutually acknowledge that some institutions have not had success with MCIF. Why? Is the MCIF itself the problem? Or, more than likely, is the problem the fact that MCIFs and database marketing require the user to be somewhat technically astute? Maybe. It is software after all. If your forté is creative and design, then you may struggle with grasping the analytics around database marketing. Maybe you are simply stretched too thin already. MCIF services are perfect for marketers like you. Have an experienced vendor perform the work that isn't your cup of tea, some even come with a guarantee. You get the results, without the stress. And no one needs more stress in their life. Marketers who are not comfortable with technology and buy an MCIF expecting this to change may very well be buying a "dust collector." Many MCIF failures fall into this category why else have credit unions not found success with this powerful technology?

There are two main reasons that fit most of the rest. The first hang-up comes from the IT staff and their inability (or unwillingness) to provide the support necessary to feed the MCIF with the data it needs monthly or even daily. With proper senior management support and involvement, this should never really be a problem. The last usual reason that MCIF initiatives fail comes from the CFO. As you know, MCIF systems perform profitability calculations on accounts,

households and products. If your CFO doesn't buy in to how the MCIF performs these calculations, they will resist the information provided from the MCIF. Inoculate yourself from this possibility by getting your CFO involved in the setup of the MCIF profit model from the start, or if your institution has a profit system, import and use those numbers. It will be impossible for them to fight their own numbers. In the end, even if you "get" technology and the benefits of MCIF, without real, tangible support internally, it can be difficult to drive success and ROI from marketing without it.

Some have compared using an MCIF much like a treadmill or an elliptical machine. These machines are only valuable if they are used.

Thousands of these machines are collecting dust and even clothing, though they were purchased with the best intentions. Some find life changing success with these machines. Some do not. The same truth exists for MCIF.

PARTNER PROFILE

MARQUIS

Getting results for your financial institution requires effective tools and partnerships that work. This is what MARQUIS is all about. MARQUIS delivers common-sense, performance driven solutions. From marketing to sales to direct mail creative & fulfillment, we will work to achieve your specific objectives. Imagine what getting provable results will mean for you. And because we guarantee results, the risk is ours. The results are yours to keep. This is what marketing is about. If you can't measure it, it never happened. As you explore what you need from an MCIF/CRM software, services, and direct mail creative/fulfillment firm, we know you want a provider that will help you get provable results. To learn more about MARQUIS, please visit www.gomarquis.com.

Credit Union 24 (CU24) Announces Leadership Changes and New Logo

Credit Union 24 (CU24), the country's largest credit union-owned ATM and point-of-sale (POS) network, announced the addition of financial industry veterans to join its senior management team.

Under the new leadership of Mansel Guerry, whose transition to President and CEO of Credit Union 24 took effect on January 1, Sandy Baker joins the network as Vice President of Sales and Relationship Management, Steve Upton joins the network as Vice President of Finance and Administration, and Holli Targan, a Partner with Jaffe, Raitt, Heuer, and Weiss, as Legal Counsel.

Sandy Baker brings 20 years of experience in product development, sales strategy, and general credit union industry knowledge to the Credit Union 24 senior management team. Prior to joining Credit Union 24, Baker was involved in business development and member support for 10 years at Southeast Corporate, and served in similar roles the previous 10 years at Volunteer Corporate Federal Credit Union. Baker earned her bachelor's degree from Murray State University.

As Vice President of Finance and Administration, Steve Upton will play an integral role in evaluating the financial health and direction of Credit Union 24's operations. Prior to joining the Credit Union 24 team, Upton served as Vice President of Finance and Controller at Southeast Corporate. In the two decades prior, he held several finance and administrative positions at high-profile companies including Coca-Cola, Deloitte Et Touche, and Nextel. Upton earned

his bachelor's degree from Kennesaw State University and his master's from Emory University.

Ms. Targan specializes in payment products and services, electronic funds transfer law, compliance, and regulatory matters. She has over 27 years of experience with payment processing networks, and extensive experience in emerging payments - related products and issues. Ms. Targan has served as President of the Electronic Transactions Association (ETA) and has been a member of its Board of Directors for more than 10 years. She has received numerous industry awards and is often a featured speaker at industry events.

CU24's New Logo. CU24 has revised the CU24 Network Operating Rules effective June 6, 2013. This update includes modifications to support new network graphic standards and a new CU24 service mark. Appendix A of the CU24 Network Operating Rules has been revised to include graphic specifications for the new CU24 service mark and the CU HERE surcharge-free ATM program logo. These logos are available for download via the CU24 Participant Portal located at www.cu24.com under the link, "Logos"; a copy of the revised CU24 Network Operating Rules is available under the link, "Operating Rules".



*Mansel Guerry,
President and CEO,
Credit Union 24*

We know change can be challenging.

But we also know when it's needed. Over the coming months you'll see just how serious we are about our renewed sense of purpose. CU24 will be the cooperative that small to midsize credit unions can count on for services and expertise to help you compete and improve your members' lives.

Our priority is serving you in ways that make it clear: we're on your side, we're on your team, we believe in you. Believe in us.

Welcome to the new CU24.

Mansel Guerry
President & CEO



We know you. We know your credit union.

Letter from the CEO

Enough is Enough.

'When two elephants fight, it is the grass that gets trampled,' goes the African proverb. The same can be said for the continuing battle between big banks and big retailers over interchange fees. This battle has resulted in harm to consumers, credit unions, and mom-and-pop retailers as Congress injected itself into the fight.

Two years ago, retailers lobbied Congress to impose price controls on interchange fees - promising to pass any resulting savings along to their customers in the form of lower prices. The result was the "Durbin Amendment," poorly designed and shoehorned into the federal Dodd-Frank Act, costing financial institutions that issue debit cards more than \$8 billion.

Now, two years after the government's intervention into a functioning market, consumers are not seeing the promised lower prices, or discounts for paying with debit. To the contrary, some retailers may start charging "checkout fees" for those paying with credit thanks to a \$7.25 billion settlement between the payments and retail industries. Moreover, this settlement will impact small financial institutions; CUNA estimates this could cost credit unions as much as \$50 million.

Our credit unions - which were supposed to have been exempted from the fallout from Durbin price controls - are beginning to see their interchange revenue drop as well. A recent report by the Federal Reserve shows the first signs of harm to even our smallest community institutions - proving that the blunt instrument of government price controls will hit all involved in the marketplace. The (Federal Reserve Board's) data also show that the average interchange fee received by exempt issuers (credit unions and small banks) declined by \$0.02 or around 5 percent, after the rule took effect, declining from \$0.45 over the first three quarters of 2011 to \$0.43 in the fourth quarter of 2011.

Even smaller retailers - the very entities Durbin claimed to help - are paying more now. Before government intervention, all retailers paid less than 1 percent per debit transaction. But today, mom-and-pop shops, which sell everyday items like a cup of coffee or a bagel, are paying the much higher price-controlled amount - a flat 23 to 25 cents, compared with what used to be a few pennies - while megaretailers pay a much lower price-controlled amount for selling a flat screen TV.

Retailers won an \$8 billion windfall from lobbying Congress, and they just received a \$7 billion-plus settlement from the card industry. Legislators and regulators need a clear message from the credit union movement that we have made enough concessions. Join me in contacting Congress to let them know Durbin didn't work and tell big retailers and your representatives that it's time to press "pause" on the elephant fight at <http://wheresmydebitdiscount.com/email-congress/>. Better yet, sign the petition demanding the "debit discount" you and your members were promised from the Durbin amendment at <http://wheresmydebitdiscount.com/take-action/>. Your voice does make a difference.



Cyndie Martini
President/CEO

A handwritten signature in blue ink that reads "Cyndie Martini".

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