

map

10TH ANNIVERSARY
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ACCESS THE WORLD

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“Design A Card” Personalized Card Solution is here

In today's highly competitive debit and credit card market, credit unions need every opportunity to stand out. With MAP in their corner, our clients have another advantage to grow and advance their portfolio. The new service, branded “Design A Card”, is a way for MAP clients to launch and offer customizable payment cards to their member cardholders.

Members can design their own card by uploading a personal photo quickly and easily as part of the credit union's online banking experience. We all know, people love to add their own personality into everyday products, whether it's cell phone ringtones, business card designs, or computer screen backgrounds. With Design A Card, members will see the perfect opportunity to show off their spouse, favorite car, grandchildren, or artistic photograph. It's a card that says, “This is me!”

For credit unions, Design A Card is a great way to offer a unique, cost-effective tool that inspires loyalty and usage. In an environment where government regulation is limiting revenue opportunities for credit union it's now more important than ever for institutions to attract and retain profitable customers.

“Industry research shows that personalized cards boost usage by as much as 15-20% and



design a card

build stronger relationships with members. This increased loyalty leads to stronger transaction volumes and reduced attrition—key elements in building greater revenues from CU's credit and debit programs,” said Cyndie Martini, President and CEO of Member Access Pacific. “Design A Card is a perfect solution for credit unions because it allows them to deepen and strengthen relationships with their members.”

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Design A Card adds fun and personal meaning to the simple act of using a debit or credit card. Letting your members design their own card is a proven solution to increased wallet share and long-term product loyalty.

Driven by the world's leading custom digital card design platform, Design A Card is produced and managed in partnership with Serverside Group, a solution-provider experienced in building, launching and maintaining over 1,000 custom card programs in over 25 countries for over 200 financial institutions. As a result, MAP's client credit unions can confidently and securely leverage this exciting capability into their card program.

To help credit unions build an internal business case for the Design A Card, MAP has compiled extensive proprietary data on card personalization in support of adopting a personal card solution.

Benefits of Card Personalization:

- 50% fewer customers are likely to switch to other cards when renewal time comes if they have a photo card.
- 15% to 20% more transactions occur with a personalized card.
- 34% of photo card owners have a higher monthly balance than the U.S. national average.
- 2% to 5% of photo card applications are new applicants.

Increase revenue and profitability:

- Increase number of transactions and balances
- Improve activation and customer retention
- Decrease churn
- Create and effortlessly manage co-brand and affinity partnerships
- Lower cost and risk of card stock management
- Experience higher returns from online marketing vs. offline marketing spend

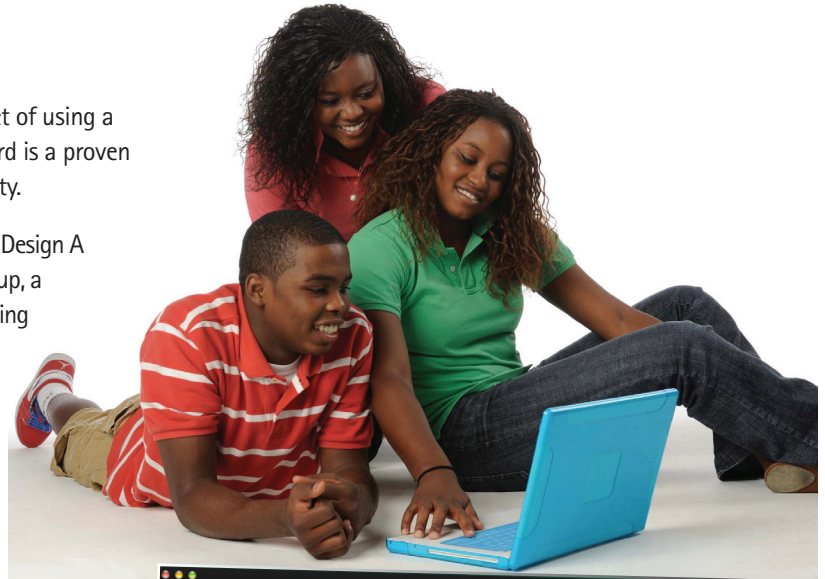
Increase customer experience and engagement:

- Innovate and differentiate in a competitive market
- Safely facilitate user-generated card design in online social networks
- Drive powerful emotional connection to your brand
- Leverage online channels that promote viral marketing
- Let cardholders become ambassadors for your brand

Design A Card Features

MAP's Design A Card includes an extremely powerful and customizable card design solution that merges seamlessly with the card issuer's online banking environment. Ordering is self-service—Design A Card walks the cardholder through the steps in a simple, straightforward process. The card design interface runs in Adobe Flash, and does not require the cardholder to download any software on to his/her computer.

The Design A Card solution allows users to upload an image of their choice directly from their own computer, or to choose from an extensive set of gallery images provided by the credit union. While the cardholder provides the image, Design A Card gives credit union card marketers the



ability to create a user-friendly, brand-inspired personalization experience that will engage and build loyalty between the credit union and member cardholders.

Once an image has been uploaded by a member, it is displayed behind a template showing the 'fixed' elements of the card design (specific to each credit union's card program and brand), including Visa logo, card issuer logo and embossing. After the design is completed, the cardholder submits it along with identifying data designated by the credit union. Once the card is order is completed, member cardholders will receive a confirmation email notifying them whether the card design as been approved or denied (subject to Visa membership guidelines and review by various parties).

For more information about Design A Card, please contact Blake Colbo at 866-598-0698 x1620 or blake.colbo@mapacific.com.

MAP, in cooperation with Visa, ATM vendors, and industry associations, continually monitors new federal and state requirements that may effect our client credit unions.

While MAP and its partners are not offering legal advice, we have compiled the following information to assist clients in preparing and understanding potential compliance issues. We encourage you to consult with your own legal counsel to review the new regulations and make your own determination regarding compliance dates or requirements.

On Friday, July 23, 2010, U.S. Attorney General Eric Holder in the Department of Justice (DOJ) signed additional ADA (American Disabilities Act) regulations which included requirement for ATMs.

According to the DOJ, the final rules are legally enforceable and binding six months after the date they were published in the Federal Register, which was September 15, 2010, making the compliance date March 15, 2011.

The DOJ did provide for a safe harbor clause, stating that compliance is not required for new construction and alterations until March 15, 2012, 18 months after the date of publication, if implementing the upgrades would result in an undue financial burden. During the 18 month period, the DOJ offers financial institutions the choice to comply with either the updated 2010 regulations or the 1991 or 2004 regulations. However, the ADA requires each institution to implement a compliance plan by the effective date of the rule, which is March 15, 2011.

In conjunction with ATM vendor-partner Diebold, the following items are outlined to guide credit unions in understanding how the new rule affects ATMs. The focus of the DOJ's new ruling is on the accessibility of the input and output controls at the ATM, including:

- Voice guidance – All ATMs must be speech enabled to service visually impaired consumers. Because speech output is considered by the ADA to be an auxiliary aid or service, implementation is required unless doing so would create an undue burden or expense.
- Height and reach – To ensure consumers can easily access input controls, an ATM's reach must equal 48 inches.
- Input device – Input device controls must be tactually discernible,

Department Of Justice Finalizes New ATM Accessibility Standards



which means key surfaces must be raised above surrounding surfaces to serve visually impaired consumers.

- Numeric keypads – The ATM's keypad must be arranged in a twelve-key ascending layout, such as telephone keys, or descending, such as a computer number pad layout.
- Function keys – Function keys must be designed to contrast visually from their background surfaces.
- Display screen – For visibility from a point located 40 inches above the center of the floor in front of the ATM, characters on the screen must be in sans serif font, a minimum of 3/16 inch high, and contrast with their background.
- Braille instructions – Braille instructions to initiate the voice guidance feature must also be provided.

Remember that existing ATMs need only be modified to comply with the physical access requirements if they did not comply with the 1991 ADA Standards, and if it is readily achievable to do so. Any ATMs that are newly installed or altered on or after March 15, 2012 will be required to comply with the 2010 accessibility standards.

Credit unions should contact their ATM service providers to determine what changes will need to be made to their ATMs.

Partial Authorization for Consumer Debit

Turning Declines into Approvals



*Prepared by Greg Borchardt
– Senior Business Leader, Visa Inc.*

Implementing Partial Authorization (PA) for your debit portfolio is one of the key initiatives I would conduct as a debit portfolio manager. You may be asking, what is PA and how can this help my Credit Union? Good questions, so let me share my perspective.

PA has been mandatory for Visa prepaid products for a number of years, but optional on all other Visa products. PA enables the issuer to approve part of the transaction as opposed to declining it for insufficient funds. Here's how it works. Let's say someone at the supermarket is trying to buy \$100 worth of groceries, but only has \$80 in his checking account. If the issuer and the merchant were supporting PA, then the transaction would be approved for \$80; the cardholder would have the option of taking \$20 worth of groceries out of cardholder's shopping cart or paying the \$20 balance by some other payment means.

PA is a service that can benefit the cardholder, the merchant and the Credit Union. PA can improve the cardholder experience at the point of sale; result in more sales for the merchant; and help differentiate the Credit Union's debit card program.

Furthermore, PA can help improve two key operational metrics that can lead to additional debit sales volume and corresponding interchange revenue. By implementing PA, typically a Credit Union's authorization approval rate and decline rate metrics will improve. And PA is steadily growing in merchant adoption; with strong penetration in key segments such as oil, drugs stores & pharmacies, and department stores, according to U.S. VisaNet transaction data from July 2010.

There is no incremental cost to participate in Visa's PA program; however there may be some costs involved to initially enable this program. Contact your MAP representative for more details on implementing Partial Authorization – and improve Member experience as well as your bottom line.

PA: Pay-at-the-Pump Convenience

Visa Partial Authorization (PA) gives customers more choice in how they pay for gasoline at the pump. According to Visa research, partial authorization can help average approval rates increase by up to 25 percent at automated fuel dispenser (AFD) merchants who use Visa's PA solution. With PA in place, gas stations can help ensure Visa cardholders have a positive and more convenient payment experience at the pump, instead of having to pay inside.

Visa was first to develop this innovative solution to prevent declined transactions. The adoption of PA by thousands of gas stations nationwide helps to make Visa debit cards even easier for consumers to use at the pump. The adoption of PA improves customer convenience, a key factor in the Gasoline Retailing business.

BranchMap: "It's for you" Free Mobile and Online ATM Locator

Whether they are at their computer or in their car, your members will have easy access to network and surcharge-free ATMs thanks to MAP's ATM Locator. Your credit union may be part of several ATM networks and with our ATM Locator your members can quickly find any of your ATM locations and any of your network locations, nationwide, all in one locator tool.

Website ATM Locator

BranchMap is a powerful and fun information resource. Instead of scrolling through endless lists or clicking to network sites, your members can explore their neighborhood from the air and see all of your locations laid out before them!



Highlighted Benefits

- Combines all of your networks and branches into one easy tool
- Members search by city, state, zip, and even partial addresses
- Tracks locations/areas your members are most interested in
- Updates all your network location information for you

Find Surcharge-Free ATMs on your mobile phone or PDA at www.mapmobile.org

Mobile ATM Locator

BranchMap Mobile lets members use their mobile phone or PDA to find all of your locations anytime, anyplace! Not everyone is sitting in front of their desktop computer all day, and not everyone has an iPhone. That's why BranchMap Mobile was designed for the most common mobile devices and PDAs on the market. With the most light-weight content possible and the simplest possible user interface, your locations will load quickly and easily on even a low cost cell phone. The member will simply look up www.mapmobile.org and enter their current location. Then, BranchMap will show them a list of your nearest locations, including branches and ATMs, as well as any shared branch network locations and surcharge-free ATM networks you offer. For more information, contact Member Access Pacific's Joyce Carter at 866-598-0698 x1613 or joyce.carter@mapacific.com.

Industry News

Dissatisfaction With Banks Increases Interest in Prepaid Cards:

News about consumers' discontent with banks has been pervasive in the media lately, and a new report published by Mintel, the global leader



in market and consumer intelligence, finds that consumers might be willing to act on the dissatisfaction and look for alternatives to their traditional checking accounts. According to the survey, 19% of respondents stated they would be interested in using prepaid cards to pay bills, rather than a banking account. More importantly, 25% of households earning more than \$100K per year, the more profitable and desirable customers for banks, agreed they would be interested in using prepaid cards. Their main motivation was to avoid overdraft and/or other types of banking fees.

US consumers prefer debit cards to cash: Activity on the debit card market shows no signs of slowing down in spite of economic downturn, a recent survey has unveiled. According to the research commissioned by Pulse, card issuers have experienced a 10 percent growth in the field of debit transactions between 2008 and 2009. A significant part of this growth can be ascribed to small-value transactions, since 58 percent of all debit transactions were less than \$20 in 2009. The same study points out that the number of accounts accessed via debit cards has remained mostly unchanged (73 percent) since 2007. Moreover, 64 percent of consumer debit cards are active, compared with 66 percent in 2008. Though debit card transactions have experienced steady position increase, card issuers have shown concern towards fraud and government regulations, the same study unveils. Providing protection for the sensitive cardholder data remains their main priority since 95 percent of debit card issuers were affected by data breaches in 2009.

Online banking-based mobile users to reach 400 million by 2013: Over 400 million subscribers are expected to access online banking services according to the study carried out by Juniper Research. Financial institutions represent the main factor that encourages the adoption of such services, since over 80 percent currently offer some form of mobile banking. However, some financial institutions have still to catch up since they provide insufficient mobile channel options for users, whereas others have yet to deploy mobile services at all, the report has shown.

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What your members really want for the Holidays.

For consumers trying to keep holiday spending under control, prepaid gift cards are seen as one way to stay on track: 64 percent of respondents of 2010 consumer survey agree that giving a Visa Gift card can help them stay within their holiday budget.

Visa Gift cards make it easy to stick to a financial plan while giving friends and family a gift that will be well-received. 85 percent of U.S. consumers would appreciate receiving a branded gift card - like a Visa Gift card - to buy something they really want or need. In fact, 65 percent of respondents would prefer to receive a branded gift card rather than a "non-essential" holiday gift, such as a holiday scarf or a bottle of cologne.

"Visa Gift card givers enjoy one-stop shopping and the ability to tailor gift card amounts to their budget - which is especially important as consumers keep a keen eye on spending this holiday season," said Blake Colbo, MAP's Senior Sales Executive. "At the same time, gift card recipients have the flexibility to treat themselves to a little luxury they've wished for, but might not otherwise experience, or to cover more practical needs."

Give a gift they really want. The survey revealed the fate of well-intentioned, but off-the-mark gift ideas:

- 42 percent of consumers still have at least one unopened holiday gift from last year in the back of their closet
- Nearly as many (38 percent) admit to returning at least one holiday gift from last year
- 28 percent admit to re-gifting at least one of their holiday gifts from last year

The price of giving the wrong gift can add up. Of those unused and unwanted gifts, 24 percent of respondents estimate the dollar value to be worth \$51-\$100 and 11 percent estimate the gifts to be worth more than \$100.

Visa Gift cards let recipients choose the gift that means the most to them. When asked how they would use a Visa Gift card if they were to receive one this holiday season, the top three responses were:

- To indulge in something they might not normally be able to afford, such as a special dinner, jewelry, clothing or personal electronics (65 percent)

2010 Survey Says Most People Want Gift Cards, Especially Visa-Branded Gift Cards.



- To get what they didn't receive from their holiday wish list (57 percent)
- To buy "life essentials" such as groceries or household products, or to pay bills (54 percent).

The survey also reveals that 78 percent of respondents will have a holiday budget in place before they begin their shopping. Of that 78 percent, 42 percent start with a specific budget for each individual on their shopping list, and 36 percent start with a specific overall budget number and plan accordingly.

MAP offers Marketing Services

New
Product

Marquis Develops Tailored Solutions for MAP Clients

Why should the Big Guys have all the best tools? Marquis Software Solutions, Inc., our new partner, will help level the playing field for our credit union clients.



The Information Age presents opportunities and challenges at the same time. While the size and scope of account holder and prospect data has multiplied exponentially over the last 20 years, many credit unions are faced with the issue of being "data rich" and "information poor." Others are not quite sure how to get in the game. MAP is now in a position to help.

In partnership with Marquis Software Solutions, Inc., we can help you boost your client services (and your bottom line) by implementing an effective MCIF (Marketing Customer Information File) program.

Who should you target with your marketing initiatives? When should you start? What should you offer? What should you say – or not say? It can be surprisingly easy to find the answers to these questions.

Marquis brings us 3 distinct offerings for today's market:

1. MCIF technology and training for those who want to manage the information in-house. Determine, on an ongoing basis, exactly who your members are and what they need.
2. MCIF services with OnTrax, a complete database marketing solution that is set up and managed by your Marquis strategist. Get the results you need with no added investment in time and staff.
3. CRM systems that leverage the very data you compile with the MCIF, on a real-time basis. Give your staff members the tools they need to strengthen your relationship with members and optimize cross-sell opportunities.

Marquis has been helping financial institutions for over 20 years. Their experience with database marketing goes beyond their software. In fact, in the end it truly is the people that make the difference. Amazingly, Marquis also guarantees their success with a money back guarantee.

To learn more about the services offered by Marquis, contact Marquis' Jeff Phillips at 214-778-3043 or jeffp@gomarquis.com.

Visa News

New and Improved Visa Business Network:

Visa has upgraded its online community hosting small business owners in search of business management and customer base growth advice. The enhancements ensure a smoother virtual interaction between members and include business interactive toolkits, small business mentor programs, a question and answer forum as well



as content ranking capabilities for the articles considered most useful. Visa's upgrading social network process has been triggered by the direct feedback received from small business owners who shared their thoughts and opinions on features and functions that would most help them set and achieve goals.

Visa Upgrades Payment Development Center:

Visa has enhanced its Authorize.Net Developer Center, a resource that enables independent developers to create applications supporting electronic payments and related services for various payment networks including VisaNet. The Developer Center builds on Authorize.Net's existing platform, which Visa acquired as part of the purchase of CyberSource earlier in 2010. With the newly-enhanced platform, developers will gain access to the resources needed for the development and deployment of payment applications. The payment applications can be created to run on a variety of devices, from PCs to smartphones, and could support various functionalities including e-commerce transactions, mobile transactions, person-to-person (P2P) payments and payments at the physical point-of-sale (POS).

Visa Announces 2010 Financial Results:

Net income for the full-year was \$3.0 billion, an increase of 26% over the prior year. Diluted class A common stock earnings per share were \$4.01, an increase of 29% over the prior year. Net operating revenue in the full-year was \$8.1 billion, an increase of 17% over the prior year and was driven by strong contributions across all revenue categories. Currency fluctuations contributed a positive 1% towards full-year net operating revenues. On an adjusted basis, net income for the full-year was \$2.9 billion, an increase of 23% over the prior year. Diluted class A common stock earnings per share were \$3.91, an increase of 26% over the prior year. Visa's results for year reflect the inclusion of CyberSource for the two months after its acquisition.

Visa News

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Visa Settles Antitrust Suit: Visa has announced an agreement with the U.S. Department of Justice (DOJ) and the attorneys general of seven states to settle antitrust investigations into the company's merchant acceptance rules in the U.S. As part of the settlement, Visa will allow U.S. merchants to offer discounts or other incentives to steer customers to a particular form of payment including to a specific network brand or to any card product, such as a "non-reward" Visa credit card. Visa's rules always have allowed U.S. merchants to steer customers to other forms of payment and offer discounts to customers who choose to pay with cash, check or PIN debit. The new rules will expand U.S. merchants' ability to discount for their preferred form of payment, though they will not be able to pick and choose amongst issuing financial institutions.

Visa Giving Gateway: Visa expands payment card acceptance in the charity segment with Visa Giving Gateway, making giving easier for donors and publicly supported charities. By providing consumers with additional payment choices and eliminating the hassle of writing checks, Visa Giving Gateway has the potential to strengthen customer relationships, build brand loyalty and convert check donations to payment card donations — driving net new transaction volume. A recent survey of charitable giving indicates that there is a significant opportunity to migrate donations from paper money to electronic payment. For example, 41 percent of survey respondents wish that more non-profit organizations accepted donations made using a debit or credit card, and 28 percent reported they are more likely to donate to a charity that accepts electronic payment. One in five surveyed said payment cards are currently their preferred donation method.

Visa Launches Easy-to-Use Debit Marketing Website:

Visa makes debit marketing easier with a comprehensive new website, the Visa Debit Marketing Resource Guide. Access tools to help you execute a strategy for every stage of a cardholder's lifecycle, including planning resources, customizable marketing materials and Visa programs designed to help you achieve your business goals. Many of these tools were available on Visa Online; you can now access them all on one convenient site. Get started now. Boost Your Visa Debit Metrics with Help from Visa Each stage of a cardholder's lifecycle requires specialized strategies and tactics. The online Visa Debit Marketing Resource Guide helps take the guesswork out of planning, implementing and tracking your Visa Debit marketing. Get step-by-step guidance and materials that enable you to customize your approach for any audience ... and achieve optimal results.



Flying High with MAP

This year, 1st Valley Credit Union began using debit card processing and ATM services from MAP. 1st Valley, in San Bernardino, CA, serves more than 4,000 members in California's Inland Empire with a full suite of financial products and services at competitive rates and with outstanding customer service. Once MAP converted the credit union's core processing system to Visa DPS, Sandy Jenkins, VP of Training, and Scott Renz, Client Services Specialist, began an intensive On-Site Training Program with 1st Valley's staff at their Main Office.

To the surprise of MAP's Scott Renz and 1st Valley's CEO, Gregg Stockdale the two have more in common than a deep appreciation of MAP's single-point connectivity through the Client Administration Tools and Services (CATS) browser-based system. They are both RCers, or Radio-Controller hobbyists who fly model aircraft controlled remotely with a hand-held transmitter. During one of the training sessions, Gregg demonstrated one of his planes for all present. While it sent most of the training materials flying higher than the plane itself, everyone was truly impressed with Gregg's 'inside' RC skills.

The stress of personal finance – another lesson learned from parents

Most young adults state they learned money management from their parents – 65% of students surveyed in a recent Southeastern Louisiana University study claimed their parents were the source of knowledge about personal finance.

Talk it out.

Ironically, the stress of money management is only matched by the stress of talking about it – for BOTH parents and their children. According to a recent survey by Money Night, approximately one in three parents (36%) say that talking to their teens about an allowance is comparable or more difficult than the stressful experience of negotiating the purchase of a car. Teens also indicated that talking with their parents about money is not easy, as nearly half of teens (49%) say that having to ask their parents for money is a “hassle.” Both parents and teens do agree they want safety; more than half of teens (56%) and parents (54%) are concerned about safety and losing money when teens carry cash. With these concerns, many parents are looking for additional financial resources for their teens, including online tools to manage their teen’s money and spending (48%).

General Purpose Reloadable (GPR) Prepaid Card

Visa-Branded General Purpose Reloadable (GPR) Prepaid cards are a popular solution for both parents and teens. MAP offers “No Fee” and “Low Fee” card options, including no-fee reloads (originating from a credit union account), free e-statements, and free online account management. Possibly the lowest priced prepaid card on the market, MAP’s signature-only prepaid card has no activation fee or maintenance fees during card use.

The recent survey suggests that teens and young adults primarily receive money through allowances, gifts, or unscheduled jobs such as chores around the house. Over half of parents (55%) give their teens



an allowance. Parents give teens an average of \$66 per month, including funds for a regular allowance, clothing or food, extra spending money, and/or payment for jobs around the house.

Parents are more likely than kids to say that allowance is tied to some requirement, such as completing chores (85% parents, 78% teens), maintaining good grades (66% parents, 60% teens) or behavior (63% parents, 49% teens), which may suggest how parents and teens are not seeing eye to eye and why parents find negotiating an allowance difficult. Teens are more likely to believe they are given a regular allowance regardless of fulfilling any responsibilities (9% teens, 3% parents). That said, both agree financial assistance is not expected from the parents if a need arises for additional funds before their allowance is due (parents 41%, teens 42%, rarely/never).

MAP's Prepaid Solution for personal finances

Credit unions dedicated to providing sound personal financial strategies for their members depend on MAP to support real world, financial tools, such as the MAP Reloadable Prepaid Visa Card.

MAP's online prepaid management tools provide controls and full transparency for how the Prepaid Visa Card is being used. Parents can:

- View real-time transaction history and monitor spending.
- Disable/enable ATM access for the Card.
- Inquire about Card balance 24 hours a day/7 days a week.
- Load funds for teen's immediate access
- Schedule reloading of funds automatically.

MAP Prepaid and Card Processing programs offer credit unions a combination of features and network options – PIN, POS and ATM and surcharge-free network solutions all joined under the universal brand of VISA.

Millennials driving M-Payments Platform Adoption in U.S.

Credit unions looking to attract mobile-payment customers ought to be looking at 18- to 35-year-olds, according to a national study released today. Hitachi Consulting and the Bank Administration Institute (BAI) conducted the research, which shows that the "millennial" generation will likely drive mobile payment adoption in the coming years. Not only does the study help define who's comfortable with payments on the go, but also what features are



important in such transactions. Although the mobile payment market is expected to generate \$633 billion by 2014, the lowest-hanging fruit is found in the younger crowd.

Industry News

Continued from page 5

Online shopping continues to climb: Online shopping adoption is on the increase, with 83 percent consumers making online purchases on a weekly basis, a recent survey has unveiled. According to the study conducted by Compete, a subsidiary of US research company Kantar Media, the number of consumers who search products from retailers on Facebook and Twitter is continuously growing, since 31 percent of participants have claimed that they check out Facebook fan pages or Twitter feeds of retailers, almost twice as many people as in 2009. In 2010, entertainment products such as movies, music, video games, e-media and books will stand out as the most popular products online, followed by clothing items, the same source points out.

U.S. Branded Prepaid Opportunity Will More Than Triple: The total value of the branded prepaid card opportunity in the United States is expected to surpass \$440 billion by 2017, nearly quadrupling its estimated value of \$120.2 billion in 2009, according to the 2010 Prepaid Market Sizing Report prepared by The Boston Consulting Group (BCG). As the prepaid segment continues to evolve, public and corporate sectors will drive significant prepaid growth in the U.S. According to the Report, the public sector will more than quadruple in overall segment value by 2017, growing from \$31.7 billion in 2009 to \$163 billion by 2017. The corporate sector, driven primarily by payroll, will also play a key role in branded expansion. In 2009, branded prepaid payroll was valued at \$25.6 billion. By 2017, BCG estimates it will reach \$99.6 billion. Additional growth sectors include healthcare and general use branded prepaid. Healthcare is anticipated to grow from \$15.3 billion in 2009, to more than \$52 billion by 2017, while general use is anticipated to more than double, reaching nearly \$50 billion by 2017. The United States will continue to play a lead role in the expansion of prepaid around the globe, according to the report. By 2017, it is projected that the United States will hold approximately 53 percent of the global branded segment, making its share more than double the next six leading markets.

According to the study, when compared to other generations polled, millennials show the highest levels of using contactless payment methods (12 percent) and micropayments of \$5 or less on the Internet (56 percent). While only 5 percent of those surveyed said they have a mobile device capable of making in-store purchases, 46 percent of that group is made up of those under 35 years old. What mobile or in-store payment aspects are important to this group? Ease of use topped the list, with 35 percent of survey respondents considering this a priority. Surprisingly, security and safety ranked behind at 27 percent, while speed of transactions grabbed the attention of 20 percent of those surveyed.

Brick-and-mortar stores, not to mention financial institutions, should definitely take heed of this kind of research. The relatively younger crowd is more willing to leverage the Internet, since many have grown up with it as recent teens, and consumers in this age group are adopting the mobile web faster than others too; last month, research group Forrester found that 23 percent of U.S. consumers age 18 to 44 own a smartphone, the highest adoption level for any age group. And the youngest of these, aged 18 to 30, use mobile web services the most: 85 percent regularly text message, compared to 57 percent of all consumers, and 37 percent use the mobile Internet, far higher than 23 percent of the total population.

Given the increased smartphone adoption in this group and the fact that most new smartphones have a memory card slot, the consensus among prognosticators is that the Visa Paywave - with its wireless payment memory card solution - is the most popular option to capture this market right now.

Letter from the CEO

Rapid innovation and regulatory response to the economic crisis is certain to affect change in the year ahead.

A year ago, no one was really sure what might happen to the payment industry. Concurrent regulatory change, economic unrest, shifts in consumer behavior, spending and the swinging nature of our global financial system have had significant impact on many institutions, members and businesses. Yet, even in the face of a sluggish economy, the payments industry has proven to be incredibly resilient, as shown in the 14% growth of total processed transactions on VisaNet over the last year, totaling a record 45.4 billion.

We are pleased that our payment products have secured their place as a mainstay of revenue for issuing institutions and given our clients a durable source of non-interest income. However, in the year ahead, new federal regulations regarding gateway networks and debit transaction interchange – part of the sweeping 2010 Dodd-Frank financial reform bill – are likely to produce some genuine unease for our credit unions and the payments industry as a whole. In the next few weeks we will soon learn about how the Federal Reserve Board will interpret the new legislation in creating these regulations.



Federal Reserve Building, Washington, D.C.

The regulations will affect credit unions with debit programs in two primary ways: (1) The law prohibits networks from aligning with a single debit network or two affiliated networks, and issuers and networks from restricting debit transactions to a single network, and it gives merchants (or merchant processors on their behalf) the right to choose which network to route the transaction over. (2) The Federal Reserve Board is to establish rules governing debit interchange pricing for financial institutions with assets over \$10 billion.

Even in this unsteady environment, we are confident the debit market will continue to grow in volume and value for it is impossible to imagine a forward-thinking financial institution that would refuse to offer debit cards – nor any sensible merchant that would refuse to accept debit payment. We have reached critical mass with debit cards – they are here to stay and debit products have become the cornerstone of our retail payments landscape. Consumers expect them to be accepted and they expect them to be offered at low to no cost. We can expect, however, that changes to interchange fee structures will change the ways in which consumers use debit cards.

In the coming months, you can anticipate that MAP to be on top of these regulatory changes, providing a clear and relevant explanation for you, your institution, and your members. We will be here to help you prepare for the changes in consumer transaction behavior and navigate any of the negative effects. We are also working with our partners to build new and innovative payment products that meet your institutional and membership needs, even as the debit landscape transforms.

Please know that we are always available to you to hear your concerns and answer any questions you might have. Feel free to call me, 1-866-598-0698, ext. 1610 or email me at cyndie.martini@mapacific.com.

Best regards,


Cyndie Martini

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