

Connect EFT

4th Edition

October 2005

Trading in Wallets for Cell Phones?

Who can remember life without a microwave, cell phone, ATM card, fax machine or e-mail? Our busy lives have become increasingly dependent on technology that makes everyday tasks faster and simpler. Convenience is often the driving force for consumers in many areas, and it is no different when it comes to financial services. As a result, many in the financial industry, and an increasing number of other industries, are seeking ways to revolutionize how consumers pay for goods and services.

Biometric Systems

Imagine literally paying for purchases with the touch of a fingertip. One organization is researching the use of a fingerprint reader. A fingerprint could be verified and used to pull up a variety of payment methods from which the user could choose. There would be nothing to carry, nothing to lose, and nothing to pull out of a purse or wallet.

Radio Frequency Identification

One such new technology is radio frequency identification. With this technology, a transponder device uses radio frequency to send a dedicated identification code to a reader at a pump or cash register. A consumer simply waves a card at a reader rather than swiping it. ExxonMobil was a groundbreaker in this technology with their Speedpass™, which they launched in 1997.

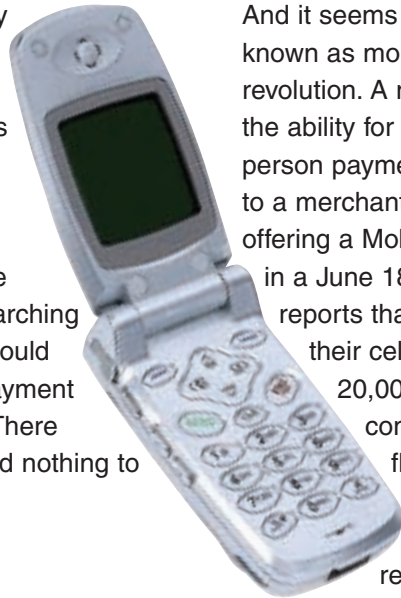
It appears that the next outlet for this technology is the cell

phone. Cell phones have already made an appearance in the financial industry. In November 2004, U.S. Bancorp began offering the ability to purchase prepaid airtime minutes through 4,000 of their ATMs in 24 states.

And it seems this is only the beginning. This technology, known as mobile commerce, is touted as the next big payment revolution. A mobile phone carrier in the Philippines now offers the ability for consumers to use text messaging for person-to-person payments by transferring funds from a prepaid account to a merchant. Now a company in Japan, NTT DoCoMo, Inc. is offering a Mobile Wallet service. According to Bruce Meyerson in a June 18, 2005 article for Yahoo News, NTT CoCoMo reports that three million cell phone subscribers can use their cell phone like a debit card for smaller purchases at 20,000 stores and vending machines. This year the company plans to turn those phones into full-fledged credit cards.

This technology may be heading west. Myerson reports that MasterCard International Inc. has been testing phone-based versions of its PayPass contactless payment technology and may be looking at a market trial next year. Some proponents envision the cell phone replacing credit and debit cards, wallets, online bill payment services like PayPal and more.

While technology insiders stop short of an "if-you-build-it-they-will-come" philosophy, they seem to be searching for the future of payment technology down the path of mobile commerce.



Georgia Telco CU Member Wins National VISA® Promotion



What are the chances of a credit union member winning one VISA's national sweepstakes? Just ask Susan Breedlove, a member of Georgia Telco Credit Union. As the winner of the VISA Year of Treasure Sweepstakes, Susan received the total amount of the signature-based purchases she made with her VISA check card for a 12-month period. The credit union community shares in the excitement of Susan's good fortune.

Offer Your Members the Convenience of VISA® Gift Cards



The use of gift cards is on the rise nationwide. The dollar volume loaded on gift cards was \$45 billion in 2003, up 50% from 2002. It is projected to reach the \$90 billion mark by 2007. The growing popularity of VISA gift cards over merchant gift cards has prompted many credit unions to seek a means to offer this service to their members. In response to credit union demand, GCUA, in partnership with the Illinois Credit Union League Service Corporation (ICUL Service Corp.), now offers a non-reloadable instant issue VISA gift card program.

Through this program, credit unions can access a secure website to order a block of cards. The cards are available in two designs and will soon be available in holiday designs. Each card has a 24-month expiration date from the time the credit union places the order. The cards are shipped complete with disclosures and card carriers to the credit union.

When a member purchases a card, an authorized credit union employee loads the correct amount — anywhere from \$10 to \$500 — onto the card. The cards cannot be used at gasoline pumps, ATMs, hotels or auto rental companies. The credit union collects the amount loaded on the card plus the card fee.

Through this program, credit unions can order a minimum of 25 cards for \$1.00 per gift card, plus shipping and handling costs of an estimated \$15.00 for up to 150 cards. We suggest charging members a card fee of \$2.50 per gift card. This is a substantial savings over competitor cards, which run anywhere from \$3.95 to \$11.95.

This program offers credit unions a simple way to provide a VISA gift card product to their members. It requires a single BIN and a one-time settlement for load fees. Back office support and customer service are provided. For more information, contact Maureen Bock at 678-542-3437 or Dawn Colegrove at 678-542-3435.

EFT Council Meeting

Please mark your calendars for our upcoming EFT Council Meetings on October 3 and November 14! Lunch will be provided by CSI at each meeting. To make your reservation call Cindy Tuttle at (770) 476-9625.

Upcoming EFT Council Meetings

October 3

Debit Rewards Programs

10:30 a.m. – 1:00 p.m.

1818 Club in Duluth

November 14

Best Practices

10:00 a.m. – 1:00 p.m.

Commerce Club in Atlanta