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Phil Wall,
Chief Financial Officer

Well, 2008 is gone but not forgotten. With the economy this weak, it seems most people will be scaling back on their credit. Oppenheimer and Co. predicts the U.S. personal credit industry will shrink by as much as 45 percent over the next 18 months.

For most of our customers, it's time to retrench. Refocus on what's made you successful—manage costs, take steps to retain and attract customers, and prevent fraud. By coupling these basic business concepts, making the most of today's advanced payment tools and incorporating the industry's best practices, we hope to help you better weather the storm.

This month, we provide some suggestions for coping with the current economic climate. There's a full article on the subject, a new white paper that outlines how outsourcing equipment fulfillment on remote deposit capture could save you money, and another white paper that assesses how outsourcing full-service ATM management might be another management strategy. Additionally, we included analyses of the 2008 First Data Consumer Loyalty Study.

While none of this information will offset the revenues already lost, these ideas and strategies can help you remain competitive in what is expected to be a tough 2009.

Consumer Spending Trends and How to Cope in the New Year

It's not news to you, and as Phil Wall noted above, the recent economy has been historically bad, and experts and analysts are saying that the forecast for 2009 isn't any better.

First Data has some ideas to help you get through—and be prepared to hit the ground running when the economic climate turns around. [Read more about identifying strategies that will work for you.](#)

Mobile Accounts Management—More than Just Mobile Banking

There is much talk about retail banking on mobile devices, but mobile banking is only an initial movement toward the full-fledged account management needed to support mobile commerce.

Clearly, the first step toward mobile commerce is enabling some or all banking functions through the mobile phone, because this is how consumers will ultimately manage the balances of purchasing instruments built into their mobile devices. In the same way people manage the cash and cards they carry in their physical wallets today, consumers need to be able to manage the purchasing instruments and rewards programs in their "electronic wallets." This is mobile account management.

First Data Related Events

- February 3–5, 2009
Debt Buyers Association
(DBA Annual Conference)
[read more](#)
- February 10–12, 2009
ATMIA National Conference
and Expo
[read more](#)
- April 5–8, 2009
NACHA Payments Conference
[read more](#)

In the fourth installment of his mobile commerce series, *Mobile Account Management: The Mobile Commerce Enabler*, Barry McCarthy, President of Mobile Commerce Solutions, describes how mobile banking fits into the future of mobile accounts management, as well as discusses the missing pieces needed to help build tomorrow's mobile account management infrastructure.

You can find the earlier papers in Barry's mobile commerce series in the First Data [white paper library](#), including: *The Risks and Opportunities in a Mobile Commerce Economy*, *Mobile Payment: The Linchpin of Mobile Commerce Economy* and *Going Direct with Mobile Marketing*.

The Emerging World of Remote Deposit Capture

Remote deposit capture (RDC), both for branch and teller deposits and as a convenience and cost-optimizing tool for bank customers, is becoming a must-have for financial institutions to stay competitive. However, adopting this technology can be difficult and expensive. In hopes of attracting and keeping the lucrative small-business customer, many financial institutions (FIs) are waiving setup fees and subsidizing hardware expenses, a costly offering.

The cost and support requirements of RDC equipment implementation are luring FIs to explore outsourcing this operation to experienced vendors. Migrating from in-house to outsourced RDC equipment solutions eliminates the single largest obstacle for widespread deployment of RDC to small-business customers. First Data's new white paper *Financial Institutions Must Rethink Their Remote Deposit Capture Support Models* discusses the challenges with implementing in-house RDC equipment deployment and management, and it explores the benefits of outsourcing this business function to an experienced provider.

Consumer Insights on Loyalty Programs: The Details of Debit and Credit Card Rewards

In previous issues of the *First Data® VantagePoint™* news, we included market briefs for some results of the 2008 First Data Consumer Loyalty Study. Interesting and potentially lucrative insights continue to come to light for debit and credit card rewards programs.

For example, three times as many consumers indicated they were members of a credit card rewards program rather than a debit card program. However, this situation could change in a few years as the same study showed younger, lower-income consumers were members of a debit card program. To read more details about the result of this study, check out the full market briefs for [Debit Card Rewards](#) and [Credit Card Rewards](#).

Worry-Free ATMs

As the most highly used customer access channel in retail banking, ATMs are critical to the success of any financial institution. Yet ATMs are expensive to own, manage and maintain. With increasing consolidation in the financial services industry, as well as a continuing focus on reducing costs and increasing operational efficiency, many FIs are taking a closer look at their ATM fleets, and many are considering a complete ATM outsourcing solution.

Fremont Bank of Fremont, Calif. decided outsourcing was the best option for its business, recently signing an agreement with First Data to provide full-service ATM management. The agreement includes hardware, software, maintenance, cash replenishment, Check 21 deposit acceptance and cash funding for the bank's 32 ATM locations. Through the

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outsourcing agreement, First Data will help Fremont Bank reduce its costs associated with operating and managing an ATM fleet. Additionally, First Data will provide Fremont with the latest in full-service ATM technology, with the major benefit of enhancing customers' experiences at the ATM, all without creating significant start-up costs for the bank.

Click to read more about the partnership between [First Data and Fremont Bank](#).

Critical Legislation Passed

On December 18, 2008, federal regulators adopted rules that will change the face of the credit-issuing industry. The new regulatory rules limit when credit-issuing companies can raise interest rates, identify statement mailing time frames, dictate payment allocation methods, modify disclosure requirements and eliminate two-cycle average daily balances (ADB) for interest calculations, among other changes.

The regulatory documents are very extensive. First Data drafted [Tables of Contents](#) for the documents to help make our internal analysis more organized and efficient. These may help guide you through your review of the regulations, too, although we have to make the usual legal caveat: Not all sections or subsections may be included and we make no claims of completeness or accuracy.

First Data is aware of the implications of these regulations to your business and will finalize a plan to support your needs before the rules go into effect in July 2010. Right now, we're assessing how the regulations will impact our systems, and we will communicate the details of our plan to you as soon as it's completed. Watch for future communications throughout 2009 on this important topic.

McDonald's® USA Presents Award

In an announcement released on January 12, 2009, First Data was awarded U.S. Technology Supplier of the Year by McDonald's® USA. The award is presented to the company that makes the most significant impact on McDonald's USA systems with regard to innovation, quality, partnership, customer satisfaction, and value. [Click to read the entire press release](#).

Market Leadership in Korea

Based on the number of transactions processed by First Data in Korea in October 2008, the company is now the number one Value-Added Network (VAN) business in the country. Throughout Korea, First Data offers the full range of credit card payment services to consumers, merchants and financial institutions, including value-added network services and cash receipt services. First Data is also the exclusive VAN-related services provider to the Korean government's e-voucher business.