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Many financial institutions are dramatically curtailing lending, cancelling lines of credit, halting card acquisition efforts and dumping inactive cardholders. First Data believes there are better ways to manage through the current crisis—ways that both minimize losses in the short term and position card issuers for growth as the economy turns. We feel so strongly on the subject that we created a financial model to demonstrate the negative impacts of overcorrecting the credit policies of the past decade versus taking a more analytical approach to customer risk management. In this month's First Data® *VantagePoint*™ news, our new white paper, *One-to-One Customer Risk Management* demonstrates how financial institutions can weather the current storm by using a “back to basics—but better” approach across the credit life cycle.

Also, take a look at the article on our new marketing solution, *Incentive to Action (ITA)*, to learn more about innovative opportunities to enhance your direct marketing campaigns.

Finally, we've spoken to many of you already about the implications of the rules amending Regulations Z, AA (UDAP) and DD approved on December 18, 2008. First Data launched a series of webinars to keep our credit and debit card customers informed. See below for more details.

Maximizing Your Marketing Dollar

When budgetary belts tighten, marketing often sees some of the most dramatic cuts. This year is no different: Various forecasts predict global advertising spending to decline between 0.3 percent and 6.7 percent in 2009. On top of that, consumers are responding less and less to traditional marketing methods and materials.

Target. Innovate. Personalize. By applying these ideas, recently-available tools help ensure your marketing money is better spent. First Data, through an alliance with Visant Marketing Services, has created a program called *Incentive to Action (ITA)* to assist you with new types of direct marketing campaigns that drive higher customer response rates.

ITA uses prepaid cards as an incentive to motivate consumers to take a specific action—an action designed to help you increase sales, bring in new customers and enhance customer loyalty. (A recent First Data/Visant ITA program resulted in an amazing 13 percent customer response rate—an average response rate is between 1-3 percent.) Learn more about our new ITA solution now—[how it works and its benefits](#). And, visit First Data's booth at the [Prepaid Expo](#), March 9-11, for additional information.

First Data Related Events

- [April 5-8, 2009](#)
NACHA Payments Conference
[read more](#)
- [April 20-22, 2009](#)
21st Annual Card Forum & Expo
[read more](#)
- [Upcoming UDAP Webinars presented by First Data](#)
March 16, 2009:
10:00 a.m. – 11:30 a.m. CT
April 30, 2009:
10:00 a.m. – 11:30 a.m. CT

Customer Risk Management: Getting Back to Basics – Only Better

Everyone is paying the price for the “more credit for everyone” philosophy that dominated the last 10 to 12 years. Foreclosures are reaching more than 2 million and credit card charge-offs are headed for historic highs. There’s evidence that many credit card issuers are now turning 180 degrees and quickly adopting a “credit for no one” philosophy, reducing credit lines across the board, closing inactive accounts, cutting off non-paying customers and raising fees. This short-term reaction is understandable, but it’s a quick fix with negative long-term consequences.

In our new white paper, *One-to-One Customer Risk Management*, we introduce the idea of taking already proven risk management tactics and combining them with advanced analytics, personalized marketing and directed customer communications at each phase of the credit life cycle to help you minimize defaults while retaining your most profitable customers. It offers you insight into some of the best practices necessary to ride out the current economic crisis and emerge better situated for future success.

Regulations Z, AA (UDAP) and DD: Stay Informed

With final rules amending Regulations Z, AA (UDAP) and DD approved on December 18, 2008, First Data initiated a program to define and implement the remediation required to meet the federal requirements.

As part of our commitment to keep you informed of critical information impacting your credit and debit card business relationship with First Data, we have planned a three-part webinar series. The first in the series took place on February 17 and provided a brief overview of the regulatory changes and the potential impact these changes will have on our clients and our processing systems. We also outlined our proposed development strategy and some high-level project milestones. If you missed this event, you can view the [archived webinar](#) online. You will need to enter your user name and password to login to the client site. Having trouble logging in? E-mail udap@firstdata.com.

Mark your calendars now for the next in our series and look for registration information via e-mail as the dates approach.

Upcoming Webinars

March 16, 2009: 10:00 a.m. – 11:30 a.m. CT

April 30, 2009: 10:00 a.m. – 11:30 a.m. CT

Turn ATM Expense into Profits

Need to upgrade your aging ATM fleet but having trouble justifying the costs? Many financial institutions face a difficult challenge when faced with upgrading ATMs, whether to comply with regulatory requirements or to simply keep-up with the latest functionality to meet customer demand. Not only that, the costs of maintaining ATMs continue to rise while individual unit usage declines. Latest estimates show that ATMs have shifted from profit to cost centers with the average on-premise ATM operating at a loss of \$340/month. With these challenges, many financial institutions are taking a close look at their ATM programs and considering outsourcing to a trusted provider. With ATM outsourcing, you can benefit from all the advantages of having an ATM fleet—account holder convenience and loyalty, brand awareness and transaction surcharge income—without the headaches of upgrading and managing that fleet, including cash replenishment, compliance and maintenance.

First Data's new market insight paper, *ATM Outsourcing: Turning Costs into Profits*, shows how a complete outsourcing solution might make sense for you.

Bill Payment Trends – Is Your Company Managing Its Destiny?

So many options. Paying by check, over the phone, directly from a bank account and over the Internet make it incredibly easy for consumers to take care of their monthly bills. At the same time, this convenience increases the complexity and cost for businesses to process these different types of payments. And it's only going to get more complicated as several major payment trends emerge—including prepaid, mobile and kiosk payments.

What may be the most traditional consumer bill payment method, mail-in payments, has declined steadily from its peak in 1995 and is expected to continue declining through 2012, when electronic payments will comprise 64 percent of all consumer bill payments (Aite Group, September 2008). The new First Data white paper, *Bill Payment Trends – Major Shifts in Consumer Behavior Require Comprehensive Planning*, examines the newest and predicted trends in bill payment methods over the next several years and tackles some of the key questions and parameters that your business should consider to help you navigate the changing bill payment landscape. With the increasing number of customer payment options available, billers can no longer manage their payment operations in silos—an integrated planning approach is needed to best leverage the major changes on the horizon.

Stay Connected

Request more information about [First Data products and solutions for your business](#)

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[Give us feedback. We'd love to hear your thoughts](#)

Mobile Commerce Goes Live

We're pleased to highlight another highly successful pilot program helping to shape the future of mobile payments in the U.S., [this time working in conjunction with the San Francisco Bay Area Rapid Transit \(BART\)](#) system and other partners.

In this pilot, BART riders were provided with Near-Field Communications (NFC)-enabled mobile phones with active prepaid mobile commerce accounts incorporated into the handsets. The prepaid accounts could be redeemed at either the BART turnstiles or at participating Jack in the Box[®] restaurants. Riders simply tapped their phones on contactless readers to pay for train rides and food or on "smart ads," which provide coupons and promotional information regarding the program. The trial showed that consumers enjoyed the convenience of accessing prepaid accounts through NFC-enabled phones—participants reloaded their accounts more than 800 times during the four-month trial—and that mobile commerce-enabled phones can be a powerful medium for mobile marketing.

Get Plugged In!

First Data's Client Education Services offers a wide assortment of debit, credit and Internet banking courses to meet your learning needs. Our training services include Pre- and Post-Conversion Support, System Optimization/Consultation, and Process and Procedure Consulting. The training delivery methods are designed to accommodate a variety of learning styles, including instructor-led onsite and public training, virtual classroom training and self-paced e-learning.

Go to [First Data Client Education Services](#) for login instructions based on your customer type (STAR or Credit Client Web site) and view the current month's featured courses. We'll include a link in the left column of future editions of First Data *VantagePoint* news to keep you updated on new and featured classes along with other training updates.

