

STAR[®] Biller-Direct Payments Marketing Guide

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Introduction

Debit bill payment is in full-growth mode, rapidly gaining popularity among consumers and billers alike. STAR® Biller-Direct Payments provides important advantages for billers and acquirers, as well as for financial institutions that offer the service to cardholders and/or acquire loan payments.

Key acquirer benefits include:

- Virtually guaranteed payment, with the potential for reducing both expenses and losses
- Faster availability of funds
- Lower transaction costs compared to credit cards or signature debit
- Flexibility of receiving payments online, by phone through a live operator or automated system, and even at kiosks
- Opportunities to build and strengthen relationships and consumer loyalty

Consumers also benefit in many ways. They can avoid late fees, save time, reduce postage expenses, and pay bills wherever they are.

Please take a few moments to familiarize yourself with STAR Biller-Direct Payments. This overview provides some helpful information on the service, highlights many of the benefits, and reviews some of the regulations and other issues that participants should be mindful of—from industry practices to financial considerations.

Additionally, we have included some marketing ideas, case studies and sample materials to help you launch and promote your program and attract loyal users. Convenience, simplicity and cost savings are just some of the advantages that STAR Biller-Direct Payments provides. Another important advantage is comprehensive and responsive support from the STAR Network.

We're ready to help you start maximizing the value of STAR Biller-Direct Payments. If you have any questions or would like to request additional information or materials, please contact your Relationship Manager.

Overview

STAR® Biller-Direct Payments offers a convenient payment method for many low-risk biller categories, including utilities, educational institutions, financial institutions, satellite and cable providers, government agencies, insurance companies and select lenders. Because these merchants have existing relationships with customers, they have access to information to help identify the consumer and mitigate their degree of risk.

How STAR Biller-Direct Payments Works

Cardholders can elect to pay by telephone Voice Response Unit (VRU), by speaking with a call center representative, from a Web site or kiosk, or by setting up automatic recurring payments. For telephone and Web-based payments, they use their STAR ATM/debit card and follow four simple steps:

- Call the company or visit its Web site
- Provide or enter their billing account number for authentication purposes
- Confirm the amount to be paid

- Select "ATM/Debit" as the payment option and enter their STAR card number

The transaction is processed by the STAR Network just like a point-of-sale debit purchase, and appears on the cardholder's next checking account statement as an ATM/debit card transaction. STAR Biller-Direct Payments are processed in real time, with the consumer receiving immediate confirmation that their payment has been made.

Flexible Payment Options

Payments can be initiated manually by the consumer, or set up as automatic recurring payments for even greater simplicity and convenience.

Giving consumers more ways to pay also gives them more reasons to do business with you.

| Payment Option | Acquirer Advantages | Consumer Advantages |
|-----------------------------------|---|---|
| One-Time/Manual Bill Payments | <ul style="list-style-type: none"> Can reduce check processing costs Accelerates the availability of funds Can increase satisfaction among customers who prefer to control their payment schedule | <ul style="list-style-type: none"> Consumers can pay bills whenever they like, and make expedited payments to help avoid late fees They control the payment date and amount Eliminates the hassle of writing checks or buying stamps They receive immediate confirmation that the payment was processed |
| Automatic Recurring Bill Payments | <ul style="list-style-type: none"> May reduce check processing costs Helps ensure prompt payment Accelerates the availability of funds Can increase customer loyalty by "locking in" a payment plan | <ul style="list-style-type: none"> Once established, payments are made automatically, which means one less thing for consumers to worry about Consumers can avoid late fees and missed payments Eliminates the hassle of writing checks or buying stamps |

Overview (cont'd)

New Biller Categories

The STAR® Network continually evaluates eligible biller categories, such as the recent addition of Transportation Services and Healthcare Payments. These categories represent a large market for recurring payments, and as any new category, they were subject to stringent risk criteria.

Support from the STAR Network

Additionally, STAR has developed marketing and communications materials to help billers and financial institutions educate consumers regarding this convenient and reliable payment option, and to answer the most commonly asked questions.

Giving consumers more ways to pay also gives them more reasons to do business with you. STAR Biller-Direct Payments provides the reliability and convenience that consumers are looking for, while offering new possibilities for revenue generation and/or cost reduction to financial institutions, billers and processors.

A Closer Look at a STAR Bill Payment Transaction

A STAR bill payment transaction is processed online in real time as a single message. The consumer receives confirmation of payment while still connected to one of the available channels: Internet, VRU, call center or kiosk.

- The customer contacts the biller (utility, educational institution, etc.) through their Web site, by phone/VRU or call center and is prompted to enter their required information
- The biller's system routes the transaction to the processor
- The processor verifies the information and sends the transaction to the STAR Network
- The STAR Network routes the bill payment to the customer's financial institution for authorization
- The transaction is authorized by the financial institution, and funds are settled the next day*

*dependent upon processor's timeframes

STAR Biller-Direct Payments offers financial institutions, billers and processors new possibilities for revenue generation and/or cost reduction.

Biller Categories and Transaction Types Defined

Eligible Biller Categories

STAR® Biller-Direct Payments provides a payment solution for low-risk biller categories, such as those shown below. Billers in these segments, primarily in regulated industries, typically have an established or ongoing relationship with the cardholder, which provides a way to authenticate the consumer.

For complete definitions for each of the categories listed below, please see Appendix A.

New loan categories further expands payment options to include credit card payments, personal and student loans, private label card payments and other qualifying unsecured loans.

| Biller Category | Representative Billers | Payment Examples |
|---|---|---|
| Utilities | Electric, gas, water and telephone | Monthly billing, installation, special services |
| Educational Institutions | Colleges, universities and private schools K-12 | Tuition, room and board, activity fees, alumni fees |
| Insurance Service Providers | Life, property, casualty and health insurance companies | Premium payments |
| Lenders | Entities that offer loans and/or leases secured by real estate or motor vehicles Payments to credit card issuers, educational institutions and other lenders | Secured loans: loan payments on real estate and closed-end secured consumer loans, leases Unsecured loans: credit card payments, student loans and private label card payments |
| Government Agencies | Federal, state and local | Licensing and registration fees, fines, penalties, taxes, local utility bills |
| Cable and Satellite Providers | Local cable TV companies, satellite TV/radio providers, other satellite-based services | Monthly billing, installation, special services |
| Healthcare | Healthcare billers | Co-pays and balances, hospital stays, doctor visits, lab and testing payments, kiosk healthcare payments and other healthcare payments approved by STAR |
| Transportation Services | Local transportation and parking providers | Toll roads, parking fees and mass transit monthly passes |
| Expanded Biller Categories ¹ | Home services, memberships, Internet service providers, rental payments, including self-storage, and prepaid wireless | Home security, pest control, water delivery, health clubs, warehouse club memberships |

¹Utilizes retailer authentication program.

Biller Categories and Transaction Types Defined (cont'd)

Approved Transaction Types

Consumers expect a flexible array of payment options. STAR® Biller-Direct Payments can help financial institutions, billers and processors meet the needs of cardholders by facilitating transactions made at a variety of touchpoints.

With STAR Biller-Direct Payments, cardholders make payments through numerous channels, including kiosks.

| Transaction Type | Eligible Billers | Payment Example |
|------------------|------------------|--|
| Recurring | All Billers | Cardholder authorizes in writing or online that payments automatically be debited from their account on a recurring basis. |
| VRU | All Billers | Cardholder calls into VRU system to make a payment over the phone. |
| Internet | All Billers | Cardholder visits biller Web site and makes payment. |
| Kiosk* | All Billers | Cardholder makes payment via a kiosk, without a PIN, anywhere the biller's payments are accepted. |
| Call Center | All Billers | Cardholder speaks to a customer service representative. |

*Utilizes the Internet terminal type.

Growth of ATM/Debit Bill Payment

More consumers than ever are paying bills electronically, and the growth is impressive. The 2005/2006 STAR® Consumer Payments Usage Study, which is the 19th edition of a comprehensive, independent survey conducted by First Data and the STAR Network, found that 40% of consumers with Internet access paid bills

online, and an increasing number of consumers are going directly to the biller's Web site.

The American Bankers Association/Dove Consulting 2005/2006 Study of Consumer Payment Preferences confirms these results, in that 50% of consumers who pay bills online prefer to do so via a biller's Web site.

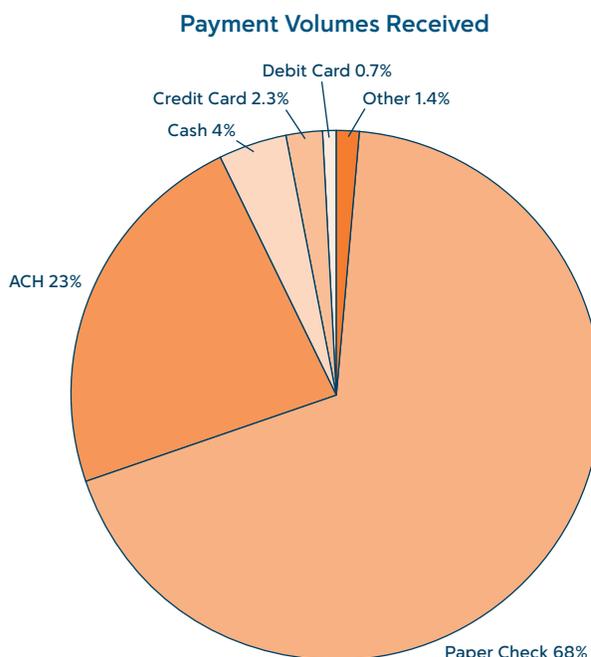
| Online Bill Payment Among Consumers With Internet Access | 2005 | 2004 |
|--|------|------|
| Percent Who Paid Bills Online | 40% | 32% |

| Trends Among Online Bill Payers | 2005 | 2004 |
|--|------|------|
| Paid Bills at a Biller's Web Site | 45% | 37% |
| Paid Bills at a Financial Institution Web Site | 57% | 56% |

Source: 2005/2006 STAR Consumer Payments Usage Study.

Payment Types Consumers Prefer

The 2006 Direct Biller Payments Study, which was conducted for First Data Corporation and the STAR Network by Phoenix Marketing International, found that debit card bill payments remain low, at less than 1% of bill payments received. Paper check payments are also dropping as a share of total bill payments, losing share primarily to ACH. And, billers report that all electronic volumes are growing, including card volumes, and most (90%) expect the trend to continue.



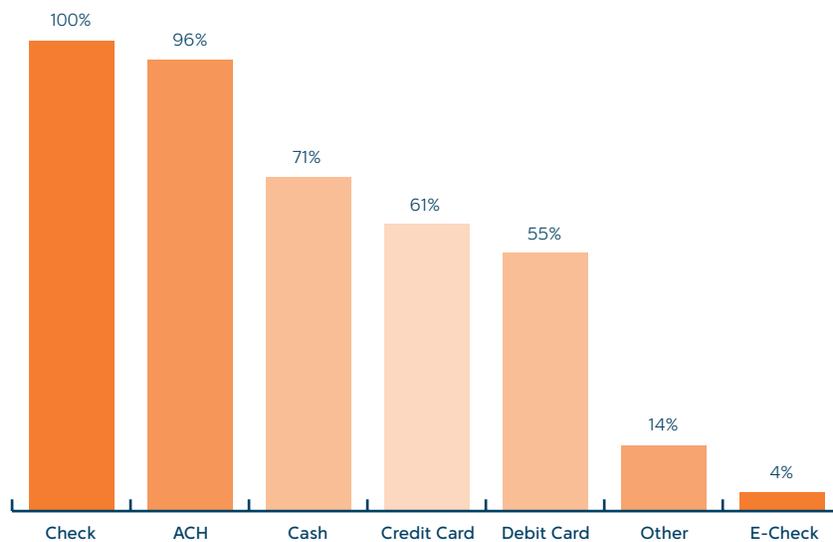
Growth of Debit Bill Payment (cont'd)

Payment Types Accepted

Although cash and check continue to be the primary payment types accepted by billers, the 2006 Direct Biller Payments Study found that over 50% of billers surveyed now accept debit cards.

One-third of respondents also said that they plan to add additional payment channel options for their

customers. Additionally, 79% of billers reported that they are actively moving customers away from cash and checks, primarily toward ACH, as this is the least expensive option for billers. However, the gap is closing once all processing costs are considered. There is also a strong push toward setting up automatic recurring payments to speed the posting of payments and reduce costs.



The STAR® Network Solution

The use of debit cards is quickly becoming the preferred method of payment among consumers. The 2005/2006 STAR Consumer Payments Usage Study found that when asked to name their preferred form of debit, consumers reported a preference for PIN-secured debit (45%) over

signature debit (33%). By participating in STAR Biller-Direct Payments, the STAR Network can help financial institutions, billers and processors capitalize upon the growing use of debit, as well as the increasing trend of online bill payment.

Success Stories/Testimonials

STAR® Biller-Direct Payments can have a significant impact on an organization's bottom line by reducing processing costs and other expenses.

Eligible Biller Categories

TouchNet Information Systems offers colleges and universities solutions to significantly reduce paper-intensive procedures associated with presenting student bills, managing tuition payment plans, accepting bill payments and distributing student refunds. Through the TouchNet Student Account (TSA) Suite, clients can automate various aspects of billing, payment processing and communications.

By partnering with the STAR® Network, TouchNet has helped more than 700 colleges and universities expand their range of available payment options, reduce check-related losses and lower expenses associated with some types of card-based payments.

To help further support TouchNet's efforts, the STAR Network partnered with TouchNet to create the PINless Debit Fact Sheet. The handout was used at a Touchnet conference to educate colleges and universities about the payments landscape and show them how debit bill payment can help reduce transaction processing costs and positively impact their bottom line.

If your organization would like assistance marketing debit bill payment to your customers, please contact your relationship manager.

State of Nevada Department of Motor Vehicles (DMV)

Like many merchants, state and local governments are looking for new convenient electronic payment options to replace paper checks and balance the high cost of accepting credit card payments, while giving consumers a wider range of payment choices. STAR® Biller-Direct Payments supports all of these objectives.

The STAR Network, in conjunction with First Data Government Solutions, partnered with the State of Nevada DMV. State residents can use their STAR-branded debit card to pay for driver's license renewals, vehicle registration renewals, driver histories and other services. Plus, they can also make annual license renewals and other recurring type payments.

"We began offering debit cards as a payment option on our Web site in August 2006," Nevada DMV Director Ginny Lewis said. "Since then, motorists have chosen that payment option often enough to save the state \$18,000 a month."

"At this point," Lewis said, "there is no where to go but up. The savings to the Nevada taxpayer has the potential of being huge."

Benefits of STAR® Biller-Direct Payments

The STAR® Network continues to lead the industry in developing advanced, field-proven bill payment solutions that benefit financial institutions, billers, processors and consumers alike.

Benefits to Financial Institutions

With more and more consumers moving to electronic payments, financial institutions can increase cardholder retention and loyalty by promoting bill payments, while at the same time creating additional interchange and new revenue streams. And with the recent addition of additional loan types such as payments to credit cards, financial institutions can now accept STAR ATM/debit cards as a payment option for most of their loan portfolios.

- Migrating ACH and paper-based transactions to electronic payment alternatives, such as STAR Biller-Direct Payments may reduce processing costs and lead to new revenue opportunities
- Helping cardholders avoid late fees and postage for overnighting checks for last-minute payments can increase customer satisfaction
- Providing payment options that help cardholders avoid fees for making telephone payments can increase their loyalty to your institution
- STAR Biller-Direct Payments is a complimentary product for cardholders who have not yet signed up for online banking applications
 - Consumers can make payments the way they want, while still using the institution's card and generating revenue for the card issuer
 - Offering choices for expedited payments can also help prevent attrition

- STAR members that participate in point of sale are already coded to accept bill payments, which means no extra work is required on behalf of the financial institution and opens yet another avenue for potential revenue
- The average ticket size for several bill payment categories—such as insurance, utilities, and cable and satellite providers—is higher than many typical point-of-sale transactions, and can help increase interchange income

The Financial Case for STAR Bill Payment

Since 91% of payments received are either ACH or check, there is a significant opportunity to shift these transactions by promoting STAR Biller-Direct Payments to an institution's cardholders.¹ This also means that when financial institutions promote STAR bill payment, they're creating new revenue opportunities.

The following examples represent revenue an institution could earn by converting ACH and check transactions to STAR Bill Payment transactions:²

- 100,000 transactions x \$1.00* interchange cap = \$100,000
- 50,000 transactions x \$1.00* interchange cap = \$50,000

*Issuers generally receive the full interchange fee since the total transaction amount for bill payment is usually higher than everyday purchases.

¹2006 Direct Biller Payments Study, Conducted by First Data Corporation and the STAR Network by Phoenix Marketing International.

²Example only. Results not guaranteed.

Benefits of STAR® Biller-Direct Payments (cont'd)

Benefits to Billers and Processors

The STAR® brand is one of the most recognized in the industry. According to the 2005/2006 Consumer Payments Usage Study, STAR ranks among the top two ATM networks in total consumer awareness across the U.S., second only to Cirrus®. With more than 20 years of service, the STAR Network has established a proven track record for reliability and support for millions of STAR cardholders from coast to coast.

STAR: A Leader in Electronic Payments

- More than 164 million cardholders from 5,000 financial institution members throughout the country
- Reliability through 99.9% network availability

Secure, Convenient Payment Option

- Virtually guaranteed payment and low chargeback rates with secure, real-time transaction approvals
- May reduce expenses, since ATM/debit is typically less expensive than signature debit or credit
- May reduce check losses, non-sufficient funds (NSF) returns and the resulting administrative burdens
- Faster availability of funds
- Expanded range of choice to customers, thereby solidifying relationships and increasing customer satisfaction

These advantages come without billers assuming additional risk, since debit payments are coming from known customers with continuing relationships.

ATM/Debit Transactions: The Low-Cost Alternative to Other Card Methods

Among card payment types, ATM/debit transactions are typically less expensive for billers than either credit or signature debit, which have similarly high costs.

Total Transaction Costs per Payment Method¹

| Payment Method | Total Cost per Transaction |
|------------------------|----------------------------|
| Debit Card (Signature) | \$1.90 |
| Credit Card | \$1.87 |
| Cash | \$1.35 |
| ATM/Debit Card | \$0.96 |
| ACH | \$0.57 |
| Check | \$0.54 |

(The above costs include all bank and telecommunication fees, equipment costs and labor. NSF and the labor costs associated with collection may or may not be included in check and ACH figures as not all respondents were able to answer relevant questions to this degree of detail.)

¹2006 Direct Biller Payments Study, Conducted for First Data Corporation and the STAR Network by Phoenix Marketing International

Benefits of STAR® Biller-Direct Payments (cont'd)

Benefits to Cardholders

By offering STAR® Biller-Direct Payments as a payment option, billers and financial institutions can give their customers or cardholders a quick and convenient alternative to writing checks or paying by other more costly methods.

- Cardholders can avoid potential late fees, especially for expedited payments. If a cardholder is near the payment due date, the speed of STAR Biller-Direct Payments can make a difference, because the payment is automatically debited from the cardholder's checking account in real time
- Cardholders may also receive the benefit of same-day payment. Because of the immediacy of posting, cardholders can hold on to their funds longer, and possibly generate more interest income
- Cardholders can save time and eliminate postage expenses
- Cardholders can pay bills wherever they are, even when they are traveling on vacation or business
- Cardholders can also enjoy the added convenience of automatic recurring payments, which makes paying monthly bills one less thing they have to worry about

Giving cardholders a convenient payment alternative is good business—especially if it can potentially add to the bottom line without requiring any significant investment in time and resources.

Cardholders can hold on to their funds longer, don't have to write checks or pay for stamps, and have convenient payment options of either one-time or automatic recurring payments.

STAR[®] Biller-Direct Payments Industry Practices

Marketing Tools for Billers and Acquirers

How can you replace paper-based payments with electronic payments that reduce costs and increase customer convenience and loyalty? Educating cardholders about the availability and benefits of STAR[®] Biller-Direct Payments is an important first step.

- Distribute low-cost statement inserts—order at STAR.com/toolkit
- Include statement messaging that focuses on the convenience of being able to pay directly to the biller at the last minute without penalty
- Post messaging and/or banners on your Web site detailing how STAR Biller-Direct Payments can benefit your customers
- Develop training programs for personnel with direct cardholder contact
- Conduct joint promotions with key billers; contact the STAR Network for more information

For many reasons, the future of the payment system is electronic. Educating cardholders about the advantages of the STAR Biller-Direct Payments can replace paper-based checks and cash payments with convenient, low-cost ATM/debit card payments.

Promotional Materials and Sample Copy

To help billers, processors and financial institutions in this process, the STAR Network is providing copy for a series of marketing tools that cover a range of communications options—from statement inserts and envelope messages to Web site ads and on-hold messages.

These pieces are representative only. Feel free to customize the language to meet your specific needs and objectives. For more information, please contact your Relationship Manager.

STAR[®] Biller-Direct Payments Industry Practices (cont'd)

1. Statement Insert Copy

Insert – Version 1

This insert can be customized for specific billers. Language regarding automatic recurring payments can be deleted if biller does not offer this option.

Now there's an easier way to pay your bills!

Why bother with writing checks and paying for stamps, when you can now pay your bill quickly and easily—by phone or on our Web site. All you need is your STAR-branded ATM/debit card!

Just call our customer service line at XXX-XXX-XXXX or log on to our Web site at www.XXXXXXXXXX.com.

After selecting the "Pay your bill" option:

1. Enter your billing account number,
2. Confirm the amount you want to pay,
3. Select ATM/debit as the payment option,
4. Enter your STAR card number, and you're done!

What could be simpler? Your payment will be automatically deducted from your checking account, just as if you had written a check, and the transaction will appear on your financial institution's monthly checking statement.

Insert – Version 2

Financial institutions can order today by visiting STAR.com/toolkit.

Side 1: Take some of the pain out of paying bills.

Side 2: Paying your bills is easier with STAR Biller-Direct Payments.

You know you can use your STAR-branded ATM/debit card to get cash, make deposits and make purchases. But did you know you can use it to pay bills over the phone or on the Internet? Forget about the hassle of writing checks, getting stamps and mailing your bill payments. Now it's as easy as a phone call or a few clicks of your mouse.

Make paying your bills easier and hassle free with STAR Biller-Direct Payments. To find a list of companies that accept STAR ATM/debit cards for bill payment, visit STAR.com.

It's never been simpler:

- Contact the company you wish to pay and tell them you'd like to use your STAR-branded ATM/debit card to pay your bills
- The amount is automatically deducted from your checking account
- You can pay bills immediately, on or before the due date, which helps you avoid late fees
- You can even schedule automatic recurring payments, which means one less thing to worry about

Pay your bill at home or when you're traveling. All it takes is a phone or Internet connection. Paying with your STAR-branded ATM/debit card can help you avoid late charges if a check wouldn't get here in time.

At (name of biller), we're always looking for ways to make your life easier. With this new option from STAR[®] Network, we think we've found a winner! Call or visit us if you have any questions on this convenient new service from (Biller Name), or complete and return the

STAR[®] Biller-Direct Payments Industry Practices (cont'd)

accompanying authorization form to set up automatic recurring payments. (see item 10. for Authorization Form copy)

XXX-XXX-XXXX
Biller Name and Logo

2. Envelope Messaging Copy Options

Pay your next bill with your STAR-branded ATM/debit card and save time! Save a Stamp! Pay with your STAR-branded ATM/debit card.

3. Statement Messaging Copy Options

Did you know you can pay this bill by phone or through our Web site using your STAR-branded ATM/debit card? Log on to www.xxxxx.com or call XXX-XXX-XXXX.

You can pay your bills as they come due, or set up automatic recurring payments! Just use your STAR[®] ATM/debit card. Log on to www.xxxxx.com or call XXX-XXX-XXXX.

4. Posters

Pay your bill the fast, easy way!
Pay by phone or online with your STAR[®] ATM/debit card.
You can even set up automatic recurring payments.
Ask us for details.

5. Tent Cards

Pay your bill the fast, easy way!
Pay by phone or online with your STAR[®] ATM/debit card.
You can even set up automatic recurring payments.
Ask us for details.

6. Drop Box Messaging

You don't need to make this trip!
Pay your bill by phone or online with your STAR[®] ATM/debit card.
It's the fast, easy way to pay.

7. Buttons

Now you can pay with your STAR[®] ATM/debit card!
Ask me how.

8. Web Site Messaging

Pay Your Bill the Fast, Easy Way!

At (Biller Name), we try to make paying your bill as easy and as pain free as possible. That's why we offer convenient payment—by phone or online—using your ATM/debit card with the STAR[®] logo. Pay bills as you go, or enjoy the added convenience of automatic recurring payments.

Click here to make your payment now or call XXX-XXX-XXXX to pay by phone.

9. Outbound E-mail Message

Pay your next (Biller Name) bill sitting right where you are—in front of your computer! At (Biller Name), we try to make paying your bill as easy and as pain free as possible. That's why we offer convenient payment—by phone or online—using your ATM/debit card with the STAR[®] logo. And for even more convenience, you can select our automatic payment option and never worry about paying your bill again!

Click [here](#) for more information.

STAR® Biller-Direct Payments Industry Practices (cont'd)

10. Information/Request Forms for Automatic Payments

Example 1

Put your payments on automatic!

At (Biller Name), you can now set up automatic recurring payments using your STAR® ATM/debit card. Then, you can sit back and relax—without having to keep track of payment due dates or worrying about potential fees for late payments. Even if you're traveling, your payments will be made right on time, every time. Just complete and return the accompanying authorization form, or fill it out online to set up automatic recurring payments, and start enjoying the convenience right away.

(Biller Name) Automatic Bill Payment Authorization

- I'd like to put my payments on automatic. I authorize you to make automatic deductions through the STAR® ATM/debit card listed below. I understand that the payments will appear as debit transactions on my financial institution's monthly statement.

Name(s) on [Biller] Account: _____

Your Address: _____

Your [Biller] Account Number: _____

Name on STAR ATM/Debit Card: _____

Card Number: _____

Financial Institution Issuing Card: _____

Customer Telephone Number: _____

Please process payments on the due date OR on the _____ of every month.

Signature _____ Date _____

STAR® Biller-Direct Payments Industry Practices (cont'd)

Example 2

American Utilities

567 Any Way

Anytown, USA

Tel: 000-000-0000

Toll-Free: 1-000-000-0000

www.americanutilities.com

Payment Type: ATM/Debit    Amount: \$ _____

Credit MasterCard Visa American Express Discover Network

Expiration Date: _____

Name of Cardholder: _____

Address of Cardholder: _____

City: _____ State: _____ Zip: _____

Telephone Number: (_____) _____ Fax Number: (_____) _____

Signature of Cardholder: _____ Date: _____

STAR® Biller-Direct Payments Industry Practices (cont'd)

11. Sales and Information Sheet for Biller/ Acquirer's Customer Service Representatives

The following overview could be provided to customer service employees to introduce STAR® Biller-Direct Payments.

| | |
|---|---|
| <p>What's happening?</p> | <p>(Biller Name) is now offering a convenient new way for our customers to pay their bills. Instead of writing a check, they can pay online, over the phone—either through our telephone Voice Response Unit (VRU) or by speaking with a call center representative—or at a kiosk with any ATM/debit card that contains the STAR logo: .</p> <p>Plus, they can even set up automatic recurring payments.</p> |
| <p>Why is this good for the customer?</p> | <ul style="list-style-type: none"> → Our customers can save time → They can eliminate postage expenses → They can pay bills wherever they are, even when traveling on vacation or business → They can choose to set up automatic recurring payments for added convenience → They can avoid potential late fees |
| <p>How do they make their payments?</p> | <p>Customers can log on to our Web site, call our VRU system, speak with a customer service representative or visit a kiosk. They will then:</p> <ol style="list-style-type: none"> 1) Provide or enter their billing account number for authentication purposes. 2) Confirm the amount to be paid. 3) Select "ATM/Debit" as the payment option and enter their STAR card number. |
| <p>What should we do?</p> | <p>Let our customers know that this new service is available, and that it's convenient, easy to use, secure, and will save them time and money—no stamps to buy, no trips to the mailbox or to our office.</p> <p>It's especially helpful if the customer is nearing the bill's due date—paying with their STAR ATM/debit card can help them avoid late fees as payments are debited from their account in real time.</p> |
| <p>Why should we promote this service?</p> | <p>The main reason is that we strengthen customer relationships and improve satisfaction by giving our customers more payment options. But there are other reasons as well:</p> <ul style="list-style-type: none"> → It enables faster availability of funds → It reduces our losses from bad checks → It saves us money, compared to credit cards or checks, because the processing costs are lower → It reduces the need to handle and count cash |

STAR[®] Biller-Direct Payments Industry Practices (cont'd)

12. CSR Incentive Programs

Billers can encourage CSR participation and build some excitement by offering an incentive program. Such a program may include cash rewards, gift cards, free dinners or non-monetary incentives such as days off with pay.

- Rewards can be offered to the entire group, based on a target volume of payments
- Rewards can be individually based, if individual performance can be measured in terms of tracking referrals

Contact your relationship manager for ideas and advice on developing an effective incentive program.

Cardholder Frequently Asked Questions (FAQs)

As with any new service, consumers will usually have questions regarding the benefits of the program, as well as on the specifics on everyday use. The following questions and answers address some of the most frequently mentioned cardholder issues, and can help the biller's customer contact personnel educate their customers about STAR® Biller-Direct Payments.

Q. Why is (Biller Name) offering this to me?

A. It's all about convenience. (Biller Name) wants to make sure that their customers have convenient ways to pay, and to have the flexibility to decide which method is best for them.

Q. I usually pay by check, and it's worked fine. Why change?

A. Lots of people are changing—the number of checks written for payments is declining every year. Among the reasons are that checks can be lost or delayed in the mail, which means that your payment may not be received in time. Or, you're out of town and the "payment due" date is tomorrow. A check wouldn't get there in time to avoid late fees, but paying with your ATM/debit card with the STAR logo could solve the problem. And why spend the extra money for a stamp each time you pay a bill?

Q. Will I need a PIN or a password to pay bills this way?

A. No. You'll just need your billing account number for authentication purposes and your ATM/debit card with the STAR logo.

Q. How do I pay the bill?

A. You can either call the Customer Service Center at (Biller Name) or Voice Response Unit (VRU) system, or log on to (Biller's Web site) and pay online. You can even set up automatic recurring payments.

Q. How will I know that my payment was received and recorded?

A. You will get an immediate confirmation when you call or go online to pay your bill. In addition, the payment transaction will appear on your account statement.

Q. Once I use this method, do I have to pay my bill this way all the time?

A. You don't have to—you could pay with your ATM/debit card one month and write a check the next. But most people find this new payment option to be so convenient that they never go back to checks again. The important thing is, you make the choice. You also have the option of selecting automatic recurring payments for even more convenience.

Q. So instead of calling in or logging on each time, I can just set up recurring payments with my STAR-branded ATM/debit card?

A. Absolutely! The automatic recurring payments option is the most convenient way to pay. Set it up and relax. Just complete a simple authorization form to start your automatic payments.

Q. What other bills can I pay this way?

A. To protect cardholders, only certain categories of billers are eligible for this program. These include utilities, insurance companies, educational institutions, government agencies, financial institutions and other lenders, including many unsecured loans. If you would like to use your ATM/debit card to make payments at such organizations, contact them to see if they offer the service. Or, contact your financial institution for more information.

Marketing Case History: Azusa Light & Water

Azusa Light & Water is a municipal utility owned and operated by the City of Azusa, California, in Los Angeles County. Azusa Light & Water and the STAR® Network implemented a comprehensive communications program to encourage customers to pay their utility bill by phone or over the Internet using their ATM/Debit card with the STAR logo.

To build consumer awareness and make things even more exciting, each customer using their STAR-branded ATM/debit card to pay a bill was automatically registered for a chance to win \$1,000. The incentive program ran over a three-month period and resulted in a very favorable volume increase.

→ Materials were created in both English and Spanish so that members of the community learned about the program

Employee incentives – Azusa Light & Water’s Customer Service Representatives were encouraged to tell customers about the program and promote its use. All representatives were offered a \$100 STAR Gift Card, providing they met the program’s transaction goals.

Here are some examples of the communications materials developed by STAR to introduce and support the program:

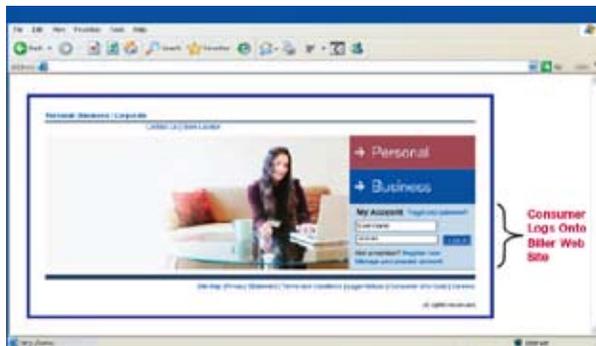


ATM/Debit Payment Screen Guidelines

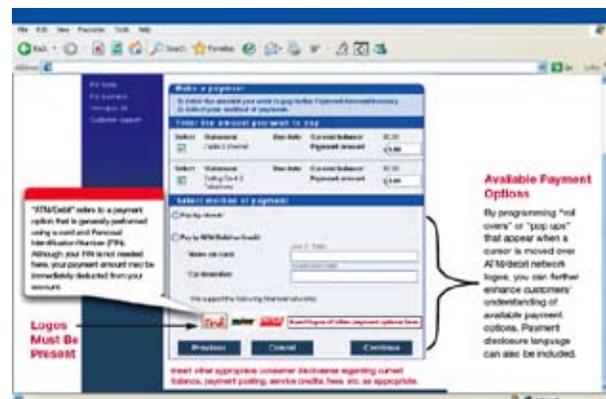
To assist billers and processors with the development of payment screens, the STAR®, NYCE® and PULSE® Networks have developed a set of guidelines to help consumers understand available payment options.

This document is intended to be informational only, and is not intended to be a comprehensive listing of all payment scenarios or a listing of mandatory practices to be observed. These screens merely represent a small sample of what consumers might see when making a payment and, therefore, all may not be applicable to particular organizations. Billers and processors should review the following with their particular needs in mind, and should thoroughly test their systems to make sure that the suggested approaches contained herein are appropriate for their systems and organizations.

Example 1: Biller Site Identifies Payment Option Eligibility Login Screen Sample – Where Consumer Authentication Occurs



Example 1: Biller Site Identifies Payment Option Eligibility Payment Screen Sample – Consumer Enters Card Number vs. Use of Drop Down

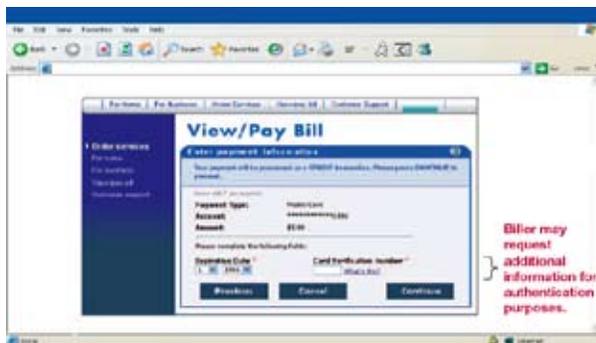


Example 1: Biller Site Identifies Payment Option Eligibility Identifying Payment Types – Consumer Enters ATM/Debit Card Number



ATM/Debit Payment Screen Guidelines (cont'd)

Example 1: Biller Site Identifies Payment Option Eligibility Identifying Payment Types – Consumer Cancels ATM/ Debit Transaction to Pay via Credit

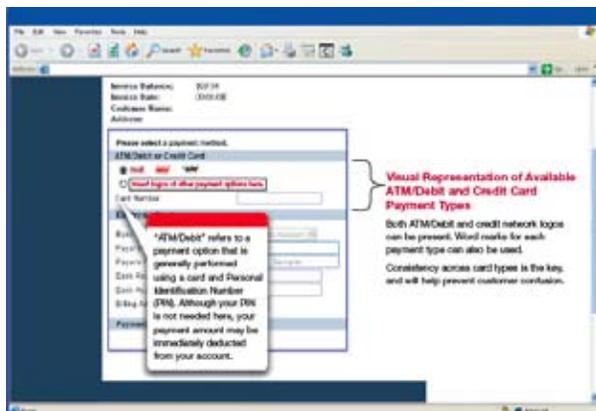


Branding Impacts Awareness and Usage

According to the 2005/2006 STAR® Consumer Payments Usage Study, more than 60% of respondents prefer to call their card either a "debit card" or an "ATM card."

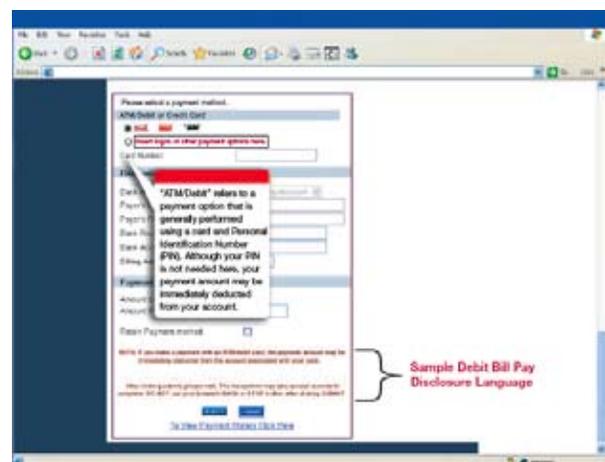
| Rank | Term | 2004 Preference | 2005 Preference |
|------|---------------|-----------------|-----------------|
| 1 | My debit card | 29.8% | 35.1% |
| 2 | My ATM card | 33.6% | 27.2% |
| 3 | My bank card | 9.4% | 10.6% |
| 4 | My check card | 7.5% | 6.6% |

Example 2: Consumer Chooses Payment Instrument Consistent Use of Network Logos and Payment Options



By using the term "ATM/Debit" on your payment screens, you can help make sure your customers choose their desired payment method, rather than being confused by alternate terminology. This is especially true since many consumers aren't familiar with the various types of debit transactions.

Example 2: Consumer Chooses Payment Instrument Additional Placement of Disclosure Language



Other Considerations When Using the STAR[®] Logo on Web Sites

STAR[®] billers and acquirers participating in STAR Biller-Direct Payments are required to display the STAR logo on eCommerce Web sites. All other STAR members, STAR merchants and STAR Internet merchants are encouraged to display the STAR logo on their Web sites and can use it as a linking element to the STAR Web site, www.STAR.com.

The Word Mark in Text

In on-screen communications, the STAR[®] word mark must appear in all capital letters. A superscript registration mark "®" must appear after the word "STAR" on the first use in all communications. When referencing the STAR Web site, please use "www.STAR.com".

Use of the Logo

On Web sites where STAR ATM/debit cards may be used for payment, the STAR logo must be included on the payment option menu page. Placement of the logo on the transaction page should accompany other payment option logos in the following RGB colors: R = 164, G = 4, B = 47. A Hex value of 990000 may also be used. On Web site applications, the STAR logo may only appear in STAR Red and white.

The preferred versions are **Boxed Positive** and **Boxed Reverse**. However, the **Floating** version may also be used. The STAR logo may not be animated in any way; it must remain static on the screen. The mark may not be stretched out of proportion or used in conjunction with any other graphic elements on screen.

Size Recommendations

The minimum size that the STAR logo should appear in on-screen communications is 70 pixels wide by 45 pixels high. The STAR logo must appear in equal or greater prominence to other payment identifiers on all Web page locations that include such marks.



Boxed Positive



Boxed Reverse



Floating

Properly displaying the STAR logo tells cardholders they can use their STAR ATM/debit card for payment.

Biller/Acquirer FAQs

Q. Why should I offer STAR® Biller-Direct Payments to my customers?

A. Studies have shown that you may receive more customers by offering numerous payment options. With STAR Biller-Direct Payments, your customers can make payments through various channels—from Internet to call center and more. And, you may even realize cost savings by utilizing this service when compared to other payment methods.

Q. What does a single-message, online real-time transaction mean?

A. Unlike other transaction types, the STAR Biller-Direct Payments provides immediate confirmation of good funds. The single message connects to the issuing financial institution and sends you a response immediately. In cases where the customer's payment is declined, you have the opportunity to prompt for another form of payment while they are still connected to your system.

Q. Is the STAR Network expanding the types of biller categories accepted for bill payment?

A. Since the inception of bill payment more than 10 years ago, the STAR Network is constantly looking for new, low-risk biller categories to add for bill payment. We've added numerous categories and payment channels which have grown the product and increased biller participation.

Q. What types of payment channels are available for STAR Biller-Direct Payments?

A. STAR Biller-Direct Payments offers Internet payments, Voice Response Unit (VRU) payments, call center with a live customer service representative for inbound payments, as well as automatic recurring payments.

We've also added kiosk payments where a customer can swipe or enter his or her card number (without their PIN) into a kiosk terminal to make a payment.

Q. How do I get set up for the STAR Biller-Direct Payments?

A. There are several variables that are dependent upon the type of paperwork that will need to be submitted to the STAR Network. A list of documentation requirements will be presented upon understanding what payment channels and biller categories will be most beneficial to your organization.

Q. Are there any opportunities for marketing or communication efforts?

A. For more information regarding marketing and communication opportunities, please see Marketing Tools for Billers and Acquirers on page 16.

Q. What makes STAR Biller-Direct Payments unique?

A. STAR Biller-Direct Payments allows your customers to use their ATM/debit card in a non-face-to-face environment and provides yet another payment option for paying monthly bills. And, just as PIN-secured debit transactions are on the rise, so is the growth of STAR Biller-Direct Payments, which may result in cost savings for your organization.

Q. How do I connect to utilize the STAR Biller-Direct Payments?

A. You have several options for connectivity: directly connecting to the STAR switch, utilizing a direct processor and connecting with their systems, or working with an Indirect Processor who might have a relationship with one of the many STAR Direct Processors. Your sales associate can assist you to outline your options.

Biller/Acquirer FAQs (cont'd)

Q. Is STAR Biller-Direct Payments secure?

A. STAR Biller-Direct Payments carefully considers the types of biller categories and payment channels allowed for debit bill payment. STAR Biller-Direct Payments requires that the biller and customer have an established relationship. Authentication, such as a user ID or password, is also required to help verify the customer.

STAR[®] Bill Payment in the News

First Data-Enabled Payment Options Help Put Nevada Motorists in the Driver's Seat

Problem

Explosive population growth in Nevada during the late 1990s created congested consumer traffic to the Nevada Department of Motor Vehicles. Unable to keep up with demand, the DMV decided to “go electronic” in 1999 as a way to cut down on the amount of walk-in traffic at DMV offices since brick-and-mortar solutions weren't viable or cost-effective.

Today, nearly one-third of DMV business is conducted over the Internet. The DMV Web site has proven to be enormously popular among citizens, but until recently, consumers only could use credit cards for payment, which costs the state of Nevada—and ultimately its residents—a premium fee for every transaction.

According to Ginny Lewis, director of the Nevada Department of Motor Vehicles, the agency has increased the range of services offered on the Web and subsequently has been on the lookout for new payment options that offer more convenience for online users while also reducing costs to the department and taxpayers.

“The Legislature increased our budget in 1999 to cover the additional expenses incurred from credit card transaction fees, and it's been an investment well worth it when compared to the alternative of adding more offices and staff,” Lewis said. “However, as good stewards of our taxpayers' dollars, it's our responsibility to continually find innovative ways to lessen our expenses while also providing greater levels of service.”

Solution

According to a recent study sponsored by First Data's STAR Network, nearly 80 percent of consumers own an

ATM/debit card, indicating the trend for debit card use is on the rise. The costs for debit card transactions are also lower than credit cards, so it made sense for the Nevada DMV to consider adding debit cards to its menu of online payments.

With the help of First Data Government Solutions and PayPoint, First Data's enterprisewide payment engine, the state soon had the ability to offer drivers a choice of payment options that included debit cards, credit cards and electronic checks, or E-checks. The client eliminated the need for PINs by implementing the STAR Biller-Direct Payments, which allows consumers using STAR-branded ATM/debit cards to initiate transactions without their PINs.

“They've [First Data] provided outstanding counsel and workable solutions that will benefit our department and Nevada residents for the long term.”

The use of PayPoint and the STAR Biller-Direct Payments has not only made it possible for the DMV to offer drivers more online payment choices, the agency is also exploring the consolidation of all its payment systems from across the department onto First Data's PayPoint platform, as well as potentially using STAR Biller-Direct Payments for debit card processing. This would give Nevada residents access to multiple payment options, including the cost-effective debit cards, no matter what unit of the DMV they are working with.

And the Results Are In

Since the debit card option was implemented in August 2006, Nevada motorists have chosen that payment method more than 25,000 times. At that rate, the DMV estimates that debit card transactions can save Nevada taxpayers almost a quarter of a million dollars a year.

STAR® Bill Payment in the News (cont'd)

"We believe these estimates are conservative because it doesn't account for continued growth in Web site usage. Regardless, we're thrilled with the expense savings so far," said Lewis. "We've implemented choices that have improved customer satisfaction, and the potential savings to taxpayers is phenomenal."

"First Data worked with us in a public-private partnership to achieve our goals," Lewis added. "They've provided outstanding counsel and workable solutions that will benefit our department and Nevada residents for the long term."

Appendix A – Excerpts from the *STAR® Network Operating Rules*

The following provides an overview of various definitions, requirements and considerations for STAR® Biller-Direct Payments. Consult the *STAR Network Operating Rules* for complete information on all rules and requirements.

Definitions

| Biller Category | Definition |
|--|---|
| Utilities | Any municipal, state or other public utility system or systems operated for the manufacture, production or sale of electricity, natural or artificial gas, water or waste collection. |
| Educational Institutions | An institutional day or residential school that provides education for any grade(s) through grade 12 or an institution of higher education within the meaning of the Higher Education Act of 1965. |
| Insurance Service Providers | Any insurance service provider that is licensed by a state to sell property, casualty, life and health insurance policies so long as the transaction involves the payment of premiums on such policies. |
| Lenders | An insured depository institution, a federally insured credit union through the National Credit Union Share Insurance Fund or a state licensed lender that makes closed-end consumer loans secured by real estate, a motor vehicle or a boat, or that enters into leases secured by a motor vehicle. Any qualified entity that issues a credit card; makes, purchases or has been assigned a student loan; or makes, purchases or has been assigned approved (unsecured) credit. |
| Government Agencies | An agency, division department or other unit of the federal, state or local government that collects taxes, licensing fees, registration fees, fines or penalties. |
| Telecommunications, Cable and Satellite Providers | Any public or private provider of telecommunications services, including without limitation telephone, cellular, digital and cable services, which is licensed and governed by any federal, state or municipal authority; or: Any public or private provider of cable or satellite media services, which is regulated by the Federal Communications Commission or any other federal, state or municipal authority. |
| Healthcare | Any healthcare participant who collects payments for co-pays and balances, hospital stays, doctor visits, lab and testing payments, kiosk healthcare payments and other healthcare payments approved by STAR |
| Transportation Services | A transportation service biller who collects payments for toll roads, parking fees and mass transit monthly passes. |
| All billers must a) be approved by the STAR Network and b) agree to accept STAR bill payments from consumers. | |

Appendix A – Excerpts from the STAR[®] Network Operating Rules (cont'd)

Indirect Processor – A processor whose telecommunications connection goes from the processor's mainframe or front-end computer through another processor's mainframe or front-end computer to the STAR[®] switch.

STAR Network Operating Rule Excerpts

Indirect (Downstream) Processors – No more than two (2) acquirer processors, the indirect processor that drives the terminal and the acquirer processor that is directly connected to the STAR switch, may process a STAR transaction between a STAR terminal and the STAR switch.

Exception Processing Procedures – Each member and processor shall fully cooperate with STAR and all other members and processors in the resolution of exception items.

→ **Chargebacks** must be initiated within one hundred and twenty (120) calendar days of the original transaction date. A chargeback may not be initiated for a STAR transaction within five (5) calendar days of the original transaction date. If a chargeback is initiated to return an adjustment, the chargeback must be initiated within thirty (30) calendar days of the adjustment date

Convenience Fee Compliance – An acquirer member must comply with the above requirements that may be amended from time to time by the President of STAR for a STAR terminal to be an eligible terminal. These rules will be superseded by any applicable law with which they are inconsistent.

Processor Notification, Certification and Required Message Format for Convenience Fee Feature – A processor must notify STAR a minimum of sixty (60) days prior to the processor's anticipated implementation

date of a convenience fee or rebate by completing a "Processor Application for Testing of Convenience Fee/Rebate Feature Form" as provided in Appendix H of the STAR Network Operating Rules. A processor must be certified to ensure that the acquirer members using the processor can display and print the appropriate information on their screens and receipts.

→ The processor must demonstrate the proper handling of reversals containing a convenience fee or rebate. Convenience fees and rebates must be separately identified in the message format to include both the transaction amount and the convenience fee or rebate amount as set forth in the Technical Specifications

→ A processor that has previously implemented a convenience fee or rebate and intends to add the functionality to a new terminal type, must:

- A. Submit a processor application for testing the convenience fee/rebate feature, including samples of screens, receipts and signage; and
- B. Test the convenience fee feature with the appropriate STAR switch platform using the new terminal type at least thirty (30) days prior to implementation of convenience fees/rebates on the new terminal type.

Convenience Fee Audit Record Requirements – Each acquirer member shall ensure that each STAR terminal records separately on its audit record any convenience fee or rebate imposed at such terminal

Types of Transactions Eligible for Convenience Fees – Convenience fees may be collected and rebates may be refunded only on eligible STAR[®] transactions.

Appendix A – Excerpts from the STAR[®] Network Operating Rules (cont'd)

Convenience Fee Receipt Requirements

- A. All Receipts – When a convenience fee or rebate is applied to a transaction, the receipt must contain (i) the amount dispensed to, purchased or transferred by the STAR cardholder (exclusive of the convenience fee); and (ii) the total amount debited to the STAR cardholder's account (inclusive of the convenience fee or rebate).
- B. POS Receipts – The amount of any convenience fee levied on or any rebate paid to a STAR cardholder must be listed as a separate item on the receipt and be identified by (i) the word "Fee" preceded by an acronym or other word or symbol identifying the STAR merchant levying the convenience fee or paying the rebate; or (ii) if the STAR merchant's name appears on the receipt and the STAR merchant so elects, by the phrase "Merchant Fee."
- C. Internet Transaction Receipts – The amount of any convenience fee levied on or any rebate paid to a STAR accountholder must be listed as a separate item on the Internet transaction receipt and be identified by (i) the word "Fee" preceded by an acronym or other word or symbol identifying the STAR Internet merchant levying the convenience fee or paying the rebate; or (ii) by the phrase "Merchant Fee."

Convenience Fee Signage Requirements – Members who elect to assess a convenience fee or rebate, or members who sponsor merchants that elect to assess a convenience fee or rebate, must provide notices of such convenience fee/rebate to STAR cardholders in the following ways:

- A. Terminal signage (ATM and POS); and
- B. Onscreen signage (ATM and STAR Internet transaction); and
- C. Receipt message (ATM, POS, and STAR Internet transaction).

Disclosure of Convenience Fee – An acquirer member must ensure that if it or a STAR merchant or STAR Internet merchant it sponsors applies a convenience fee or rebate, the amount is disclosed as required by the rules and all applicable law.

Convenience Fee Policy – Subject to applicable law, a member may apply a convenience fee or rebate to a STAR cardholder or STAR accountholder's transaction for the use of a member's eligible terminal. Convenience fees and rebates shall be settled through the STAR Network and shall be applied only to eligible STAR transactions. Conditions under which convenience fees and rebates may be applied in the STAR Network are as follows:

- A. Convenience fees and rebates shall be allowed within the STAR Network on a nondiscriminatory basis. Therefore, an acquirer member who applies a convenience fee or rebate to any STAR transaction must apply the same amount to all other nonproprietary debit transactions accepted at the same location, regardless of whether the transaction is PIN or signature based, excluding non-domestic cards and cardholders of members participating in a Multilateral Agreement or the STARs[®] No Convenience Fee Program. Where allowed by law, EBT card transactions may have convenience fees or rebates applied, and such fees may be different than convenience fees or rebates applied to other STAR cards; and/or rebates applied to other STAR cards; and

Appendix A – Excerpts from the STAR[®] Network Operating Rules (cont'd)

B. A member intending to apply a convenience fee or rebate must submit a member's "Convenience Fee Notification Form" as provided in Appendix H of the *STAR Network Operating Rules* to STAR Member Relations/Account Relations at least forty-five (45) days prior to planned implementation. The processor of the member electing to apply a convenience fee or rebate must be certified for convenience fees or rebates before implementing convenience fees or rebates for the member. The Notification Form must be accompanied by the initial or changed signage and ATM or STAR Internet merchant screen "copy" that the member plans to utilize at the terminal or Internet payment screen to notify cardholders of convenience fees or rebates. The copy must meet the minimum convenience fee signage and ATM screen display requirements. The copy must also comply with applicable law, including but not limited to Regulation E.

Convenience Fee Compliance – An acquirer member must comply with the above requirements that may be amended from time to time by the President of STAR for a STAR terminal to be an eligible terminal. These rules will be superseded by any applicable law with which they are inconsistent.

Processor Notification, Certification and Required Message Format for Convenience Fee Feature – A processor must notify STAR a minimum of sixty (60) days prior to the processor's anticipated implementation date of a convenience fee or rebate by completing a "Processor Application for Testing of Convenience Fee/Rebate Feature Form" as provided in Appendix H of the *STAR Network Operating Rules*. A processor must be certified to ensure that the acquirer members using

the processor can display and print the appropriate information on their screens and receipts.

→ The processor must demonstrate the proper handling of reversals containing a convenience fee or rebate. Convenience fees and rebates must be separately identified in the message format to include both the transaction amount and the convenience fee or rebate amount as set forth in the Technical Specifications

→ A processor that has previously implemented a convenience fee or rebate and intends to add the functionality to a new terminal type, must:

A. Submit a processor application for testing the convenience fee/rebate feature, including samples of screens, receipts and signage; and

B. Test the convenience fee feature with the appropriate STAR switch platform using the new terminal type at least thirty (30) days prior to implementation of convenience fees/rebates on the new terminal type.

Internet Transaction Receipt Requirements – Each acquirer member will ensure that each STAR Internet merchant that it sponsors shall, upon completion of an authorized STAR Internet transaction involving an Internet purchase, Internet bill payment, Internet purchase credit or other electronic funds transfer, make available to the STAR accountholder (or shall cause the STAR Internet merchant to make available to the STAR accountholder) a savable receipt (either printable from a screen or via e-mail) that complies fully with all applicable law, including but not limited to Regulation E (12 C.F.R. Part 205), and that includes, but is not limited to, the following information:

Appendix A – Excerpts from the STAR® Network Operating Rules (cont'd)

- A. The amount of the transaction, or, if a convenience fee applies, the amount debited from the STAR® acountholder's account (exclusive of the convenience fee, shipping, handling and other miscellaneous fees as applicable) and the amount debited from the STAR acountholder's account (inclusive of the applicable fees). If the receipt is for an Internet purchase credit, the receipt must include both the original transaction amount and the credit amount;
- B. The transaction date;
- C. The type of transaction as specified in the *STAR Network Operating Rules*;
- D. The type of account accessed as specified in the *STAR Network Operating Rules*;
- E. The final four (4) digits of the STAR card, e-PAN or other STAR acountholder identifier;
- F. The trace number;
- G. The transaction time (local time, equal to P-012);
- H. The STAR Internet merchant name;
- I. The STAR Internet merchant unique merchant ID;
- J. The STAR Internet merchant's Web site home page URL;
- K. The promised shipment time period (for Internet transactions which involve shipment of goods);
- L. The STAR acountholder's name;
- M. The authorization code (if returned by account-holding member);
- N. A description of the goods/services/bill payment.

Security Compliance Review Requirements

Direct and Indirect Acquirer Processors – Each new acquirer processor, whether a direct processor or indirect processor, must conduct a Security Compliance Review and submit the completed review and Security Compliance Statement to STAR prior to activation in the STAR Network.

- Each direct or indirect acquirer processor must conduct a Security Compliance Review and submit said Review and Statement every even year (after the first year the Review is submitted) to STAR prior to September 30 of each such year
- If material changes occur in the operating environment of the acquirer processor or indirect acquirer processor during a year in which a Security Compliance Review is not required, and such material changes may impact areas within the scope of the Security Compliance Review, the acquirer processor or indirect acquirer processor must conduct a Security Compliance Review and submit said Review and Statement to the STAR Network prior to September 30 of such year

Non-Processor Acquirer Members – Each acquirer member that is not a direct or indirect processor and that owns, operates or sponsors STAR terminals must conduct a Security Compliance Review and submit the completed Review and Security Compliance Statement to STAR prior to September 30 of the year the acquirer member becomes a member of STAR Network. the year the acquirer member becomes a member of STAR Network.

- Each acquirer member that is not a direct or indirect processor and that owns, operates or sponsors STAR® terminals must conduct a Security Compliance

Appendix A – Excerpts from the *STAR[®] Network Operating Rules* (cont'd)

Review and submit said Review and Statement every other year (after the first year the Review is submitted) to STAR prior to September 30 of each such year

- If material changes occur in the operating environment of the acquirer member during a year in which the Security Compliance Review is not required, and such material changes may impact areas within the scope of the Security Compliance Review, the acquirer member must conduct a Security Compliance Review and submit said Review and Statement to STAR prior to September 30 of such year



A Global Leader in Electronic Commerce

First Data powers the global economy by making it easy, fast and secure for people and businesses around the world to buy goods and services using virtually any form of payment. Serving millions of merchant locations and thousands of card issuers, we have the expertise and insight to help you accelerate your business. Put our intelligence to work for you.

For more information, contact your
First Data Sales Representative
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