



Be There Be More

Innovation In Payments

Making Sense of Apple Pay &
Tokenization, EMV and CardNav



TODAY'S PRESENTERS



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AGENDA

1

Why Security Rules the Day (and 2014)

2

Headliners: Apple Pay & Tokenization, EMV, and CardNav

3

How Are Credit Unions Plugging in?

4

Discussion: What Happened? What's Ahead?

5

Q&A



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WHY SECURITY RULES THE DAY (AND 2014)

HEADLINERS

STILL ON TARGET

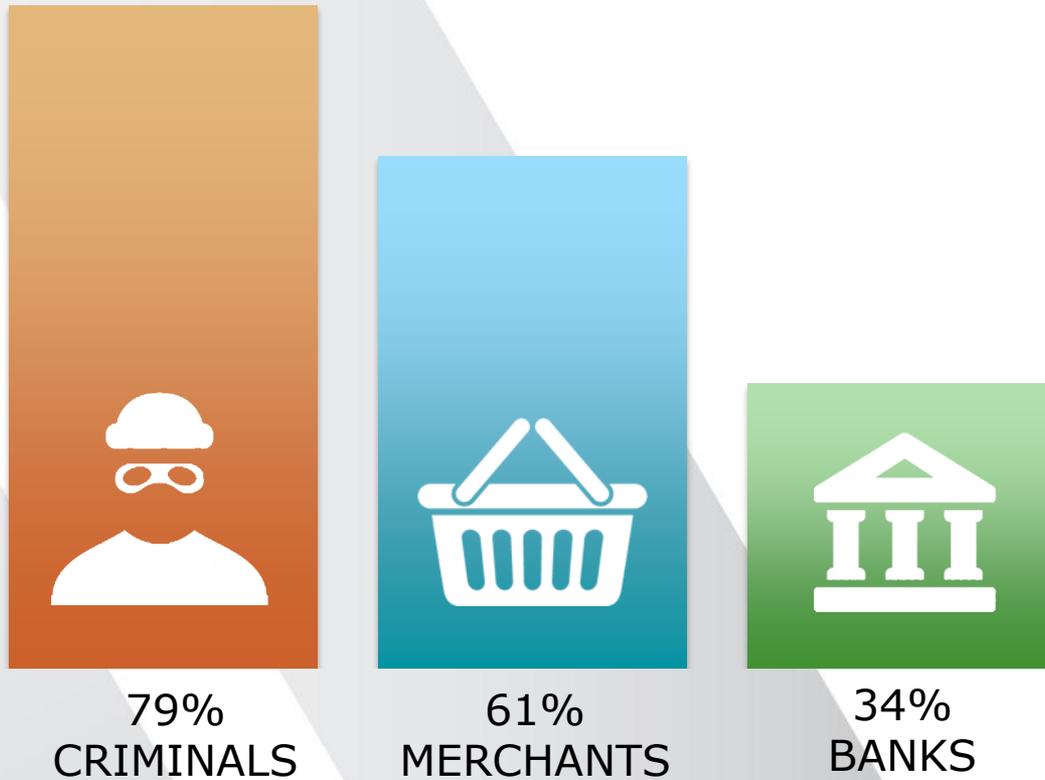
Why was the Target breach so groundbreaking?

- › It happened during the Christmas season.
- › It was massive.
- › It made us feel vulnerable.
- › It revealed how relentless data breaches are.
- › It made us wonder why security isn't better.



MERCHANTS ON THE HOT SEAT

Who's responsible for data breaches?



Source: Brunswick survey of 750 consumers, January 2014



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PLAYING IT SAFE

Target investing \$100 million to be EMV ready in early 2015



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CHANGING THE CONVERSATION

By late summer 2014, mobile payments adoption was stalled:

- › Merchant participation sporadic
- › Consumer interest lukewarm
- › Technology fragmented
- › Mobile payments growth modest
- › Security still the key barrier to usage



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NFC: TIME AT LAST?

ONE
MILLION

Cards activated in 72 hours

Google Wallet weekly transactions

UP
50
PERCENT

New users have doubled

NFC payments will rise fivefold from

\$101M
IN 2014 TO
\$516M
IN 2019

(Juniper Research, 'Getting in Touch with NFC')



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Apple Pay & Tokenization, EMV and CardNav

APPLE PAY IS HERE!



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NOT EVERYONE IS IMPRESSED



- › No cash back or rewards
- › Doesn't work everywhere
- › Doesn't eliminate the need to carry cards
- › Works only with a few devices



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MCX DECLARES WAR



Decline Apple Pay.



Walmart
Save money. Live better.

Among the MCX
merchants to
disable NFC.



Suffers a hack in beta.



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IT'S RIPENING

Apple Pay



APPLE PAY'S SECURITY PLAY: TOKENIZATION



- › Provide through Visa and MasterCard
- › Card issuers embracing it for its security
- › Consumers still largely unaware of tokenization itself

SPEAKING OF EMV

69
PERCENT

believe EMV will make cards
more secure (Vision Critical)

57
PERCENT

of Americans expected to receive
EMV cards in 2014 (MasterCard)

40
PERCENT

of debit card users and 35% of
credit card users want EMV cards
today (MasterCard)



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AND NOW FOR SOMETHING COMPLETELY DIFFERENT



41
PERCENT

of credit card users



40
PERCENT

of debit users

WANT THIS TECHNOLOGY TO SECURE THEIR CARDS. WHAT IS IT?

CARDNAV BY CO-OP



**EMPOWER YOUR
MEMBERS**



EMPOWER YOUR MEMBERS

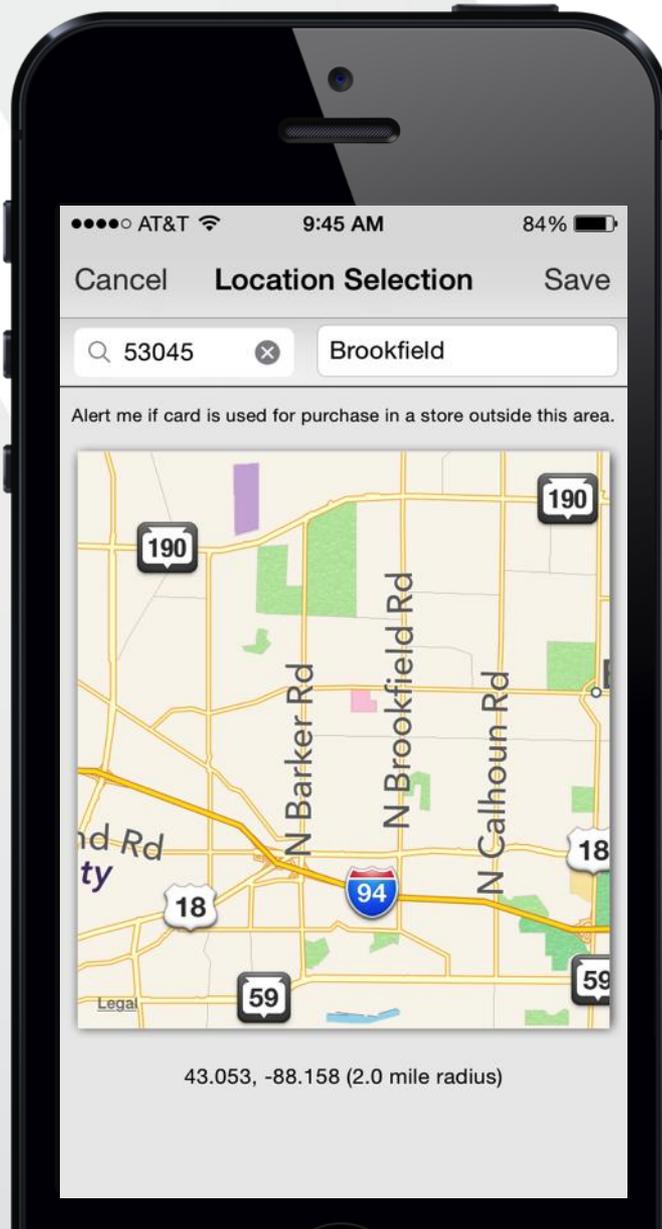


› Turn card on and off



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EMPOWER YOUR MEMBERS

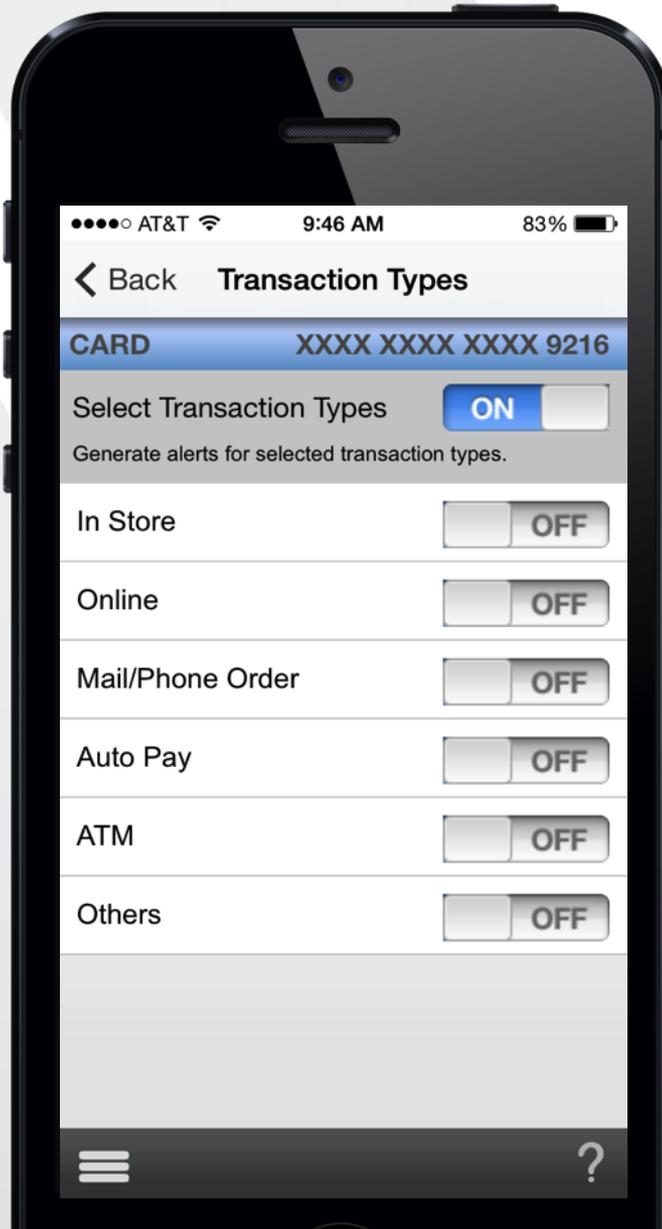


› Set geographical limits



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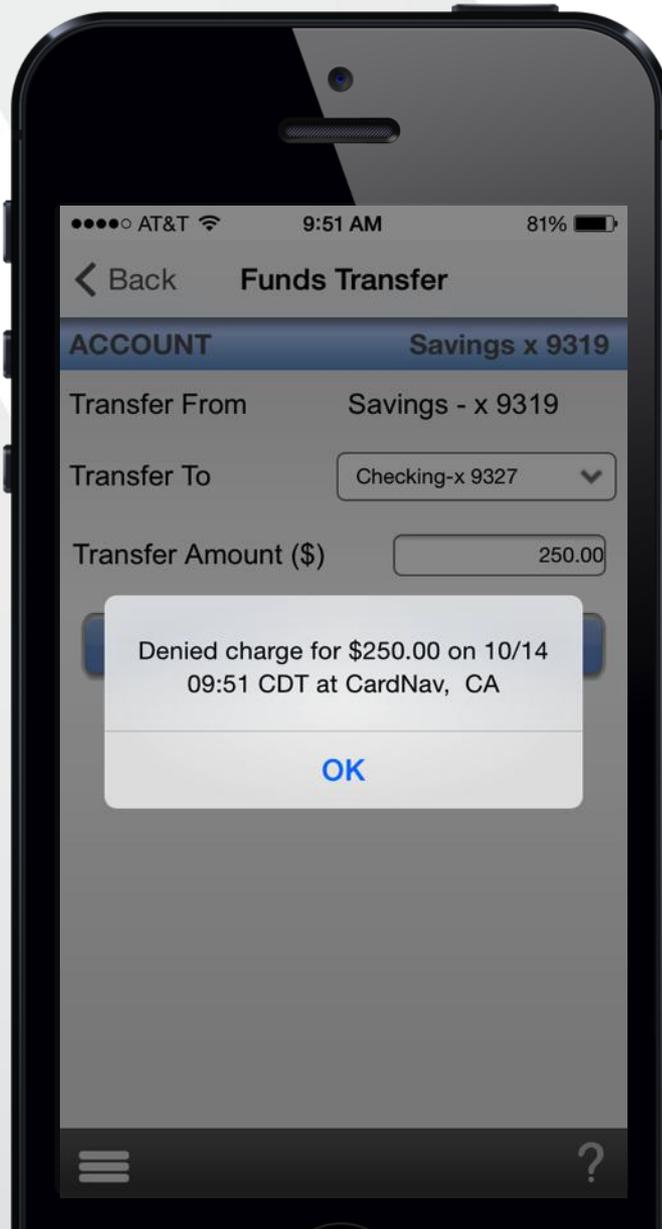


› Set transaction controls



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EMPOWER YOUR MEMBERS



- › Receive and respond to alerts



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IMPACT OF CARDNAV TECHNOLOGY: FIRST SIX MONTHS



"If I could provide a way to identify fraud on the very first attempt and immediately shut down the card, I would reduce fraud by over 50% right there."

David Penoli, Chief Financial Officer

"Our customers love the Debit Card Manager application . . . It has increased our card usage, improved customer satisfaction, and reduced the number of calls to our support center."

Edna De Saro, Senior Vice President and Marketing Director

"I saw this alert for a transaction I did not make. I immediately turned my card off and called my financial institution, and I saw four subsequent denied transactions. . . It felt good to defeat the bad guys."

John Calvillo, Customer

60% decrease in fraud



54% increase in card usage frequency



48% increase in card spend



13% increase in card base



ROI in less than six months



A DAY IN THE LIFE



A DAY IN THE LIFE



A DAY IN THE LIFE



A DAY IN THE LIFE



A DAY IN THE LIFE



How are credit unions plugging in?

APPLE PAY BY THE NUMBERS

iPhone 6 & 6+
Announced Sept 9

iPhone 6 & 6+
Available Sept 19

Oct 9

2015

- › both support NFC/touch ID payment and in-app payments through Apple Pay
- › Apple sells more than **10 million** new iPhone 6 and 6+ models over the first weekend alone, breaking company records
- › 1 million cards registered in first 72 hours

› Apple Pay released in a software update

› iWatch



TAKING A BITE OUT OF APPLE PAY



MasterCard
Worldwide



CO-OP
FINANCIAL
SERVICES

TOKENIZATION

Tokenization
Resource Center



INSIGHT VAULT

VISA



*Your
Credit
Union*



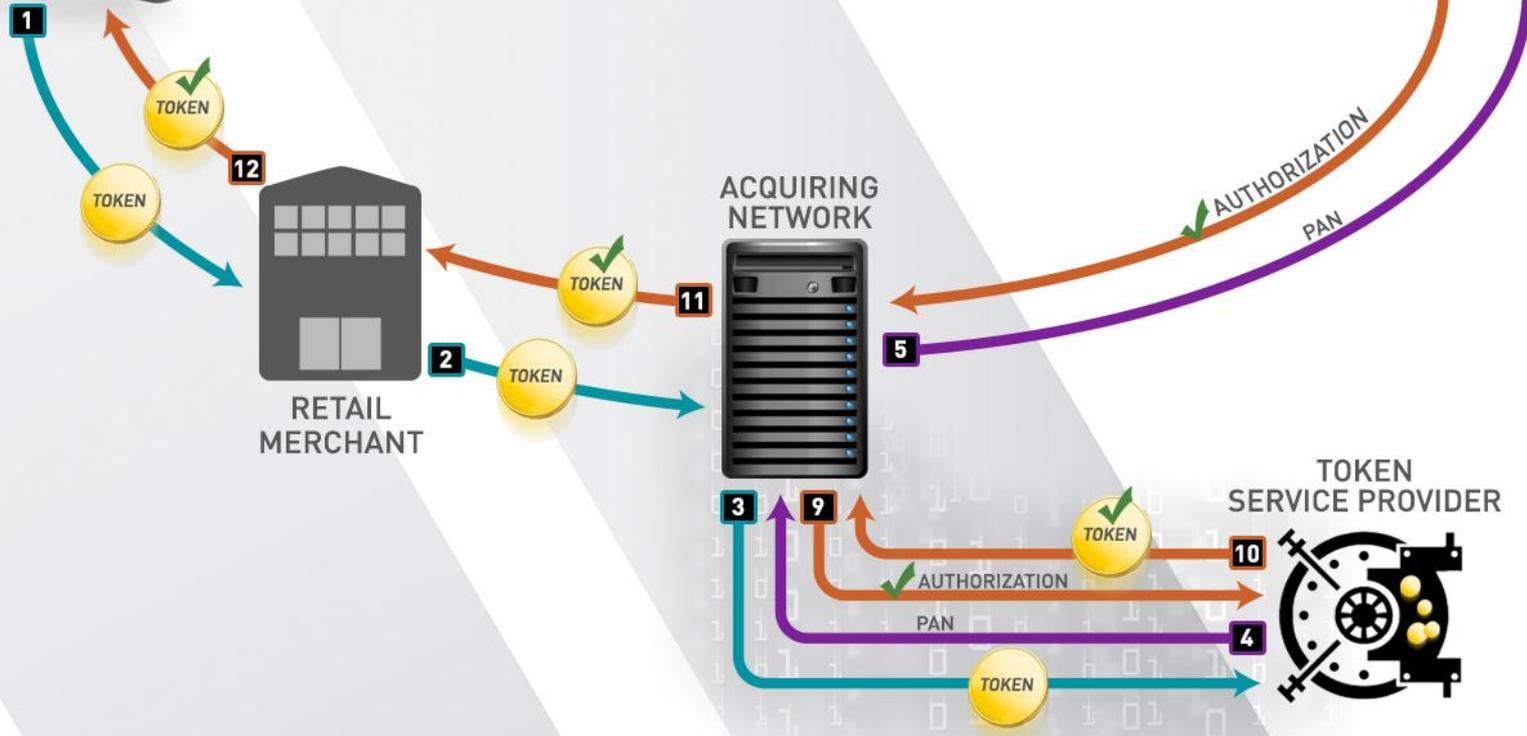
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TOKENIZATION 101



- › Card number replaced by randomly-generated “token”
- › Specific to the phone or merchant
- › Changes the game for data breaches
- › Token can be disabled with card still protected
- › Process is effortless to consumer
- › Credit union authorizes with actual card number

MEMBER'S
iPHONE



IS TOKENIZATION READY FOR YOU?



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WHAT ABOUT EMV?

October 1st

2015



THE \$8.65 BILLION QUESTION

EMV conversion will cost \$8.65 billion:



1.13

BILLION

Credit and debit cards

15

MILLION

POS terminals



360,000

ATMS



WHO'S GOING TO GET THERE?

EMV compliant by end of 2015



Source: "Preparing for 2015: The Year of the Liability Shift," Mercator Advisory Group, August 6, 2014



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ROLLING EMV OUT



AVAILABLE NOW

For in-house and full-service credit

Available by end of year

for debit with the common AID

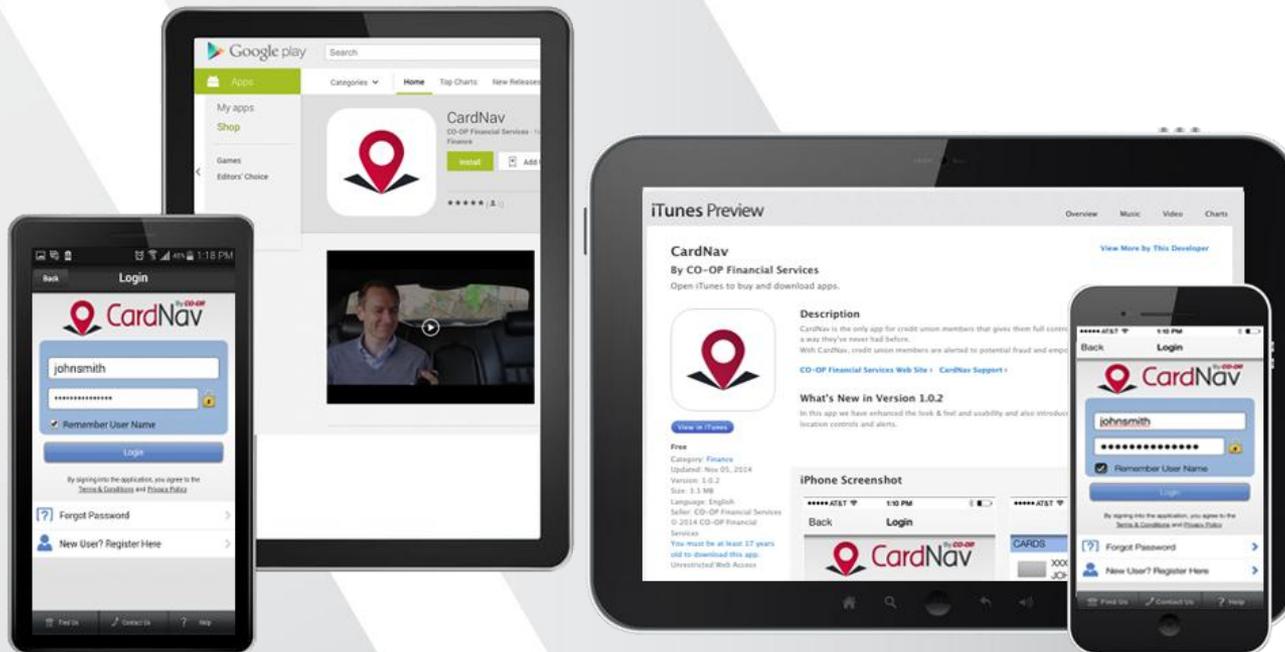
**EMV Resource Center
Latest News**

**Planning resources
reference**



THE DOWNLOAD ON CARDNAV

- › Adds new dimension to your security efforts
- › CardNav app is live in the Apple App and Google Play stores
- › Sign up now and get started – no hurdles



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More has happened in the past year
[in payments] than the prior 19.

– Mike Cook, Walmart SVP at Money 20/20



What happened? What's ahead?

DISCUSSION

SAVING ON FRAUD



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BIGGEST BANG?

45

PERCENT

Of fraud is discovered by the user.

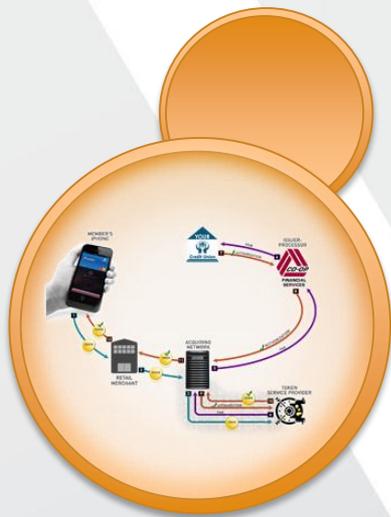


helps members control and monitor their
own account activity



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TO CHOOSE, OR NOT TO CHOOSE ?



Tokenization



EMV



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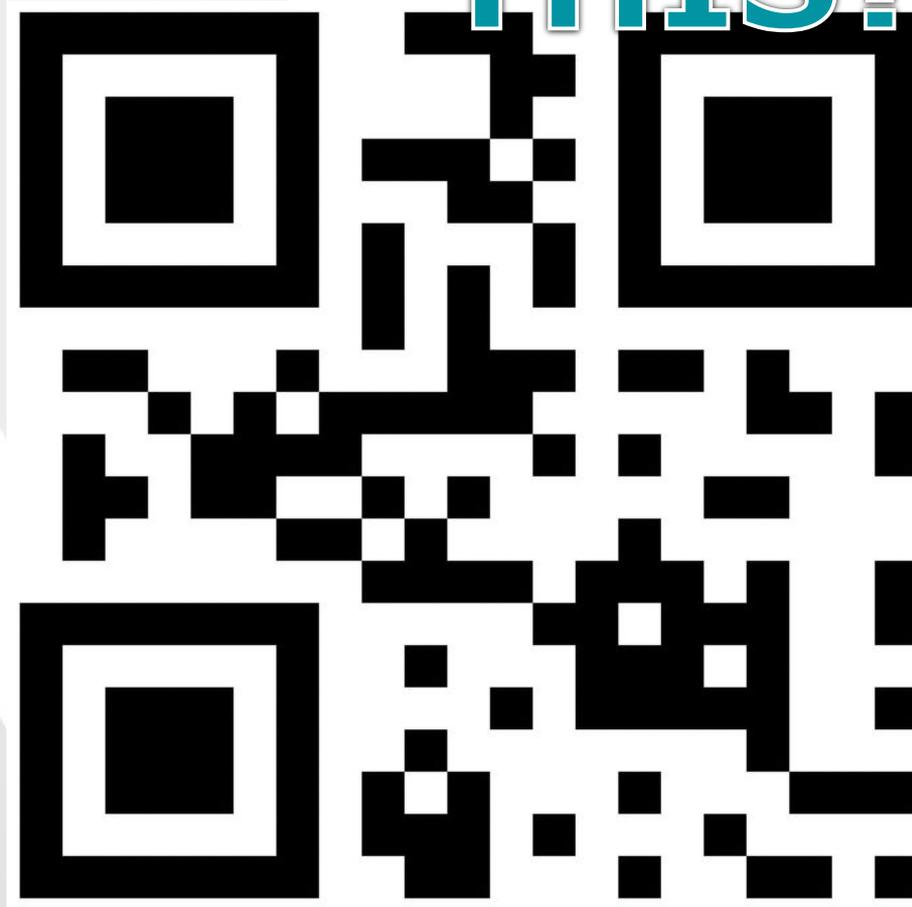


IS **MORE**
BETTER?



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WHAT ABOUT THIS?



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ARE MERCHANTS READY?



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CAN SPEED = SECURITY?



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WHAT ABOUT



 Pay



SECURE PAYMENTS ARE THE FUTURE

REDUCE FRAUD

**SECURITY
&
CONFIDENCE**

2015



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Q&A?

Our next webinar:

Year in Review: The Top 14 Stories of 2014

December 9, 2014 – 10am PACIFIC/ 1pm EASTERN

THANK YOU



Be there. Be more.