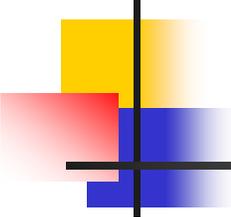


The Evolution of Payment Substitutes in the Gaming Market

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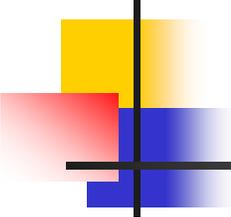
Overview

- Existing payment technology
- Coin-less substitute as precursor to cash-less?
- Other factors influencing payment substitutes
- The three questions – in brief
- Summary

A Brief History

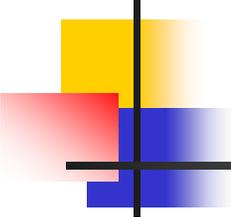


- The gaming industry has historically relied on cash as the primary means of payment
 - Wagered coin is input into a coin hopper; winnings are output into a coin tray
 - Banknotes can be exchanged for coin and chips at the casino cage and table games – bill acceptor technology was incorporated into slot machines in the '80s
- Checks – cashed and exchanged for currency



Traditional Payment Substitutes

- Used for game play...
 - Markers – table games
 - Chips – table games
 - Tokens – slot machines, tables
 - Vouchers – cage and slot redemption



Slot Machine Technology

- Payment components
 - Coin Hoppers – cash in / payment out
 - Bill Acceptors – cash in
- Support for loyalty systems
 - Card reader – magnetic cards are used to identify players so that the loyalty system can track game play and award points

Ticket-in / Ticket-out (TITO)

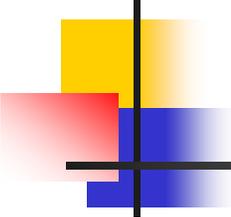
- Slot machine manufacturers introduced TITO coin-less payment technology to the gaming industry in 2001



TITO continued

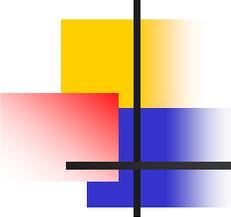


- TITO solutions provide casinos with an opportunity to reduce and ultimately eliminate the use of coin on the floor
- As a result, casinos are able to close their hard-count operations and reduce or reallocate personnel
- Players no longer have to lug buckets of coin around from game to game



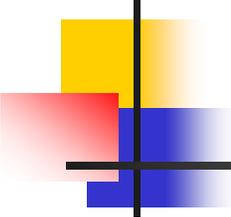
So, where are we today?

- Slot machines are equipped with payment and quasi-payment features
 - Bill Acceptor Technology
 - Banknote acceptance
 - TITO, and voucher reading
 - TITO printer for issuing cash-out and jackpot tickets
 - Slot accounting transaction support through networked TCP/IP connections
 - Magnetic Card Reader for player loyalty systems



What's next?

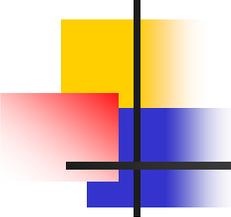
- Card based gaming? Makes sense considering most of the technological pieces appear to be in place.
- In fact, there have been some limited successes with account based gaming and wager account transfer (WAT).



But there are barriers ...

... to widespread market acceptance!

- Card based gaming solutions will need the sponsorship of at least one of the major slot machine manufacturers
- TITO market still has growth potential
 - Casinos and manufactures are naturally interested in maximizing their ROI
- Some players prefer the anonymity of cash to the convenience of EFT



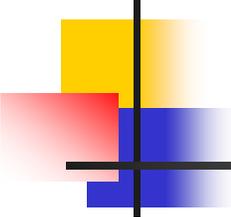
Barriers continued

- Responsible gaming issues
 - Regulators, legislators, and players are concerned about the risks inherent in making it too easy to access funds
- Lack of uniform gaming regulations
 - State, tribal, district – everyone has their own perspective

Other influences

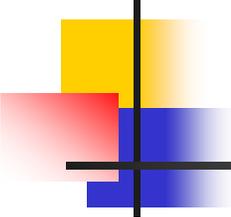
- The widespread success of TITO technology created a need for ticket redemption systems
- Many of the ticket redemption systems on the market began life as ATMs
- It was therefore only natural that ATM functionality would be added to the base ticket redemption and bill breaking feature set





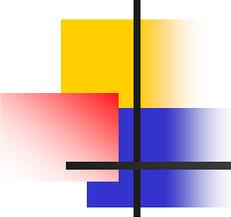
Other influences continued

- Cash access and substitution solutions possible on redemption based systems
 - ATM withdrawal
 - Credit and debit card cash advance
 - Point of sale debit transactions
 - Check verification
 - Money transfers
 - TITO ticket issuance
 - Card issuance



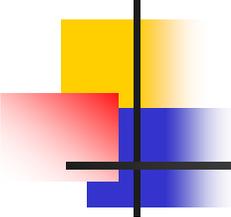
Question 1

- What are the characteristics of cash that are difficult to mimic in other payment forms?
 - The clanging of coin as it exits the coin hopper when a player cashes out or wins a jackpot!
 - Anonymity



Question 2

- What are the main factors driving the adoption of payment alternatives?
 - Improved player experience
 - Reduction of cash and coin processing costs
 - Getting more cash (payment alternatives) onto the casino floor



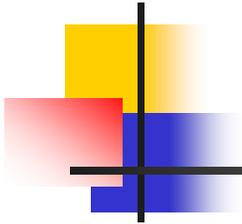
Question 3

- How have the relative costs and benefits of cash changed as a result of greater availability of payment alternatives?
 - TITO and other cash-less gaming technologies have virtually eliminated the need for casinos to purchase and process coin
 - Coin-less and cash-less payment alternatives speed up game play and make it more convenient for players to switch games and continue wagering

Summary



- Cash substitutes are already in use though progress has tended to be more evolutionary rather than revolutionary
- Further progress will require the sponsorship of a major slot machine manufacturer
- Regulatory and responsible gaming issues will need to be taken into consideration
- Point of sale (POS) based gaming solutions are likely to lead the way
- Direct debit and credit card gaming is not likely to happen anytime soon



Thank you for your attention!