



Risk Management from an issuer perspective

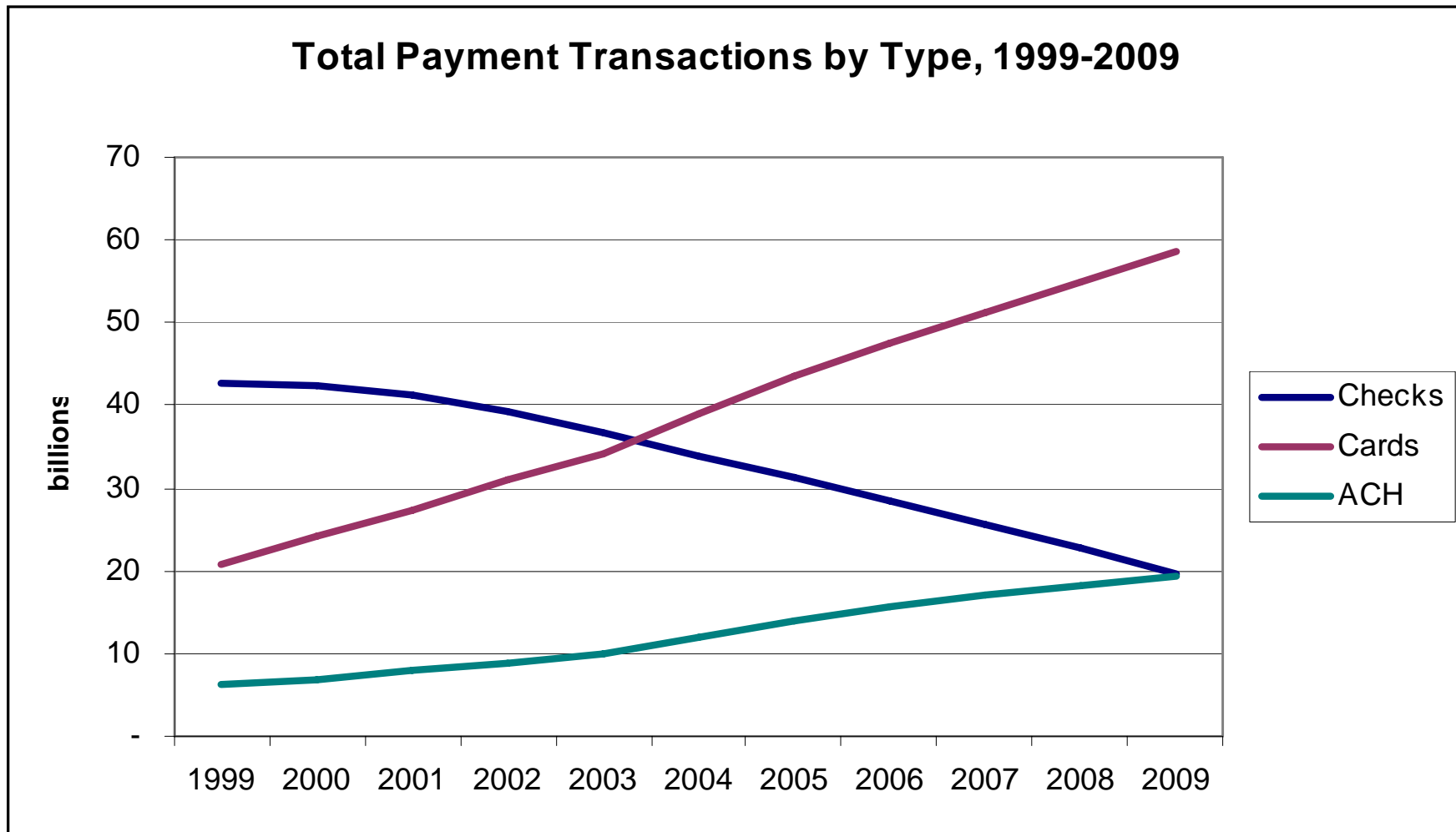
June 6, 2008
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Development

- Fortune 500 company providing information technology for processing financial transactions for more than 30 years
- Publicly traded for more than 20 years (NASDAQ: FISV)
- 23,000 employees and 18,000 clients worldwide

Fiserv EFT

- 30 years' experience
- 5.4 billion debit and ATM transactions processed in 2007
- 2,700 financial institution clients
 - 1,100+ banks
 - 1,400+ credit unions
- 18,000 ATMs

Cards Dominate Transaction Volumes...



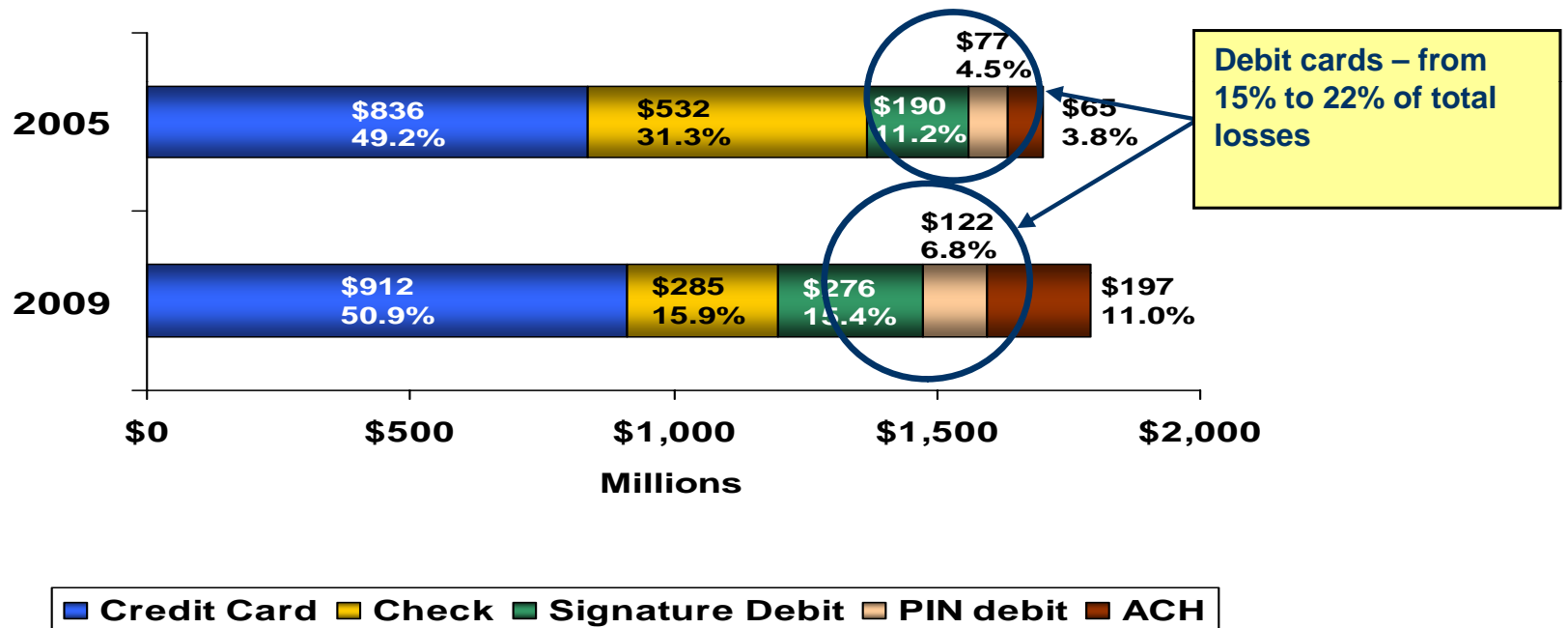
Source: Financial Insights, 2005



- Growing payment segment
- Fraudsters becoming more creative & sophisticated
- Inviting target
- Professionalism of criminal organizations

Fraud Loss By Payment Type

U.S. Payments Fraud Loss by Type



Sources: ABA/Dove Consulting "2005/2006 Study of Consumer Payment Preferences," Financial Insights

- Consumers love their debit card
- Debit card fraud is here to stay
- Card compromise impact, regulations and debate
- Fact vs. fiction *and* reality vs. perception
- Issuers bearing the burden
- Consumer perception - impact of the “fraud factor”

- We bear the liability for fraud losses & associated costs
 - Cardholder zero liability
 - Limited Charge back rights
- We have increasing expenses to invest in risk management solutions
- Interchange does not provide a revenue stream that offsets our costs/losses
- It is our reputation at risk

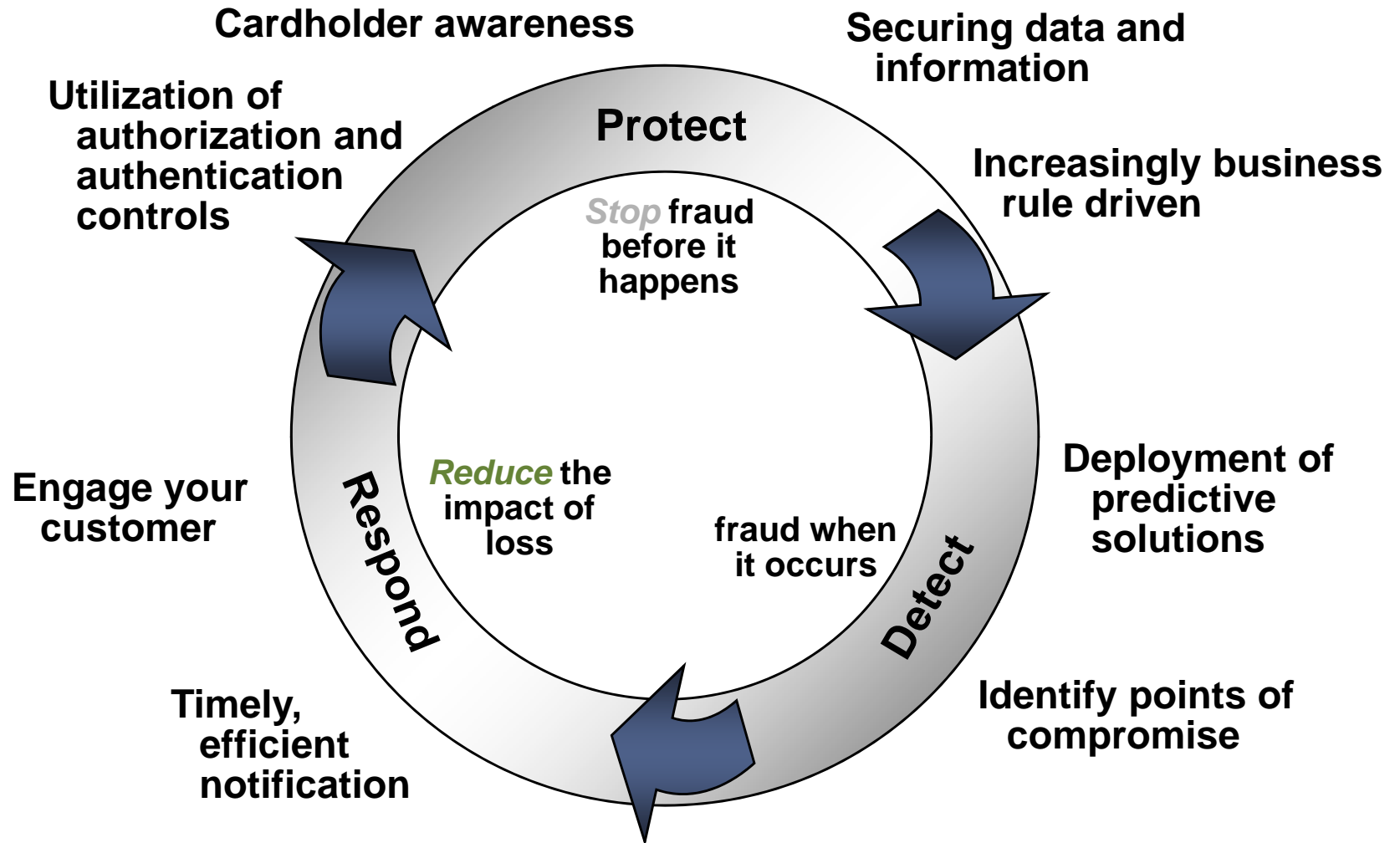
- Detection is key
- Response time essential
- A balanced defense is the best defense
- An understanding of controls is critical
- One solution will not fit all
- Dynamic environment

- Develop comprehensive risk management strategies and programs
- Increase investment in the “right” risk management and security solutions
- Rethink the role of the cardholder

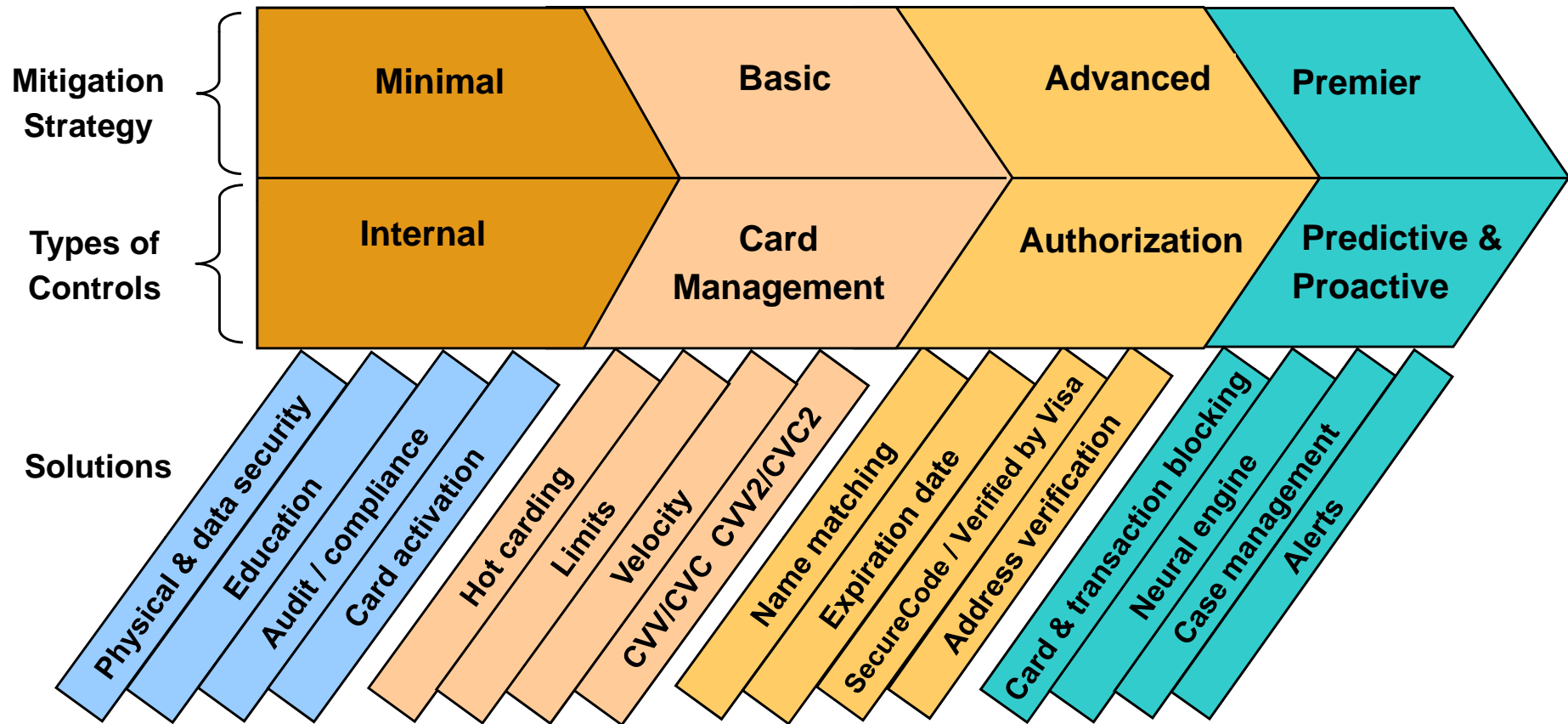


What Issuers Want, Need and Expect

- Effective Risk Management solutions
 - Protect – prevent fraud from happening
 - Detect – identify potential fraud
 - Respond – minimize impact of known fraud
- Solutions that provide:
 - Real-time control for action
 - Flexibility to **NOT** treat every transaction or cardholder the same
- Reduced losses
- Happy cardholders 😊



Risk Mitigation Spectrum



What Do Cardholders Want, Expect and Demand?



- To use their card when they want, where they want for what they want
- Their card to be secure
- They do not want to be inconvenienced
- They do not want their card program to be intrusive



The Evolving Role of the Cardholder

- Cardholders know their activity best
- Most effective crime fighters against fraud
- Educated cardholder = satisfied customer
 - Allow to define options & activities (e.g. limits)
 - Opt out of paper statements
 - Provide tools for self monitoring (online banking, notification alerts)
- Cardholder awareness is essential
 - Will they receive calls to inquire about transaction activity?
 - Are they able to use their cards internationally?



2.0 on point

Questions?

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