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...

Total Payment Transactions by Type, 1999-2009

Source: Financial Insights, 2005
Growing payment segment

Fraudsters becoming more creative & sophisticated

Inviting target

Professionalism of criminal organizations
U.S. Payments Fraud Loss by Type

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit Card</th>
<th>Check</th>
<th>Signature Debit</th>
<th>PIN debit</th>
<th>ACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$836</td>
<td>$532</td>
<td>$190</td>
<td>$65</td>
<td>$77</td>
</tr>
<tr>
<td></td>
<td>49.2%</td>
<td>31.3%</td>
<td>11.2%</td>
<td>3.8%</td>
<td>4.5%</td>
</tr>
<tr>
<td>2009</td>
<td>$912</td>
<td>$285</td>
<td>$276</td>
<td>$122</td>
<td>$197</td>
</tr>
<tr>
<td></td>
<td>50.9%</td>
<td>15.9%</td>
<td>15.4%</td>
<td>6.8%</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

Debit cards – from 15% to 22% of total losses

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
The Realities of Fraud

- 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
How Do Issuers Prepare?

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

Cardholder awareness

Utilization of authorization and authentication controls

Securing data and information

Increasingly business rule driven

Deployement of predictive solutions

Identify points of compromise

Protect

Stop fraud before it happens

Reduce the impact of loss

fraud when it occurs

Identify your customer

Engage your customer

Timely, efficient notification

Respond
Risk Mitigation Spectrum

Mitigation Strategy
- Minimal
- Basic
- Advanced
- Premier

Types of Controls
- Internal
- Card Management
- Authorization
- Predictive & Proactive

Solutions
- Physical & data security
- Education
- Audit / compliance
- Card activation
- Hot carding
- Limits
- Velocity
- CVV/CVC, CVV2/CVC2
- Name matching
- Expiration date
- SecureCode / Verified by Visa
- Address verification
- Card & transaction blocking
- Neural engine
- Case management
- Alerts
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?