Harland Clarke Webcast 06-08-2016

EMV Distribution Strategies Simplified TRANSCRIPT

Presenter Greg Kuyava, Key Account Executive, Harland Clarke Marketing Services

Jeb: Good day, and welcome to Harland Clarke's webinar. Today's topic is EMV Distribution Strategies Simplified. This webinar is being recorded and will be provided to you along with the presentation recording and deck within a few days. If you have any questions, please use your question box located in the webinar control panel. Your questions are private and are only seen by the presenters. I'd now like to turn over the call to Greg Kuyava, the Key Account Executive for Harland Clarke Marketing Services. Greg, you have the call.

Greg: Thank you Jeb, and I'd like to thank everyone who is taking time out of their busy schedule and joining us today. I'm very excited to talk about EMV distribution strategies, and specifically, how an instant issue solution like Card@Once can support those strategies. As Jeb had said, my name is Greg Kuyava. I'm the Key Account Executive within Harland Clarke Marketing Services. I also spent a number of years as a Product Developer and Marketing Manager under their Marketing Department. I was instrumental in bringing our instant issue and our EMV program to the market for Harland Clarke, so I hope today will prove to be very insightful and a lot of information.

The way we're going to handle today's conversation is through the Agenda. We're going to first talk a little bit about the EMV - Distribution Trends, and then we're going to talk about Card Issuance. Give an overview of how that works. We're going to talk about Instant Issue, and do an overview of that particular program in Card@Once. We're then going to talk specifically about Card@Once and Things that Matter within Card@Once. Then last but not least, we will be fielding questions. Jeb, if I could have you forward us all the way down to the EMV Trends in the Market. There we go. We'll go one more.

All right, so the next slide is – what we're going to do to mix things up a little bit and keep everyone's attention all the way through, we're going to do a couple of different games or activities for you to just come back into the presentation. If you're working with, or if you're listening with a group, or if you're listening just by yourself, from time to time we'll do poll questions and stuff like this. The first one is EMV Numbers to Know. These three percentages, 40%, 60%, and 70%, represent a certain trend in the EMV market, and what I want you to do right now is think about what 40, 60, and 70%, what those percentages could represent. Now as you're thinking that over, I will tell you that they represent trends that were towards the end of 2015. They're not current in the market right now, but they're not too far away. I'll let you either write down or just

think about what your guess is, or if you're in a larger group, shout it out to that group.

All right, let's transition and take a look at what these actual percentages are. The first one is 40%. At the end of 2015, there were close to 40% of the debit credits that were being distributed into the United States market did have an EMV chip on them. Sixty percent of the merchants in their location were actually EMV ready. Now most of that was driven by the large stores. Things like Home Depot, Target. I mention those names specifically because they had troubles with breaches on magnetic stripes in the last couple of years, and we're slowly seeing the mom and pop shops develop their EMV and implement their EMV strategy as well. Then last but not least, the 70% represented the number of credit cards towards the end of 2015 that were in the market.

Now, what's interesting is is you see a pretty significant gap between the debit cards and the credit cards from 40 up to 70%, and most of that was due to figuring out the U.S. Common AID and how to attach options around the Durbin Amendment that needed to be handled in the debit card versus credit card. Credit card programs were able to be implemented and started much earlier and quicker. Debit cards needed to wait for the industry to figure out how they were going to handle the Terms and Conditions of the Durbin Amendment.

Transitioning down to the next slide, I just want to compare these statistics, 40, 60, 70, to some research, industry research, that we did at the close of or right around 2014. We went out, and we did this research. Along with our CPI Card Group did this research. We looked at three research firms, and they went out and looked at cardholders. Their predictions were, by the end of 2015, that debit cards, represented by the yellow, would – if we're looking at First Annapolis for example, they thought it was going to be right around 32%, or at least that's what financial institutions were told them, while the credit card was going pretty close to 68.

First Annapolis was pretty darn close in what their research showed. Aite Group was 40 and 70, exactly on, and then Javelin and the financial institutions that they were conducting this research to weren't nearly as optimistic, for lack of a better term. They were closer to 17 and 29. However, because we can see that we're pretty darn close from 40 to 70%, that we would see that these trends continued to go in this way. Both First Annapolis and Aite are close to almost 70% on debit cards and almost 100% on credit and then by 2017 fully expected to have all cards out in the market having that EMV chip on that.

Looking at some additional Card Issuance Trends on the next slide, I want to pinpoint or highlight on the second group under meeting the demand of data

breaches. The very first bullet point, more than 600 publically reported card data breaches in 2013. Now, 2013 was a number of years ago. I highlight that particular year because, if you think about 2013, most cardholders could name one breach that happened in 2013, and it goes by the name of Target. It was the time of the year that it happened. It certainly was the front page news and the lead story in all the cable and mainstream news networks, but there were 600 others of them that they didn't – that most consumers wouldn't have even known about.

You would be hard-pressed, even as someone that works at a financial institution, that outside of Target to be able to name any additional data breaches that occurred involving debit and/or credit cards. The reason I bring that up is there are certainly a number of data breaches, and those numbers continue to happen. EMV is obviously going to help change that number and reduce it significantly. What happened in 2013 is EMV switched from an industry discussion between the card associations, the processors, the personalization providers, the manufacturers, the merchant acquirers, the issuers. It moved from that industry into the conversation with the consumers, so we saw this shift at the end of 2013 and into 2014 that really put pressure and accelerated the plans for many of the financial institutions. Even more so than the mandatory liability shift that was looming at the end of 2015.

Moving on, let's take a look at some additional trends in issuing EMV cards on the following slide. What we see here is, in early 2015, those financial institutions that were starting their project, the distribution strategy was going to be, okay, we're going to take our full card portfolio, and we're going to reissue all EMV cards. They wanted to make sure that they got the cards out into their consumers' hands as quickly as possible. Much of that was just because the early adapters were probably still feeling the sting from the Target breach that went over from 2013 into 2014. Then the Home Depot breach that occurred late in September of 2014, they were meeting – they were trying to meet a consumer's expectation of I need my EMV card, and I need it immediately.

As 2015 continued on and we started getting into 2016, the strategy for distribution shifted from mass reissue to I'm going to wait until this actually – the cards actually come to their natural expiration date. It may take me two or three years to actually distribute all of my EMV cards. However, I'm not going to go out and put out the expense for this mass distribution immediately. We're going to meet those consumer needs. Now we're looking at about a 50/50 mass reissue of an expiration date strategy where 50% are doing it all at once. The other 50% are just waiting upon those expiration dates.

There is no right or wrong answer. However, for those folks that are waiting upon expiration date, that action is causing a reaction. That reaction is once cardholders are starting to get their EMV cards, those particular cardholders that do not have an EMV card are wondering when theirs are going to come. Now you're creating an additional demand for, if I'm a consumer, I want my EMV card now. I don't want to wait until my card expires in two or three years. How can I meet that demand that I have as a financial institution? That's where instant issue can come into play and be both an affordable and a sensible strategy to meet that new demand that's been created.

Let's transition then into the EMV Instant Issue – Card Instant Issue Solution, and go into the next slide. Let's take a look at particular Card@Once. As I mentioned is we have created a new type of demand in the market. Simply by saying, okay, I'm not going to distribute my cards immediately to everyone, but rather wait until expiration date. How can I meet those demands that are occurring now, or perhaps someone that is going overseas or traveling abroad and they want – and they need a card with a chip in it in order to utilize and have access to their funds when they are outside of the United States?

Card@Once is the instant issue solution that can help you meet that demand and that need. Introduced in the market a little over four years ago, it is relatively new compared to the granddaddies of instant issue. However, it is completely unique, and it is the next generation of instant issue solutions. Whatever you had learned or researched about instant issue before looking at Card@Once, you can erase all that, and you can now take a look at a new way, an affordable way, to provide instant issue to your cardholders.

Some of the key points here. It doesn't require any software. There are no annual setup fees. There is very minimal training. It's not a drain on your internal resources in either the setup or the ongoing managing of this program. It becomes an extremely affordable highest CPI certification and very simple to use. Through it all, as a service provider, we provide the full support.

Next slide, we're going to take a look at the overall Harland Clarke card offering. Harland Clarke delivers an end-to-end solution. Not only can we support you in your instant issue solution, but if you decide to also move your Service Bureau, i.e., cards that are delivered via the postal service, over to Harland Clarke, we can provide both of those services to you eliminating the number of card partners that you have and simplifying your overall card relationship. We are very unique in that circumstance where we provide both instant issue as well as Service Bureau solutions.

The question becomes, going on to our next slide, it's a relatively new Card@Once service, our instant issue service, are people happy with it? Even though it's only been in the market for a short period of time, it's been met with a lot of customer satisfaction. Over 97% of our customers are very satisfied – are satisfied or very satisfied with the solution with 93% of them would recommend it to us. A relatively new product, however, it works incredibly well. People really like it, and not only that, they're willing to recommend it to their fellow financial institutions partners.

This brings us to the first poll question, and this is going to be another numbers game, trying to bring you guys back into this in form of a poll. What we want you to do is I've given you three numbers here, 10, 25, and 2, and I'm going to give you Options A and Options B of what this 10, 25, and 2 refer to. Then after you have a chance here to look at these two, and I will read them off to you, we'll actually pull up a poll, and you can answer either Column A or Column B. Column A, 10 equals the number of days for delivery of mailing a card. Twenty-five in Column A is the percentage. Twenty-five percentage increased inactive card users. The number 2 represents two minutes it takes to issue a card with Card@Once. Column B, 10 represents the number of data breaches in the past months. Twenty-five is the number of cards that you can print per hour within our instant issue solution, and 2 represents the average number of loss/stolen cards printed per day, per FI with Card@Once.

Take a look at 10, 25, and 2; one of those answers are correct. Jeb here will pull up the poll for you to provide your answer. The poll is now open. Alright, it looks like we have a – it looks like everyone is guessing Column A, and you would be 100% correct as an audience. We have a very intuitive group amongst us today. What we're looking at here is on average it takes 10 days for delivery of mailing a card. Instant issue solves all that. It can provide that card instantly at the time that the card holder is at your branch.

25 is the percentage of increase in active card users. You will see an increase of 25%. Industry averages tell us of every 10 cards that you put in the postal service and delivers, only 40% of those cards will be actually become active users. When you implement an Instant Issue program, you can see an increase of 25%. 25% more will start using the card so if you're currently at 40, you could be as high as 60, 65% just by broadening your base for active users. We've even seen financial institutions that have relatively high activation and usage rates prior to Instant Issue go even higher than that.

Alright, so moving on now, let's take a look our Instant Issue and the overview of that. This first slide, which talks about Card@Once and it compares it to some of the other solutions that are out there. First and foremost, what I want to talk

about is Card@Once and a Software as a Service. Now as I mentioned, Software as a Service option has been on the market for a little over four years. What most people are familiar with when they think about Instant Issue is they think about Software for Purchase. There are some very distinct differences in there.

As Software as a Service, we've eliminated the need to purchase any software. In the past, Software for Purchase required a $50,000 to $100,000 immediate investment just to purchase the software system. We've eliminated all of that. Your investment in our Instant Issue solution comes down to the actual printer itself and the optional purchasing of PIN pads if you need that. Software as a Service under Card@Once also provides all of the communication networks; the communication portal, the communication encryption, the communication security. Everything is setup and provided for you, so there's no need to do that.

Setup is handled by us. We de require a little bit of support from the financial institution, both Operations and IT, but it's very minimal. All system maintenance, upgrades, management, monitoring, all of that, again, is handled by Card@Once and, as a supplier, us. In the end, that means very minimal IT and Operations resources needed.

In contrast, Software for Purchase, the traditional way to look at Instant Issue was the initial investment and software, and we talked about that. Then you would have to not only upload and get the software running, you'll then have to create the communication network, you have to dedicate a server or server space that can handle and process the actual order itself, you'll have to handle the card keys and load them into the system correctly, and then of course, you'll want to link everything and setup the communication network back to the actual printers themselves.

In essence, under Software for Purchase, what you're creating is a mini card production facility inside of your financial institution. Once you get over the initial investment, and once you get over the initial setup, which again, falls upon the financial institution themselves to do all of this, you then need to do the ongoing maintenance, ongoing software updates, and ongoing monitoring of this particular system.

For most financial institutions, Instant Issue was a solution that always made sense from a customer services standpoint. Let me get my card into my cardholder's hands immediately, give them better service and a better customer experience. However, it was always very difficult to justify the upfront expense and the ongoing resources needed to maintain such a solution. Card@Once, Software as a Solution, eliminates the upfront costs, the headaches, the hassles, and the amount of resources that you need to maintain it.

How does it work? Let's take a look at the next slide and we'll go through a real high-level overview. First and foremost is the account information gets put into our web-based platform. Once that information is provided into that platform, and we'll take a look at some screenshots of what that platform looks like coming up here, we then encrypt the information and it's transmitted to our secure Visa and Mastercard facility for transmitting and processing. We will then verify the 16 digit account number that was sent over. We'll then calculate the CBV and CVC codes. If a PIN was selected we'll make sure that the PIN offset is there. If there is a request for a particular design, that gets attached. All of that happens within our facility, on our server, on our space.

We then, once we're done processing the order, we immediately encrypt the information again, send it back to the printer at the branch which requested this particular card order. The printer itself has a mini microprocessor within it that will take that encrypted data, decrypt it, and then send the encoding information to the mag stripe encoder and the EMV chip encoder, and the print information to the print side of it, and then within seconds, that card actually prints out. What you have is a card that is fully functioning and waiting to be activated. Once that card is then activated, it's ready to be used.

This process of entering in the information, transmitting, and processing the order, and sending it back and printing it to the printer, can be done in a matter of minutes. It really is an instant delivery mechanism. Next we're going to go through some of the slides of what the website looks like. The first one, as you can imagine, is our landing page. It has a dashboard with different functionalities. What we're highlighting here is an experience of what your customer service representative will experience as they are opening up a new account, and then they're putting the information or they're requesting a new card to be printed by Card@Once.

Here they're just selecting the function of being able to print the card. They will be able to then select the site name in which they wanted the card to be printed. Now where this becomes important, in most cases you have one printer per location. In some instances, you may have a location that doesn't have a printer but they want to be able to print it at a different location or a different branch. You have the ability to do that, and here it would give you the option to select which it is.

The next screen will show us the type of card information that we are capturing. Now we provide both an integrated and a nonintegrated approach to this solution. In both cases, what we provide is a truncated, 16 digit account

number. The first six digits will be the BIN number. If you are utilizing multiple BINs within our Card@Once solution, you'll have a drop down screen in which you can select the BIN number. In a nonintegrated solution, you simply enter in the remaining 10 digits of that 16 digit account number. You will put in the expiration date, the cardholder's name, and there's an extra line of printing in case this is a business card.

Now, Card@Once does not actually create the 16 digit account number. The normal process that you're utilizing now to create a new card order, whether it be through your core platform or your EFT platform. Whatever platform has your new card order platform, that's where you'll actually get this 16 digit account number as well as the expiration date. Now, if it's integrated, that information will slide into the Card@Once solution. If it's nonintegrated, you just really need to take a couple seconds, enter in that information, and then put it into the site.

The next slide is where you have the option of either providing a pre-printed card style or you could have multiple images that are available. Here we're showing an example of a financial institution that has multiple images. Your cardholder could select from the pre-set or pre-catalogue of these images that you are providing. Now, these images can be customized for your financial institution, and you can have an unlimited number of images that you want to provide. It can also be very specific to the BIN as well. On the previous page, we don't need to go back there, but on the previous page where we selected a certain BIN, when we go to the card selection image it can then provide you what images are available for that particular card.

Once you select the image, we then transition into the next slide, which is the selection of the PIN. We really provide one of two options that are available. If you have an existing method now in which you have PIN pads and your cardholders are allowed to change or select their PINs at your branches, you can more than likely able to keep that type of PIN solution in place. However, I will let you know that with EMV, one of the many changes that we're learning about, or that we found out about last year, is that not only does your card need to change with EMV, and you need an EMV chip on there, but your PIN pads also need to change in order to support the new EMV chip as well.

If you have old PIN pad technology, you'll be upgrading to EMV PIN pads soon. You may want to choose the second option that Harland Clarke provides is an option PIN pad that allows the new account opening person to select their PIN at the time of new account opening. We then select the PIN, and at that point you're going to hit the Print button. Here's what happens, is then this follows along where the actual order will then be encrypted and travel through our

secured portal to our processing server, the server will process the order, verify that the 16 digit account number is a, run it through an algorithm and verify that it's a legitimate card number. If there is a problem with the actual number itself, an immediate notification will be sent back to the individual that just entered in that order, in which case they can edit, revise it, do whatever they need to, they can double check it. Once the card order processes correctly, it then gets shipped to the actual printer itself.

That's an overview of how the Instant Issue solution works. Let's get into some additional details as we look at why Card@Once? Why this specific program? How does it tie in directly to EMV and why is this important as an overall management?

As we know, EMV has added a new level of sophistication and difficulty to your card program. What Instant Issue provides you, and Card@Once specifically, is a hassle-free, easier to maintain, instant issue experience internally at the financial institutions. What Instant Issue provides you to your cardholders is a better, more satisfying customer experience. Card@Once is fully EMV ready, meaning that the printers we have been shipping out and distributing since the end of 2013 are fully ready to handle your EMV program.

If you are an existing Card@Once client of ours and you are wondering how EMV is going to work with that, as you start your EMV program and you get it up and running, we would like to participate in that setup process. We can then push the EMV programing out to the machines themselves, and we can then activate the EMV readers and encoders within the actual printers.

If you were a Card@Once client that had printers distributed out to you prior to the end of 2013, what we simply need to do is we can either retrofit your existing printers, you simply send them in to us on a schedule and then we'll retrofit them with the EMV chip encoders and we'll ship them back to your branches, or we could, at a significantly reduced cost, send you brand new Card@Once printers that have the EMV chip encoding details as part of it. Regardless, it's really up to you at this point on how you want to setup your EMV program.

We're finding that a lot of financial institutions really want to get Instant Issue up and running and get it into their branches immediately. However, what they're also realizing is that they may still be four, five, six months out still before their EMV program can even be started. Even though a lot of folks started their EMV program in 2015, we still have a number of financial institutions that have not started or are in queue and waiting for it. That's okay. We can set up your Card@Once Magnetic Stripe program right now, and then

when you're EMV program is ready to get started or is ready to be implemented, we simply just push the programming update to the printers themselves.

Let's go on to the next slide which looks at Card@Once monitoring. You get this program all set up. You have the web-based platform. You've got the communication network. You've got your heart. You've got your server that's ready to process the orders. You've got the printers connected. Whether you have Card@Once in software as a service or one of the other instant issue programs, which is software for purchase, monitoring all of your branches and all of your printers is a necessity. You want to make sure that your printers are available at the time in which they need to be made available to handle that new card order as part of a new accounting opening process, or meeting the needs of a demanding customers who wants an EMV card now because they don't want to wait for their cards to be distributed to them in a year or a year and a half when their card expires, or someone that's trying to get a lost or stolen card replaced. It's important that you're monitoring your system.

Card@Once does this for you. This is an example of the monitoring that we have in place. Each one of these green dots shows a particular printer in the United States that is online. The red dots show and represent printers that are offline. We know simply by hovering over that particular red dot is that a planned offline or is that a service issue that needs to be addressed. In some cases, we can actually even be proactive in helping you make sure that, "Hey, just letting you know your printer is offline. Is that on purpose, or did someone accidentally kick the power cord, or disconnect the internet connection? Just letting you know."

It's kind of interesting, when Card@Once first came into the market, you could tell when it was turning 5:00 or 6:00 across the country because you started seeing green turn to red going from east to west as 5:00 hit, and banks and credit unions were closing down their branches. They were just shutting down their Card@Once machine. It's not necessary that you do that. It's totally up to you. You do want to consider your monitoring plans, and Card@Once provides that for you.

Some other considerations as we move into the next slide – if we're providing the service for you, what kind of uptimes do we have? Here we can show that there is some plan downtime, and what we have is our monthly target for plan downtime is less than 30 minutes per month, which equals 0.7%. Year-to-date actual is closer to 0.2, so we are exceeding or doing much better than what we have as a plan downtime. Things that you want to think about when it comes to this particular solution is do you want a printer in each one of your branches –

Card@Once certainly makes it affordable for you to consider that – or do you want printers in some of your branches? Then those branches that do not have a printer can still offer instantly issued cards; it just requires maybe that cardholder or soon-to-be cardholder to drive to a branch of their choice to pick that card up.

You also want to consider PIN pads. What is your existing PIN pad solution? Does it need to be updated to EMV? Do you want to go with the Harland Clarke solution? There are a whole host of Visa and MasterCard security requirements that are needed. One of the most standard ones is the instant issue printer, whether it be Card@Once or some other solution, needs to be under continual video surveillance.

Card@Once is a small, quiet, compact, efficient printer. Because it is a laser printer, it doesn't take up a lot of desk space. Because it's so quiet, it can be placed anywhere within your financial institution that already has video surveillance. In many cases, we're seeing this behind the counter next to the teller line, that being because most financial institutions already have video surveillance sitting there. Because of its quietness, as cards are printed, it will not disrupt one-on-one conversations that are going on between your member service or your teller and that account person across the teller platform from them. The size, the loudness, and the convenience of the printer also makes a difference in your instant issue solution, and Card@Once is small, compact, and quiet, and will allow you to have more flexibility on where you can put it.

The next slide talks a little bit about the printing options that instant issue and Card@Once has available. When I was demonstrating the platform on which you're selecting an image, what we showed you there was our instant issue solution that has you using blank white card stock, and then the image of what the individual decides upon is printed at the time of the account information and at the time that everything is being put onto the card. We call that our edge-to-edge, or color print, solution.

Our other solution uses a standard black ribbon, in which case you will be utilizing a pre-printed card stock. We just simply load that pre-printed card stock in the back of the printer, and then what prints out is the account information, typically some information on the back of the card as well, and then of course we encode both the magnetic strip and the chip itself. As you're considering your instant issue solution and Card@Once, you need to consider, okay, do I want to use an edge-to-edge color print solution where I can provide multiple images for my debit or credit cards, or do I want to use just a standard black ribbon where I just want to utilize existing card stock and run it through there.

Next we're going to talk a little bit about security and risk control. What I really want to highlight here more than anything is the fourth bullet point down, where Card@Once is a fully PCI-certified solution because we're providing every single element of this, the web-based solution, the web-based portal, the communication line, the server. All of those elements are provided by the Card@Once solution. What we're able to do is we're able to go out and have an annual PCI audit on our solution and then go through and, based on the recommendations of that audit, update any components that we have to and then create a fully PCI-certified solution. It takes both time and money on our part to do that; however, we feel that it's fully worth it because you are dealing with sensitive cards and cardholder information, and we want to make sure that your auditors and your internal risk folks feel very comfortable with that process.

Now, our competitors will provide you a solution that is fully PCI-compliant, meaning that every single one of their elements that you set up yourself are compliant with the PCI regulations; however, in order to be fully certified and PCI-certified in making sure that those components are up-to-date with the newest PCI certifications, the onus falls on the financial institution to go out and actually have to handle that certification. Once again, the difference between software as a service, Card@Once, and software for purchase, the old way of doing instant issue, really comes down to where do you want the responsibility to fall and who do you want to have doing the work, a solution that provides it for you or one that you have to do yourself.

Let's talk next a little about integration and do an overview of what the integration is. I mentioned earlier that we do provide both a non-integrated and an integrated solution. Jeb, I'm going to have you jump down one more slide if you wouldn't mind. In an integrated solution, what we will ask you to do if you're interested in Card@Once and interested in being part of an integrated solution that we might have to offer, is that we are working with all the various core and EFT processors. We do have some integrations that are already in place, so we will need to know who your existing relationships are to be able to tell you whether that integrated solution is there. If your core processor or EFT processor has a way to implement a web service, that's basically what we're looking at as far as an integrated solution. We're making it off of a web service connection.

Our non-integrated solution simply means that you're just taking three small pieces of information, your individual cardholder's name, the individual 16-digit account number, of which only 10 digits actually need to be entered, and then

the expiration date. Those three small pieces of information need to be entered into the system, so in a matter of seconds you can fully enter in. Actually, you don't even have to type it; you can cut and paste the information and put it into our system, and you have all the information you need. Whether you want to go through an integration project or a non-integrated project, we have both solutions that are available.

I will tell you, from an integration standpoint, whether you look at Harland Clarke or you look at a different type of provider for instant issue, there is oftentimes a project that needs to be implemented by the EFT or core processor in order for that integration, even though it's already in place, to actually be set up for your financial institution. Anytime, as many of us know, we're working with any type of company that has processor in the name, you do a project with them, there could be costs associated with it. As you're looking at either a non-integrated or an integrated solution, you want to make sure you take into account whether there are additional costs or there are additional projects that need to be put in place in order for that integration to occur. Obviously, in a software-for-purchase solution, the onus for that integration of setting up oftentimes falls on your own IT and operations folks.

Last but not least, we're going to take a look at the client service support that we have available with Card@Once. What we're going to do is there's going to be full-on training. We provide a user guide. The training and installation is all done remotely. It is a very user-friendly website. It's extremely intuitive, but we can train you as a group, we can train you as individual groups, whatever. We'll just make sure that we put together a proper training plan for you. There is a help desk that is available 24/7 for your financial institution.

In most cases, in a simple call into our help desk, the 800 number, we will have to do a series of troubleshooting steps before we're able to get your printers back online and working again. In the case that we're not able to get that printer up and running and working again, as part of the Card@Once solution, we have a rapid replacement program. A new printer will be shipped to your location the next day, and then you simply pack up the old printer and ship it back to us. If we cannot find a resolution to your problem via the support desk, if it's before 4:00 on the day of business so we can still hit FedEx and get it out to you, you will have a fully functioning printer the very next day.

All right, we're going to go into our last game of the day as we get towards the end here. I just want to remind everyone that if you do have a question, just please remember that there is a chat function in the dashboard, and if you just click on the chat and you type in your message, you can send that chat to the organizers and panelists only and then we will handle those questions as we get

here to the end of the hour. All right, on this particular game, I've given you three pictures, and what I want you to do is – I've got 35mm film, I've got a horse and buggy, and I've got a clothesline. Those T-shirts that you see hanging there are actually on a clothesline; you can tell because they've got clothespins on them. What I want you to do is I want you to think about what do all three of these things have in common, 35mm film, horse and buggy, and a clothesline. I will give you a couple of moments here to think about that.

All right, so at one point, all three of these were the premier way of accomplishing a certain task. All three are still available today; however, all three have been replaced by a better, more convenient solution, very similar to instant issue. Instant issue has been in the market for 30+ years. Software for purchase has been, up until just recently, the only way to implement the instant issue solution. Just like 35mm film, just like the horse and buggy, just like the clothesline, you can still get an instant issue software-for-purchase solution if you want; however, it has been replaced by the next generation of instant issue, and that's software as service and that's the Card@Once.

Going onto the next slide, highlighting once again what makes Card@Once so special, it's innovative. It is the new way in order to handle instant issue. We've eliminated the set-up costs. We've reduced significantly the need for IT and operations in order to get the program set up, and we've reduced their involvement ongoing, monitoring the program. We simplified the whole process. It's reliable. This particular printer has been working in an EMV environment for the past 20+ years. The printer itself is actually manufactured out of France and has been working in markets in Africa, Asia, Europe, and South America for the past 20 years encoding and utilizing EMV cards.

It's convenient. It's not a big thumping machine that makes a lot of noise and makes it sound like a freight train is coming through. It's got a small footprint; it's only 9" x 16". It's extremely quiet. It provides you tons of flexibility on where you can place this particular printer and not be disruptive to your day-to-day account engagements. Last but not least, it is fully PCI-certified. Yes, you can get a program that is PCI-compliant, but if you want to be fully PCI-certified, and if you want to make sure that your program is certified with the most recent regulations from PCI DSS, the only way you can assure that is to do the work yourself or to get a program like Card@Once and our instant issue solution.

Last but not least, I want to leave you with a case study and show you the effectiveness of our Card@Once solution. This is a financial institution that was headquartered in Indiana, and this was one of our early adaptors to the program. They initially did a test pilot in a four-branch location, and it was over a three-month period. After this pilot, they then decided to implement

Card@Once in 43 of its 45 branches. Now, there may be a number of financial institutions that are looking at 45 branches, "Well, I'm not quite that big." I will tell you that we are implementing Card@Once and seeing these similar results in financial institutions that have one, two, three, four branches. This is an extremely affordable solution.

After this presentation and webinar, if you would like to find out more about the pricing of Card@Once, simply reach out to your Harland Clark account executive and they'll be able to work up the quote for you. They will also be able to provide you an ROI comparison to what you're currently spending on your service bureau program and how Card@Once can not only save you money, but it can also increase your revenues coming in. Please, if you're interested in Card@Once, take advantage of that.

The results of this was that they saw their activation rates increase from 74% to 89%. Now, they've already started way above the national average. As you might recall, earlier in the presentation I talked about a national average of about 40% of cards that get sent in the mail actually get activated. What we saw here is they started much higher at 74% and they had still a significant increase of just over 15% of active users. When you increase your overall base of active users, you're increasing your overall revenue opportunity for interchange, thus driving additional revenue into your financial institution.

Forty percent of these cards were used within the first eight hours, so this was a program that had the activation solution, where the financial institution was actually activating these cards on behalf of the user within a very short period of time. Over 50% of those cards are used almost immediately, or within eight hours. The average usage time once they were active was in 93 minutes. Now, again, this particular bullet point points back to one of the original numbers games that we talked about. Imagine that, using that card or having it active within the first eight hours. Let's just speak conservatively and say within the first 24 hours, versus having to wait 10 days for that card to get in the mail and only having 40% to 50% of them actually activate the card. We're getting to the cardholder and we're creating a behavior that we want them to have immediately with instant issue.

What was also significant in this particular case study is that they were able to reduce their costs by 20%. There's a number of ways that you can reduce your cost. Cards that are delivered via service bureau need to go onto a card carrier. That means that they're in an envelope. That means that they have postage. There's an activation sticker. All of these things that I mentioned cost money. Envelopes cost money. Paper card carriers cost money. Stickers cost money. Postage costs money. Then you have the PIN that also needs to follow the card

in the mail a couple of days later. That, again, PIN mailer, postage, envelope. With an instant issue solution, you've eliminated all that, so you've reduced your costs right then and there.

Another cost that is reduced is replacing lost or stolen cards. In many circumstances, the financial institution, if a cardholder comes in and says, "I've lost or stolen my card and I need a replacement," in many cases they give them one of two options. You can have a new card sent to you via the postal service, and it will take seven to ten days for that card to be delivered, or we can overnight you something and expedite it to you, in which case the financial institution can either pick up the cost themselves or they can pass it along to the cardholder. Now, the best-case scenario, if I'm a cardholder, is that I want my financial institution to overnight that card to me, and I can get it within a day or two, and I want them to pick up the cost. That comes to a significant cost to the financial institution.

The other two options, I could pay for that expedited service myself, which I'm not too happy about, but if I'm going out of town or I'm not going to be around and need the card immediately, I'm probably willing to pay for it, but at typically $40, $50, or $60 dollars, I'm now getting pretty upset and it's not a very good customer service experience with the FI, or I have to wait seven to ten days. If you're a heavy card user like I am, I don't like the idea that I'm not going to have access to my account for seven to ten days, certainly not using it the way I would normally use it. Reducing your costs and being able to provide instant card replacements not only enhances the overall customer experience, but can also significantly reduce the cost to the FI itself. All right, I'm looking at this, and unless I'm reading this wrong, Jeb, it does not look as though we have any questions at this point.

Jeb: Yeah, I don't see any online. If you have a quick question, if you'll pop it into the chat, we'll be glad to answer it. Otherwise, we could call it a wrap, Greg.

Greg: Yeah, we'll just see if anything comes in here in the chat window in the next minute or two. Just, again, as a reminder, if you are interested in learning more about instant issue and Card@Once, whether you're someone new to instant issue and you'd like to see a live demo of how this works, you'd like to discuss how much the costs are, or you'd like to do an ROI, please contact your Harland Clark representative. If you're an existing Card@Once client and you are looking to upgrade your program from mag stripe to EMV, please reach out again to your Harland Clark rep, and they will help facilitate and get you into our project management group.

It does not look like there's any questions coming in, so I'm going to give everyone back four minutes of their day. Not only a bunch of value, but some time back, too, with today's webinar. I want to thank everyone for your time. Just a reminder, this presentation will be distributed out to everyone within the next week, as well as the recording of this presentation, so you can certainly feel free to share this with anyone within your FI. With that, Jeb, thank you for hosting, and thank you, everyone, for participating. Have a great afternoon.

Jeb: This concludes today's webcast. Thanks for attending. Please answer the survey questions you'll receive at the end of the webcast.