

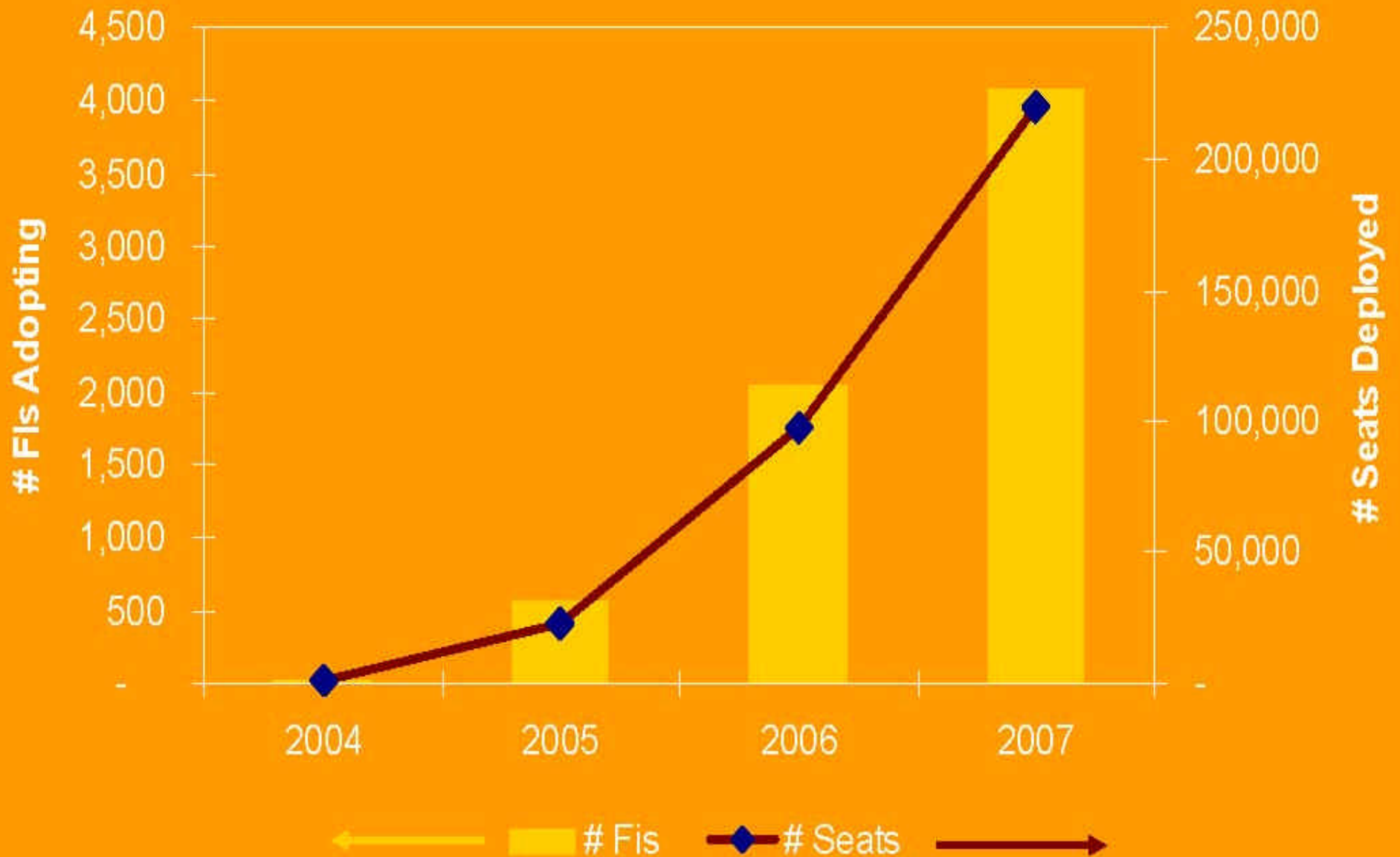
Merchant (RDC) Capture

*Tool for Competing for Small Business
Deposits*

Small Business Market

- 70% of large US banks consider winning small business segment “very important”
(Aite Group Survey, July 2007)
- 98% of the 24 million US Business are “small” – Revenue under \$10MM
(IRS and Aite Group)
- Small business spends an estimated \$353 billion annually on financial products. (Aite Group)
- Small businesses are using more products. Aite group predicts average will increase from 3 products in 2006 to 6 in 2009.

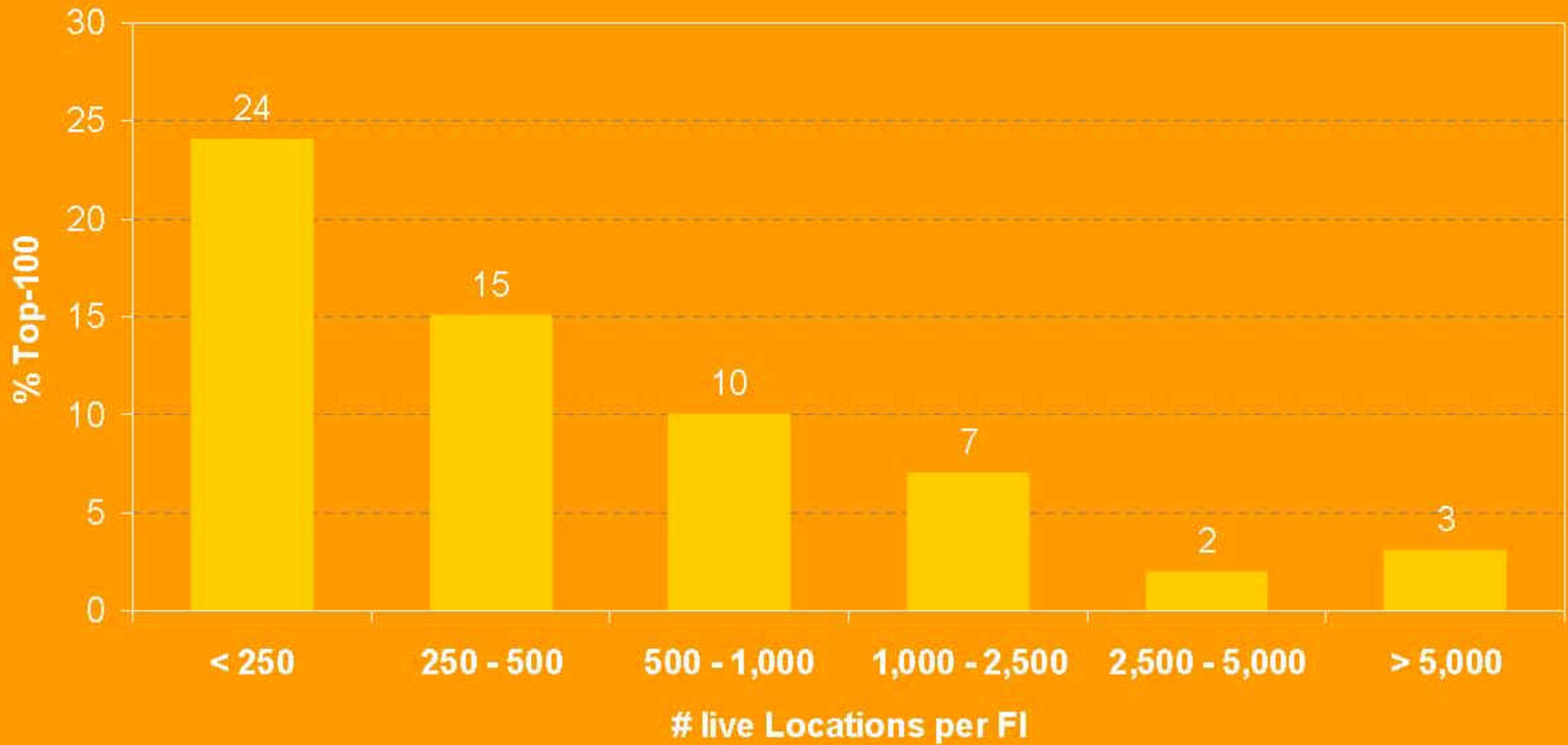
Historic RDC Adoption



Source: Celent

Top-100 RDC Client Deployment

Estimated June 2007



Source: Celent

RDC Market – ABA Survey 2008

- Who Offers RDC?
 - 45% of banks with assets under \$10 billion currently offer RDC
 - By 2009, the number will grow to 65%
- Who do they offer it to?
 - 56% market RDC outside their core territory
 - Nearly half of these market out of state
- How do they market it?
 - Calls, branches, websites
 - 78% of respondents in NE say their strategy is “Offensive”

RDC Market – ABA Survey 2008

- What are the results so far?
 - 59% say RDC has attracted new business clients
 - 54% say RDC is not profitable as a stand alone
 - 99% have not experienced RDC fraud
 - Less than 5% of business clients have installed RDC
 - By 2010 18% will have it installed

RDC Pricing – ABA Survey 2008

- 75% charge for the service
- 50% have changed deposit deadlines
- How does pricing compare with standard deposit pricing?
 - The same 35%
 - Less 15%
 - More 24%
 - It depends 26%
- How do you charge?
 - Monthly fee 60%
 - Analysis of checking account 56%
 - Per item 36%
 - Relationship based 25%
 - Volume discounts 7%

RDC Pricing – ABA Survey 2008

– How do you provide scanners?

- As part of package 37%
- Resell 8%
- Rent 10%
- Lease 14%
- It depends 31%

– What is the monthly fee range?

- More than \$50 – 31%
- \$40 - \$50 - 28%
- \$30 - \$39 - 10%
- \$20 - \$29 - 17%
- \$10 - \$19 – 7%
- Less than 10% - 7%

Seven Habits of Highly Effective Deployments

Source: Celent

Habit	The Best	The Rest
A robust vision for the RDC opportunity	<ul style="list-style-type: none"> •Embraces RDC as the way deposits will be made •Embraces broad target for RDC •Acts offensively 	<ul style="list-style-type: none"> •Embraces a far more limited market for RDC •Acts defensively
Senior Level Management Sponsorship and visibility	<ul style="list-style-type: none"> •Visibility at the top •Regular progress reporting 	<ul style="list-style-type: none"> •Just another product

Habit	The Best	The Rest
A realistic Risk Assessment	<ul style="list-style-type: none">•Assumes more risk•Purposeful in deploying risk mitigation measures	<ul style="list-style-type: none">•Risk avoidance eclipse the RDC market opportunity
Significant spend in sales and marketing with clear objectives	<ul style="list-style-type: none">•Multi faced marketing plan•Thorough internal training at all levels	<ul style="list-style-type: none">•Minimal effort•Part of regular sales coverage plan

Habit	The Best	The Rest
Involvement of the retail bank at branch level	<ul style="list-style-type: none"> •Tellers trained to identify prospects •Branch signage creates awareness •Demonstrations and provisioning at branch 	<ul style="list-style-type: none"> •No retail involvement
Specific incremental sales incentives for RDC	<ul style="list-style-type: none"> •Internal sales lead incentives •Some have RDC specialists 	<ul style="list-style-type: none"> •No specific incentives

Habit	The Best	The Rest
A sense of urgency	•Not always first to market, but challenging organizational complacency	•Reactive. No sense of urgency

Other Considerations

- Non-bank competitors
- How deploy
 - In house
 - ASP
 - Service Bureau