

Contactless Payments: Consumer Trends and Usage Preferences

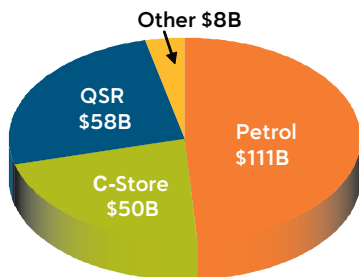
Why Go Contactless?

Contactless payments are gaining momentum in the marketplace as customers increasingly demand a greater range of options for purchasing convenience. In fact, forecasts predict that over 100 million contactless cards will be in circulation by 2011. Is your business ready for the surge in customer demand for contactless payments?

Contactless Payments Momentum

Consumers are embracing fast, convenient contactless payment solutions for lower value transactions on frequently purchased items. For transactions in the range of \$5 to \$25, consumers in the U.S. spent over \$227 billion during 2006 alone.¹ Signature debit allows customers to pay for goods and services at the point-of-sale with a card that directly accesses funds in their preferred accounts, instead of a line of credit.

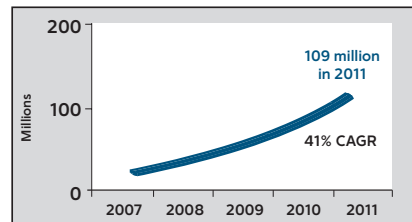
Concentration of US \$5-\$25 Transactions by Vertical (in billions)¹



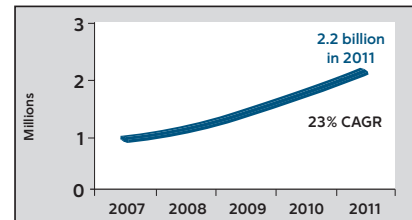
Dramatic growth of both contactless cards issued and cards accepted in the U.S. is expected in the coming years. Over 18 million contactless credit and debit cards had been issued by the end of 2007, with that number expected to grow to over 109 million by 2011.²

Contactless credit and debit card acceptance is also on the rise, reaching 45,000 merchant locations in 2007.³ By 2011 U.S. contactless transactions are expected to top 2.2 billion.² Among the major economies outside the U.S., contactless payments have already caught on in a big way with the United Kingdom and France. Plus, in China, over 80% of Hong Kong consumers are making contactless payments today ((Europe) Visa, European Card Yearbook, (Asia) ServiRed (U.S.) The Nilson Report, and Contactless News).

Contactless Cards Issued²



Contactless Transaction Volume²



Merchants Reap Significant Benefits

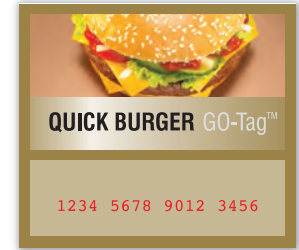
Consumers aren't the only ones who benefit from contactless payments. Merchants reap huge benefits from migrating customers to contactless, including:

- Faster customer service
- Increased customer satisfaction
- Increased impulse spending
- Increased customer visits and spending
- Reduced cash handling costs

¹ Source: Datamonitor, "Contactless Payments 2006."

² Source: Packaged Facts as quoted by First Annapolis 2007.

³ Smart Card Alliance.



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Consumer Usage Preferences

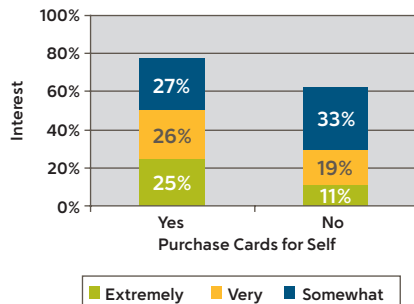
Emerging mobile solutions enabled by contactless technology will expand the ways in which merchants accept payments. And, the first step toward mobile commerce is the introduction of consumer-friendly form factors (i.e. a sticker attached to a person's mobile device or ID badge; a wristband; or a key fob).

In January 2008, First Data commissioned a nationwide survey of more than 2,700 consumers aged 18 years or older to gauge overall consumer interest and likelihood to use a contactless prepaid payment device in the form of a sticker or tag. Results were very positive given the newness of the concept:

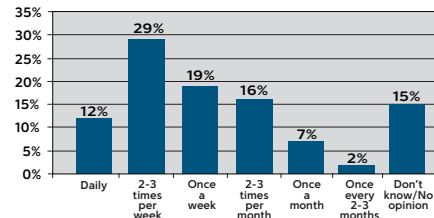
- 65% of respondents were interested in learning more about the concept
- 78% of self purchasers indicated interest
- 60% of those interested indicated a likelihood of using contactless stickers at least once a week
- 40% expected to use it even more frequently

Interest Level by Self Purchase Behavior ⁴

We've been working with financial institutions and merchants for years, increasing our understanding of what you need to grow your business. We're a leader in payment processing solutions, serving over 4.6 million merchant locations. Put our expertise to work for you. Whatever your need, First Data stands ready to help.



How frequently might you use your Prepaid Sticker to make purchases at retailers you visit? ⁴



Start Reaping the Benefits of Contactless Payments Today

Contactless makes sense today for both you and your customers. In a 2007 survey of university students, 30% reported they would visit merchants who accept contactless payments more frequently. ⁵ Whether you operate a quick-serve restaurant, convenience store, gas station or other type of business, First Data can help you design a contactless program that speeds your transactions at the point-of-sale and evolves your existing prepaid cards into a consumer spending

A Global Leader in Electronic Commerce

First Data powers the global economy by making it easy, fast and secure for people and businesses around the world to buy goods and services using virtually any form of payment. Serving millions of merchant locations and thousands of card issuers, we have the expertise and insight to help you accelerate your business. Put our intelligence to work for you.

For more information, contact your First Data Sales Representative or visit firstdata.com.

⁴ Source: First Data GO-Tag™ Contactless Prepaid Sticker Consumer Research, January 2008.

⁵ First Data 2007 Slippery Rock University Study.