

VAULT

An information resource for electronic payments brought to you by eFunds Corporation



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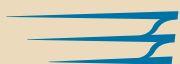
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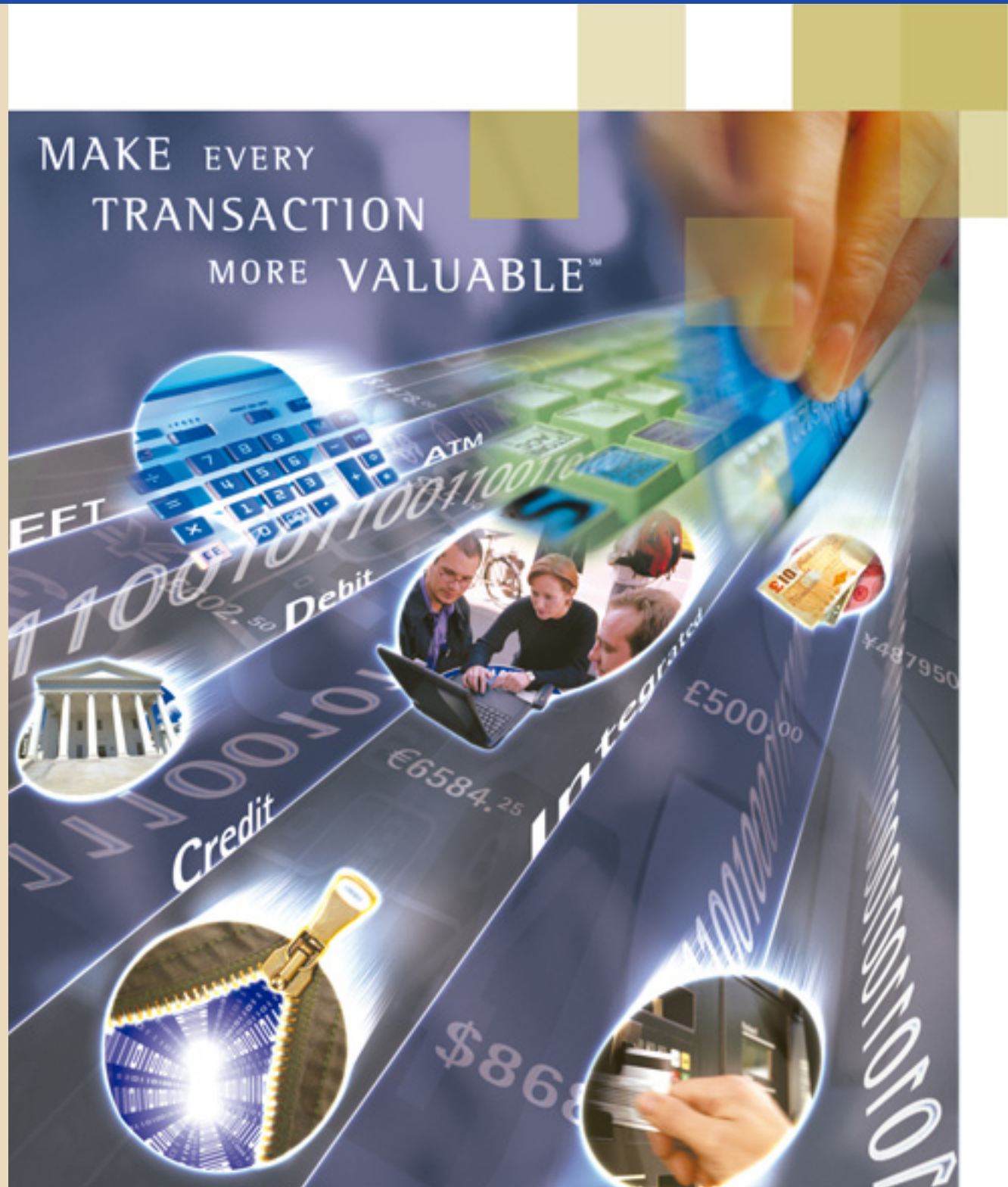
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For customers, it's all about making every transaction more valuable

In my last editorial, I spoke about some of the long-term investments eFundsSM is making in upcoming solutions like CONNEX Open EnterpriseTM (OE), the next generation component architecture that will support eFunds' enterprise level payment processing and risk management solutions.

To drive our solutions delivery strategy across our key Financial Services and Retail markets, we have turned to exceptional marketing leadership focused on the needs of our customers and how they invest in technology to generate new revenue, further reduce operating costs and get quickly to market. Kay Nichols, our new senior vice president of strategy and marketing, is finding that the industry is migrating steadily away from one-off product

investments to a more long-term, solution-oriented focus that leverages the benefits of a flexible, end-to-end payment component architecture.

For many of our customers, the move toward a complete solution won't happen overnight, yet more and more we are seeing interest in near- to long-term solutions like an "integrated payments hub" — solutions that bring together complementary payment processing, risk management and fraud prevention components under a single, integrated architecture. While the concept sounds almost like science fiction in the payments industry, in reality it's already happening in the eFunds global community.

Take a look at our recently announced solution with Société Générale Group (p.21), based in France. eFunds has recently won a contract to provide complete card processing services for the international retail banking subsidiaries of the bank, which is one of the largest financial services groups in the Euro zone.

This deal is noteworthy for many reasons. As another example of eFunds' foray into international processing, it represents our commitment to being a global, customer-centric solutions provider. In addition, eFunds is ideally positioned to offer the bank the end-to-end foundation for an integrated payments hub. Through both our rich history in debit processing and the open platform expertise offered through our acquisition of Oasis' IST product line, eFunds will be able to offer each of the bank's subsidiaries full third-party processing services right across the transaction lifecycle, including ATM management, merchant acquiring, back-office services and card management. Lastly, the eFunds solution will now enable the bank to realize efficiencies from processing on a common platform. All tolled, it's a powerful story that demonstrates not only the validity of eFunds' vision, but our ability to deliver that vision to customers through solutions that really do make every transaction more valuable.

In addition to delivering major customer projects and building out our OE family of solutions, eFunds continues to extend its value proposition through strategic acquisitions that are helping us accelerate delivery to the marketplace. To augment the introduction of Open Enterprise as the underlying solution architecture for both payments and risk/fraud management, we have been actively completing our solutions delivery capability right across the transaction lifecycle, in our key "pay before" (prepaid/stored value), "pay now" (debit) and "pay later (credit) segments.

Earlier this year, we acquired ClearCommerce Corporation (p.5), which has given us an immediate foothold in card-not-present/Internet fraud management space. This is a natural extension of our risk management business that extends our fraud management solutions across both the account and transaction lifecycles. In July, we also completed our acquisition of WildCard Systems (p.3), the industry's leading provider of prepaid and stored value solutions for financial institutions and retailers. This acquisition builds naturally on our previous partnership with WildCard, and offers the industry an integrated debit and prepaid solution. With the prepaid market segment poised to grow by more than 20 per cent over the next five years (Mercator Advisory Group), the combination of eFunds and WildCard will serve to further extend our overall payment value proposition and offer our customers access to a market tested and proven prepaid solution.

Now, more than ever, eFunds is focused on you, our customers. This issue of *Vault* goes a long way to demonstrating what we have to offer today, what we're building for tomorrow, and the customers that are already making every transaction more valuable through successful eFunds implementations.

Sincerely,

Paul F. Walsh
Chairman and Chief Executive Officer
eFunds Corporation

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An information resource for electronic payments
brought to you by eFunds Corporation

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eFunds Corporation announces acquisition of WildCard Systems

Acquisition creates leading market position in high-growth prepaid segment

With prepaid card spending of \$160 billion in 2004 and a projected market opportunity of more than \$1 trillion over the next decade, prepaid applications present financial institutions with a high-growth, innovative alternative to traditional debit and credit programs. They not only offer an enhanced value proposition to cardholders — who find them more secure than cash and more convenient than checks — but also give financial institutions another tool to advance the payment process and introduce new revenue-generating products to their consumer and business clients.

WildCard Systems at a glance

- WildCard Systems is a global solutions leader in turnkey host-based prepaid cards and custom stored-value products.
- WildCard Systems is certified by Visa®, MasterCard® and Discover® as an endpoint on their networks, and is authorized to be an issuing processor for cards bearing Visa, Electron®, Interlink®, PLUS®, MasterCard, Maestro®, Cirrus® and Discover/NOVUS payment marks.
- Founded in 1997
- Based in Sunrise, Florida
- www.wildcardsystems.com

Realizing the benefit of this growing market for its customers and the enhancement to its current offerings, eFunds announced the signing of a definitive agreement in early June to acquire WildCard Systems, a leader in prepaid and stored value solutions for financial institutions and retailers around the world. WildCard Systems offers an array of commercial and consumer stored-value products made available to end-users through banks and commercial clients.

The addition of WildCard's prepaid and stored value expertise to eFunds' debit processing capabilities provides a complementary extension of the current value

proposition. As the industry moves from paper to electronic payments, there is growing demand for innovative solutions, such as stored value systems, especially in financial services where eFunds already serves more than 9,000 clients across 80 countries.

WildCard primarily focuses on open or "branded" prepaid products by leveraging the payment networks of Visa®, MasterCard® and Discover®. The WildCard approach provides an effective solution to increase financial institutions' offerings through rapid, low-cost deployment. The cards address the needs of a number of segments, either where cash or paper dominate or where credit and debit cards have made little impact. The applications include payroll, government benefit, gift card and multipurpose, general-spending card products. WildCard's solutions provide an entry into a wide range of hard-to-reach niches, from those without a transactional bank account to teens and students.

The acquisition comes on the heels of a successful partnership between the two companies announced in November 2004. Since that announcement, two tier one financial institution deals were closed under eFunds' existing alliance with MasterCard International. The partnership validated the market demand for prepaid payment products, and has proven the companies' ability to work

According to Mercator Advisory Group, the prepaid market is estimated to grow by more than 20 percent over the next five years, making it one of the fastest growing payment segments.

together to deliver an integrated debit and prepaid solution.

"We are excited to welcome WildCard to team eFunds — this is a natural fit," said Paul Walsh, chairman and chief executive officer of eFunds.

"The complementary nature of debit and prepaid brings a powerful value proposition to the financial institutions served by our companies."

"Our combined companies bring the agility and responsiveness of WildCard with eFunds' significant financial institution franchise, financial stability, technological scalability and worldwide resources," said Larence Park, CEO and co-founder of WildCard Systems.

"Our integrated debit and prepaid offering moves customers closer to a single 'payment hub,' streamlining the management of their consumer accounts. Customers can now come to one trusted provider for a full suite of debit and prepaid solutions."



The enhanced value proposition offered by prepaid applications includes:

- **New Product Opportunities and Income Streams** — prepaid applications present an opportunity for issuers to develop and introduce new products with the potential to generate incremental revenue streams. These applications offer a better alternative to deliver traditional products/services that can attract new accounts and build relationships within hard to reach niches, such as the unbanked and teens/students.
- **Cost Reduction** — electronic processing typically costs a fraction of paper processing.
- **Greater Control** — the ability to establish controls that govern when and where a card may be used, along with a spending cap, offers institutions precise management, reconciliation, auditing and disbursements.
- **Less Risk/Fraud** — with proper controls and use of appropriate risk mitigation tools, electronic processing can reduce the risk inherent in paper-based systems, minimizing fraud losses.
- **Improved Customer Experience** — prepaid applications provide a safer, more convenient option for customers and offer faster access to funds.

There's a big WildCard in eFunds' future



How strategic acquisitions are accelerating eFunds' customer-facing solutions

As a leading provider of transaction processing and debit account risk management solutions, eFunds is focused on building an end-to-end solution across the account management and transaction processing lifecycles. Our vision for complete, customer-driven solutions goes well beyond our historical expertise in the debit space. Moving forward, we are focused on expanding the value chain to include comprehensive solutions for new growth areas like stored value and debit/credit fraud management. For eFunds, the integration of prepaid within our matrix of customer-focused solutions provides a natural complement to our existing debit/credit processing and software capabilities.

For any solutions company focused on meeting customer needs, striking the right balance between building in-house developed solutions and acquiring new technology to meet market demand is key. eFunds continues to make significant investments in its core products and services, such as our integrated CONNEX Open Enterprise™ payments and risk management platform. Equally important, we're also making strategic decisions to acquire technology and proven expertise that helps us build out our total value proposition. When these parallel strategies work in hand in hand, the result is a company — and an overall solution delivery capability — that is far greater than the sum of its parts.

Two recent acquisitions, ClearCommerce and WildCard Systems, are helping eFunds expand its integrated risk/fraud management and payment solutions across the entire account and transaction lifecycle. Ultimately,

they will provide our current customer base of 9,000 financial institutions with a wider range of integrated solutions that are secure, flexible, proven and reliable.

The future of fraud reduction is clear

In the case of ClearCommerce and the ever increasing incidence of card-not-present transaction fraud, our customers now have the option to choose from a single provider that combines industry-leading check authorization solutions, including SCANSM, with a comprehensive fraud solution for CNP transactions. When you combine the analytic capabilities of ClearCommerce's FraudDetect™ database and eFunds' leading DebitBureau® database, our customers will also have immediate access to some of the richest data in the industry, covering a wider spectrum of account and transaction fraud.

New value in store

Explosive growth in the pre-paid/stored value market — which is currently estimated to grow to more than \$1 trillion in the next decade — has had a tremendous effect on financial institutions at every market tier. Prepaid solutions are considered an ideal method for tapping into the “unbanked” (those who don't hold a transactional bank account), growing card product revenues, providing increased convenience, driving electronic payment adoption, and enhancing security. As a result, most financial institutions are looking to prepaid as a key opportunity to access a larger segment of the market and increase customer retention.

With new debit card growth now outpacing credit card growth, the timing for a combined

debit-prepaid solution is ideal. To achieve this, we are working actively with WildCard to ensure we can meet the immediate demand for turnkey, “card-in-a-box” solutions (p.11), while providing the long-term stored value processing capability within Open Enterprise.

Planning for the future

In all cases, however, our ongoing integration strategy is also helping us to achieve our goal of a seamless payment processing and risk management world, where account opening and servicing, credit/debit/prepaid transaction processing and fraud management are integrated through an open, flexible architecture. In this respect, all of our acquisitions are helping us to accelerate future market delivery. Yet customers can also choose to take advantage of existing solutions today — all with the peace of mind that they will ultimately integrate with our next generation solution components to help reduce migration risk.

For eFunds customers, the value of acquisitions is about leveraging immediate time-to-market, cost reduction and revenue generation advantages, while creating long-term, synergistic benefits that will drive the future of your business.

Sincerely,

Rahul Gupta,
Senior Vice President, Payment Account Solutions
eFunds Corporation

eFunds processing services poised for domestic and international growth

From the point of transaction to back-office management, eFunds provides organizations with proven, reliable solutions for transaction processing across the entire payment lifecycle. Whether customer needs involve ATM driving, multi-channel acquiring, real-time authorization, card management, or advanced payment fraud prevention, we offer a single-source connection to robust payment management services and software that increase revenue, reduce costs, improve time to market and enhance customer service.

To meet the growing domestic and international demand for eFunds solutions, we continue to make robust investments in both our core software and processing businesses. At eFunds, the software we develop and take to market internationally — including the entire CONNEX Open Enterprise™ payment

suite — is, in fact, the foundation for a wide range of the services we offer through eFunds data centers in the U.S. As we continue to increase our global processing footprint with deals like Société Générale and acquisitions like India Switch Company, we're building the infrastructure that will ultimately help us to deliver an even wider range of customer-focused processing solutions to broader domestic and international markets.

Key market drivers at home and abroad

In the U.S. we continue to see cost optimization as a key driver in the selection of processing services. Though the landscape itself continues to be dominated by a smaller number of large players as a result of acquisition activity, transaction volumes continue to grow, in some cases at an explosive pace.

ACH, for example, continues to see healthy year-over-year volume increases, with check replacement applications (eCheck) fueling double and triple-digit growth. ARC leads the pack of eCheck applications with more than 324M transactions, representing 338 per cent growth (4th quarter 2003 to 4th quarter 2004; NACHA). Debit growth also continues to accelerate, with Visa® predicting that volume in 2005 will finally surpass checks for the first time. And the killer application? Stored Value has emerged as a now standard payment product for most financial institutions, with growth expected at greater than 20 per cent through 2010 and a total market opportunity estimated at \$1.3 trillion (Mercator Advisory Group).

To meet the needs of this changing payments landscape, financial institutions and

Continued on page 24

eFunds Corporation acquires ClearCommerce Corporation

Acquisition broadens eFunds fraud and risk solutions to card-not-present channels

As electronic commerce continues its rapid growth, many retailers have seen a corresponding increase in the amount of fraud. On-line credit card fraud, which commonly involves identification theft, now represents nearly half of total credit card fraud. As a result, businesses selling on-line are challenged to protect customers' critical payment information — as well as their own revenue and profits — from increasingly sophisticated fraud schemes.

eFunds has recognized this growing need. As part of its mission to provide enhanced value for consumer financial accounts, eFunds has taken the next step toward helping its FI and retail customers fight fraud and identity theft with the acquisition of ClearCommerce Corporation, an industry leading provider of robust and proven fraud prevention and payment processing solutions for card-not-present (CNP) transactions.

ClearCommerce at a glance

- ClearCommerce software and systems are used by 80,000 businesses worldwide
- Customers include Adobe®, Apple Computer®, Barclay's® and Staples®
- Founded in 1995
- Based in Austin, Texas
- www.clearcommerce.com

Comprehensive fraud detection technologies

ClearCommerce's fraud prevention solution integrates a comprehensive and powerful arsenal of fraud detection technologies, including sophisticated order screening rules, rule weighting, merchant configurable velocity checks, neural network risk scoring, international IP address location, and automated order review assistant. It provides a highly reliable, scalable, and feature-rich solution, enabling merchants and service providers to reduce the risks and costs of fraud, increase revenue and improve the profitability of their CNP sales channels.

The acquisition broadens eFunds' leading suite of risk management and electronic payment solutions with a comprehensive payment and fraud solution for CNP transactions. It also expands the company's market footprint in the retail sector with more than 140 new customers in seven countries. The union of eFunds' industry-leading check authorization and risk management solutions, including SCAN™, with ClearCommerce's

ClearCommerce's comprehensive risk management solution enables online retailers to:

- **Optimize fraud detection and protect against fraud attacks** with a powerful arsenal of screening technologies
- **Increase efficiency of order processing** through fully automated screening and order review tools
- **Maximize legitimate sales and customer satisfaction** by accurately detecting fraudulent orders
- **Easily adapt to business growth** with an open, flexible decision platform
- **Maximize Return on Investment** through flexible, cost effective deployment options

solution suite provides an unrivaled, single-source offering for integrated transaction processing and risk management across multiple channels (point-of-sale, eCommerce, catalog) and payment types.

"The acquisition is another step in the execution of our long-term strategic plan," said Paul Walsh, chairman and chief executive officer of eFunds. "Our combined solutions will help customers take an integrated, enterprise-wide view of their transaction processing and fraud management systems that will help control costs, increase transaction revenue and strengthen customer loyalty. Customers can now come to one trusted provider for a full suite of fraud prevention and payment processing solutions to take advantage of the growing trend towards electronic payments."

The expanded offering provides the distinctive ability to manage the growing threat of identity and payment fraud more effectively and completely, helping to protect against losses. With analytics from both the ClearCommerce FraudDetect™ database and the eFunds DebitBureau® database, customers will have a comprehensive perspective on fraud detection.

"Both companies have deep domain expertise in payments and risk management, enabling us to create best-in-class solutions," said Robert J. Lynch, president and CEO

of ClearCommerce. "Combining our respective strengths will give our customers comprehensive and predictive fraud prevention techniques, as well as an integrated payment solution for both card-not-present and point-of-sale transactions."



eFunds' industry leading fraud and ID theft solutions

- eFunds' SCAN™ check verification solution supports approximately 71,000 merchant locations across the U.S., helping retailers minimize check payment risk at the point of sale.
- eFunds is the creator of DebitBureau®, North America's largest debit database, which now holds more than three billion consumer records received from financial, retail and government sources.
- More than 88,000 financial services company locations use eFunds' ChexSystems™ services to minimize fraud and mitigate risk during the account opening process.
- ClearCommerce FraudShield™ provides order-centric fraud detection built on a proprietary model of more than 40 million card-not-present transactions.

Combining the best of fraud databases

The rich combination of analytics from both the eFunds DebitBureau and ClearCommerce FraudDetect databases will create an unrivaled source of online and offline information that will serve as the foundation for the company's next generation of fraud prevention tools — while helping to build a sustainable competitive advantage. eFunds will leverage the ClearCommerce platform with eFunds' risk and payment engines to accelerate the delivery of new product offerings under the CONNEX Open Enterprise™ suite, providing a powerful foundation for building high-value customer solutions. These new offerings will provide best-in-class data, analytics and decision support tools for managing fraud and risk to create one of the most comprehensive, adaptive and predictive fraud prevention platforms in the industry.

"We are excited to welcome ClearCommerce to eFunds," said Walsh. "The complementary nature of their technology and skill set with our core capabilities will further extend our unique value proposition to the world's largest retailers and financial institutions for flexible, end-to-end payment and fraud solutions."

Remote Control – ATM support gets easier with migration to remote management technologies

eFunds partners with NCR, TEKchand and Trusted Security Solutions to enable remote ATM Management

For financial institutions, ISOs and off-premise deployers, the cost of managing ATM networks continues to rise, while profit margins continue to be an ongoing challenge. For many, the ATM market has become heavily saturated, further compounding the issue of declining transactions — and therefore revenue — per ATM location. And while ATMs continue to mature in terms of functionality and transaction capability, the majority of cardholders still use ATMs for simple cash withdrawals. This, too, has been affected by the increasing influence of debit, as

consumers opt for convenient “cash-back” options at the point of sale — a move that further erodes the revenue streams from merchant-based off-premise ATM locations.

While the cost to manage ATM networks varies greatly from financial institutions (highest costs) to ISOs (lowest costs), the pressure to optimize service and maintenance processes has increased across the entire industry. With declining ATM revenues impacting virtually all players, reducing ATM management cost structures has now become a priority.

In response to this growing market need, most of the major ATM manufacturers and supporting ATM technology providers — including eFunds — have focused on delivering new solutions that help financial institutions and ISOs better manage their ATM networks. What are we focusing on? Three eFunds partners — NCR, TEKchand and Trusted Security Solutions — are adding value to the “remote servicing” arena, and in all cases the solutions are now available to eFunds EFT customers.

1. Remote ATM Error Detection and Dispatching



Solution

The Self-Service Diagnostic Gateway (SSDG)

What it Does

- Automates the receipt of native ATM error codes
- Enables more intelligent dispatch of personnel and eliminates preventable service calls

continued on page 6

2. Remote Graphics Upload & ATM Screen Marketing Automation



Solution

ATMRewards

What it Does

- Web-based ATM content development, management and delivery system
- Enables real-time content changes and one-to-one targeted marketing

continued on page 8

3. Remote ATM Key Management



Solution

A98-R Remote Re-keying Solution

What it Does

- Automatically creates and distributes ATM master keys
- Eliminates manual on-site key loading and reduces key management costs

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1. NCR's high availability ATM service environment: the Self-service Diagnostic Gateway

For financial and retail automated teller machine (ATM) owners, minimizing downtime is key to reaching higher levels of customer satisfaction and increased profitability. After all, ATMs are more than just cash dispensers — they are one of the most frequent and influential touch points for banks with their customers. Keeping these units operating near 100 percent of their potential uptime is measured in hundreds of thousands of dollars annually.

With the various breakpoints in an ATM

and all of the manual intervention, areas of opportunity include the time it takes to dispatch the service team, respond to the call and repair the fault on-site. Identifying the correct details associated with the fault prior to service team dispatch will greatly impact the response provided and time spent on-site.

Challenges with automating a semi-manual, arduous process

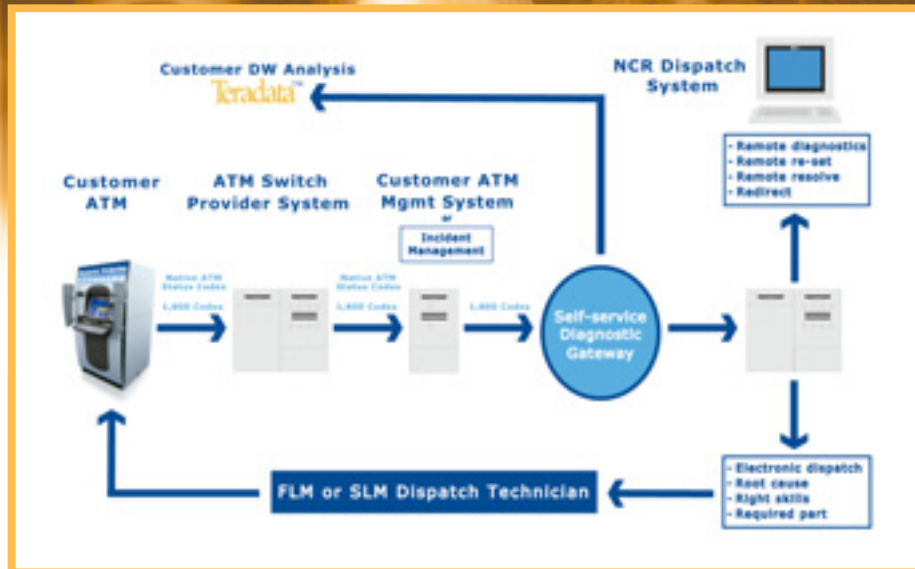
Previously, identifying an ATM error was

a manual process that could only be conducted on-site at the ATM. Within the ATM, thousands of error status codes exist for the ATMs hardware and software that are triggered when an error condition occurs. Codes are written to an error log inside the ATM so that the service technician, upon arrival, can quickly diagnose and resolve the fault.

To speed the time it required for a technician to manually determine the error, the process was automated to allow all error codes associated with the fault to be sent

NCR Corporation at a glance

- NCR is a leading global technology company helping businesses build stronger relationships with their customers. NCR's ATMs, retail systems, data warehouses and IT services provide solutions that maximize the value of customer interactions and help organizations create a stronger competitive position.
- Based in Dayton, Ohio
- 28,500 employees
- NYSE: NCR
- www.NCR.com



The SSDG system takes native codes received from all ATMs on the host or switch computer to aid with service dispatching decisions. However, the thousands of codes received became daunting to track. As a result, the predominant practice was to dilute the detailed native status codes into more generic fault messages. In most cases, roughly 1,900 detailed native codes were reduced to 50 to 100. This type of generic information being passed to the service provider caused confusion and slow service resulting in:

- Inaccurate service teams being dispatched
- Incorrect skills dispatched (first line vs. second line maintenance)
- Wrong part, impacting first visit resolutions and repeat failures
- Out of scope service calls (cash or supply out and lost communications)
- ATM in service when technician arrives on-site
- Service Level Agreements not maintained
- Decreased ATM availability resulting in unhappy customers

- Inaccurate service teams being dispatched
- Incorrect skills dispatched (first line vs. second line maintenance)
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- ATM in service when technician arrives on-site
- Service Level Agreements not maintained
- Decreased ATM availability resulting in unhappy customers

For example, when an ATM ran out of cash, the native code notified the host that Cassette #2 was out of cash. When the host translated the code into a generic message it said "Dispenser Failure." If "Dispenser Failure" always meant "Cash Out," this would not pose a problem and could be quickly resolved by the branch or with cash in transit. However, "Dispenser Failure" could also mean "Jammed Bills" and first line service would be required. Likewise, "Dispenser Failure" could also mean a fatal error occurred on the control board and required a part and second line maintenance.

As witnessed in the example, trying to determine what skills to send to a call steadily contributed to the decline in total ATM availability

NCR's Self Service Diagnostic Gateway technology provides more intelligent operation to minimize ATM downtime by reducing ATM response times, enabling faster repair times and reducing personnel cost — ultimately improving the customer's bottom line.

— a problem continually plaguing ATM owners, vendors and service providers.

Simplifying the remote error process to reduce ATM downtime

NCR® and eFunds addressed this problem by implementing the High Availability strategy to automate the process of receiving error codes and reduce the frustrations of controllable ATM downtime. The bedrock of the strategy is the implementation of NCR's unique Self Service Diagnostic Gateway (SSDG), which ensures the right details regarding the ATM fault are communicated to:

- Make certain proper service and skills are assigned to the dispatch
- Provide the recommended service action for the repair
- Identify all required parts to resolve the fault prior to arriving at the ATM
- Proactively review service calls to eliminate preventable calls

SSDG is a process with imbedded technology that allows the host environment to pass the native status codes of an ATM fault electronically

into NCR's High Availability Service Environment. Diagnostics are performed and a recommended action is provided to NCR's Dispatch Service Center. The fault is then analyzed based on the details of the native status code and an intelligent dispatch can be created that recommends the appropriate skill set for the service request. If a part is required to resolve the fault, the technician will know the part needed before arriving on site, effectively minimizing the downtime associated with the fault.

With the SSDG in place, the minimum impact on ATM uptime has risen by one percent — even higher in most cases. Although this may not sound significant, in larger channels a one percent gain can equate to millions saved in servicing time and costs. Based on 24 hour availability, one percent of increased ATM availability results in 3.6 days or roughly 86 hours, of additional up-time per ATM per year.

"The foundation of the approach to High Availability is NCR's in-depth knowledge of how to read, interpret and react to message strings produced by all ATMs. In the past, this important information was trapped or lost by the network's host computer," said Tony Ipsarides, director, product management, eFunds Corporation. "By working with us to access this information, NCR's SSDG solution delivers unparalleled insight into the status of our customers' ATM networks. The result is faster, more efficient support for customer ATM channels and significant improvement in total ATM availability."

eFunds has partnered with NCR to offer the SSDG solution, providing measurably-enhanced first line and second line support.

Native Status Code: 5670-0100:ATM123: Cash Handler-Csst 2 Cash Out

Host Computer

Generic Status Code: ATM123: Dispenser Failure — Low Side

For more information, contact your eFunds account representative today

TEKchand and eFunds provide FIs with an automated, real-time message delivery system for their ATM channel

2. ATM Rewards platform provides easy, remote marketing channel for ATMs

With today's fast-paced lifestyles, more consumers are utilizing remote banking tools, making ATMs an important touch point for FIs. However, many FIs are not fully utilizing this channel to market to their current and potential customer base due to:

- Cumbersome, manual processes for simple changes (such as screen changes)
- Limited marketing space for products and services
- Inability to track or monitor marketing campaigns
- Long lead times required for IT resources to schedule changes and operations to implement the changes
- Advanced marketing features requiring costly investment in next generation ATMs

TEKchand LLC at a glance

- ATM software and solutions provider
- Offices in Chicago and Delhi, India
- 11 employees
- Founded in 1999 to provide a cost effective, switch-based solution for enabling content and new services on multi-vendor ATMs, without requiring the cumbersome and expensive process of overhauling ATM hardware or software.
- www.tekchand.com

With TEKchand's ATM Rewards there is now an available solution that automates many of the manual processes associated with ATM marketing. ATM Rewards provides a comprehensive, web-based ATM content development, management and delivery system. The application interfaces directly with CONNEX™ and IST®/Switch to enable real-time content changes and "one-to-one" targeted marketing. It also interfaces directly to ATMs with TCP/IP to enable multi-media content (graphics, audio files, etc.) distribution. Beyond simple ATM screen changes, the application supports targeted coupons, interactive customer polls and queries, automated marketing messages, personalization and more.

The platform automates the process of ATM screen and receipt changes for marketing messages, addressing the needs of each stakeholder in the ATM advertising process:



- **For ATM operations** — ATM Rewards is a convenient Web-based system for set-up, monitoring, auditing and ATM configuration file management functions
- **For marketers** — ATM Rewards offers a simple, reservation-based system accessible via the Intranet for ATM advertising
- **For business managers** — ATM Rewards provides a cost-effective solution that is easy to set-up and does not require hardware, software or network changes at the ATM

Dynamic, targeted marketing

The ATM Rewards platform provides interactive marketing capabilities that allow FIs to change ATM content via the Web in real-time. The solution not only enables traditional ATM advertising, such as general information on products and services, but also extends the capability to targeted offers, coupons and polls based on desired demographics. And, with the ability to collect a customer's data at the ATM, the result can be a highly personalized customer interaction through individually preset language, fast cash and receipt preferences.

By utilizing dynamic content tags, ATM Rewards enables personalized marketing such as instant credit approvals, mortgage and auto financing rates and other timely offers. The content tags, which can be set to automatically update, can be included on the screen or receipt as an image, text or audio file. They can be linked to data feeds, decision making engines or cardholder databases for updated, targeted one-to-one advertising. This allows messaging to be targeted based on card number, location, transaction type, time of day or a number of other factors.

Once a new initiative is launched, FIs can easily evaluate the success of their ATM campaign. The ATM Rewards event logs enable real-time campaign monitoring and statistical analysis.



Gain valuable time and cost reductions

Prior to now, the ATM screen change process has been a manual, ATM operations function requiring lead time. It can now be a marketing function enabling real-time changes. With usability as a core focus, non-IT users are able to design, model and promote content instantly.

The ATM Rewards flexible, platform independent architecture does not require costly ATM hardware, software or network upgrades. The system supports multi-vendor ATMs, including OS/2 State-Screen ATMs that may represent a large portion of a FI's ATM portfolio. This solution adds high value in comparison to the current costly multi-vendor/multi-platform mix of delivering the same content.

ATM Rewards also improves operational efficiencies by reducing the number of ATM Load files and by automating the manual process of changing ATM configurations. By providing convenient access to the system and remote file distribution capabilities, ATM Rewards eliminates the need for local ATM site visits, which can quickly add up at \$300-500 per ATM visit.

"The ATM Rewards solution provides great value to FIs by extending their CRM strategy directly to the ATM channel through the ability to distribute timely, multi-media marketing messages targeted directly to potential and current customers," said Rajeev Bahri, managing director of TEKchand. "This greatly expands the potential touch points for this largely underutilized marketing channel."



ATMRewards: Before & After

Task	Manual Process — without ATMRewards	Automated Process — with ATMRewards
Change static ATM screen content for key screens (Welcome, Wait, Thank You, Out of Service)	Marketing department requests screen change and ATM operations makes the change to the ATM Load file, manually sending a mini-load to reload the ATM Delivery Timeframe: a few hours to one week (depending on operations availability)	Marketing department, operations or other authorized business unit makes change directly via the Web, selecting and targeting ATMs and timing, then activates the changes in real-time. Delivery Timeframe: immediate — the system communicates directly with the ATM host for content changes and Directly with the ATM via an ATM agent for graphic file distribution.
Add message on receipt header or trailer	Same as static screen changes above	
Change dynamic content on ATM screen or receipt for CRM and one-to-one marketing	Not possible without major development on ATM host Delivery Timeframe: six months	
Provide a coupon transaction	Not possible without developing a new load file Delivery Timeframe: one to two months	
Capture ATM user feedback	Not possible without major development on ATM host Delivery Timeframe: six to 10 months	
Download graphic files and deploy multi-media content on ATM screens	No remote solution	

3. eFunds and Trusted Security Solutions team to provide remote ATM re-keying for NCR and Diebold machines

With Triple DES as an impetus, along with the thought of future regulatory and technical updates, financial institutions are taking a hard look at their long-term ATM strategy to best position themselves for upcoming changes. One of the ways eFunds and Trusted Security Solutions (TSS) are helping FIs with this strategy is through a simplified ATM key management solution that enables remote generation of keys and audit log maintenance. The Remote Re-Key solution, developed to interface with TSS' A98-R

technology, offers eFunds' software and processing customers a complete, proven solution for key management of legacy and remote ATMs.

The Remote Re-Key solution utilizes the TSS A98-R technology to automatically create and distribute ATM master keys, eliminating manual on-site key loading and reducing management costs. New or existing eFunds customers can easily implement the Remote Re-Key solution since all cryptography and protocol management is performed by the A98-R technology that interfaces with eFunds' CONNEX™ software platform. Currently NCR and Diebold machines are supported, though ATMs from any manufacturer can benefit from the management flexibility and efficiencies.

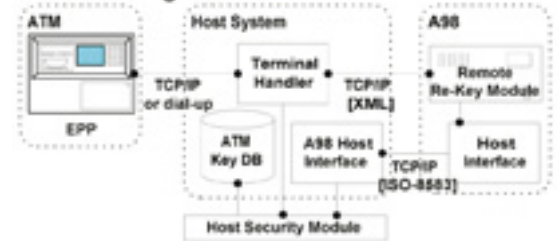
How Remote Re-Key works

The A98-R delivers random master keys in full compliance with ANSI standards and with network mandates for Triple-DES and unique keys per ATM. The remote re-key process requires the A98 to be authenticated by the ATM. In this step, either the signed A98 public key or its certificate is sent from the A98 to the ATM. Once verified, the ATM will send its EPP public key to the A98. The A98 stores the EPP data and then generates a new DES key, encrypts it with the EPP's public key, prepares the required message format, and sends this new master key to the ATM. When the EPP responds that it successfully loaded the key, A98 sends a cryptogram of this new key to the host for loading into the terminal database.

Remote keying without the hassle of multiple upgrades

A98-R enables a new key to be sent to the ATM via an integrated eHelpDesk module, which authorized personnel can access through a secure

A98-R Configuration



browser. Trusted Security Solutions' XML interface is used to communicate with the driver over a TCP/IP link. This approach confines modifications to the ATM device driver and eliminates any need to change the host security module or terminal driving application software. All the public key cryptography, message formatting, database access and user interface programming is provided in the A98 module.

"With CONNEX and the A98 working together, the customer has the most efficient key management solution available for both legacy and Remote Key enabled ready ATMs," said Bill Hammel, managing director, global software, eFunds Corporation. "It provides a good value for customers in need of significant flexibility and failsafe security features."



Trusted Security Solutions at a glance

- Formed in 1998 by Abraham & Associates, Inc. and J.S. Walker & Company, Inc. for the purpose of bringing unique security solutions to the transaction processing industry.
- Flagship product — the "A98 Initial ATM Key Establishment System" designed for institutions that manage the cryptographic keys for ATMs. The A98™ system incorporates patented technology for establishing initial ATM keys in a manner that is compliant with all known applicable industry standards and network operating rules, including the Triple-DES requirement and RSA cryptography.
- www.trustedsecurity.com

Benefits of Remote Re-Key

- Automatically creates and distributes ATM master keys:
 - Eliminates manual on-site key loading
 - Reduces key management costs
 - Conforms to ANSI security standards
- Implements NCR and Diebold protocols
- Provides the most efficient and complete solution for both legacy and Remote Key ready ATMs through its incorporation into the existing A98 platform

COCC implements DataNavigator on Windows for comprehensive back-office data management

eFunds continues to offer value-added products that help FIs improve their performance

COCC, headquartered in Avon, CT, is a mutually-owned third party core and EFT processor serving financial institutions throughout the Northeastern portion of the United States.

To help expand its business footprint, COCC has implemented the most advanced technologies and supported them with innovative service strategies. This combination of advanced technology and deep support plays an important part in COCC's value proposition.

"Bankers aren't technologists, but they understand the compelling business case that technology can provide and continually look to technology innovations that can save them time and money," said Steve Kayser, senior vice president of marketing at COCC. "We've structured our company to make a banker's business more functional and convenient by way of technology."

In order to do so, COCC has partnered with some of the best-known technology providers in the business to service over 135 community bank and credit union customers. Through these partnerships, COCC now offers its customers a variety of services ranging from account processing and electronic banking to CRM and data mining.

COCC at a glance

Headquartered: Avon, CT

Founded: 1967

Annual Revenue: \$43 million

Business Model: COCC is one of the fastest-growing data processing companies in the United States and the only mutually-owned data processor dedicated to financial institutions.

Clients: 135

Client Assets: \$26 billion

Recognizing the need for integrated back-office management

Because COCC focuses on improving the processes that financial institutions need, it understands the value that single-point access to back-office data provides.

Handling settlement, consolidation and management of transaction data from a centralized location not only improves efficiency, but also reduces costs and better leverages back-office data for the benefit of customers.

"The current banking environment — with increasing regulatory compliance and

shrinking margins — dictates that our customers must access and analyze back-office data, but must do it in a way that is as quick and easy as possible in order to cut costs and improve efficiency," said Rahul Gupta, senior vice president, Payment Account Solutions, eFunds Corporation. "Making sense of the data management labyrinth, and providing near-real time information, can help financial institutions improve customer service, reduce staff training times, and manage transaction data."

Previously, COCC's customers were able to access a legacy environment to query back-office data such as settlement histories and transactions. The process was time intensive and often increased the number of calls placed to COCC's customer support line, consuming valuable time and capital. New technology gave COCC the opportunity to improve the process. COCC evaluated options and chose a solution that was suitable for both its customers and itself as a processor.

Choosing a trusted, single vendor of choice

For 10 years COCC has relied on eFunds' CONNEX™ software to drive all electronic banking functions for its customers. To capitalize on "single-vendor" efficiencies, it made sense that COCC would again turn to its long-time partner to discuss possibilities for managing the back office. eFunds' DataNavigator® on Windows® software — the back-office cornerstone of the company's flexible, next-generation CONNEX Open Enterprise™ payment architecture — enables consolidated real-time EFT data management and customer support. This combination of features proved to be the right fit for COCC.

Furthermore, DataNavigator's unique combination of capabilities — transaction research, reporting, exception item reporting, device management and settlement — met COCC's efficiency requirements. Since information is accessible from a single web-based access point, operations personnel can use one tool to analyze a variety of data points. In addition, the access to real-time data means that COCC's customers have uninterrupted 24 x 7 access to their transaction data for better reporting and improved operational monitoring.

"It was essential to us that the solution we chose was both powerful and easy to use," said Cecile Richard, Technical Product Manager. "Bankers are challenged

DataNavigator benefits for COCC & its customers

- Improved back-office management operations for FIs
- User-friendly, web-based transaction research solution that allows for self-service queries.
- More comprehensive reporting and querying capabilities to COCC FI/CU customers
- Easy to use self-service querying
- Web-based for easy access and usage
- Self-service query capabilities mean reduced volume of inquiries and customer service calls to COCC
- COCC customer service representatives can be more responsive to incoming customer inquiries on transaction activity
- Integrates all ATM management functions into a single, easy-to-use management console for maximum utility and efficiency

by the sheer number of alternatives on the market, and face increasing pressure to better leverage their technology investments. DataNavigator is a comprehensive data management system that has helped us improve functionality at the desktop so our banking customers have greater control over their back-office data."

COCC is currently implementing DataNavigator on Windows in its data center, and anticipates a complete roll-out by late summer 2005. Expected results to the financial institutions and credit unions include:

- Superior customer service through expedited information delivery
- More comprehensive reporting and querying capabilities
- Web-based access throughout the client branch network
- Decreased calls to COCC customer service line due to self service capabilities
- Time and cost savings due to improved functionality and convenience

"For a decade, eFunds has added value to our customers' businesses," said Richard. "The addition of DataNavigator as a technology tool to serve our FI customers will help us reach our goal of providing rich, transaction-based information and the convenient, self-service tools needed to fully leverage back-office data."



eFunds Pre-paid Solutions

Card in a Box

Get Started with eFunds right out of the box

Are your customers demanding easy-to-use gift card solutions?

If you're a small to medium-sized financial institution or credit union, you need a simple, cost-effective prepaid solution that you can deliver to your customers today. You need a turnkey program that helps you focus on your customers – not manage complex card issuing, processing and administration services.

With eFunds' "Card in a Box", you can enter the market quickly and easily, with a minimal up-front investment and ready access to all the tools you need to market prepaid products in the branch.

What eFunds does for you

- We take care of all prepaid program administration, including set-up, sponsorship and issuing
- We take care of all cardholder customer service
- We take care of all payment processing

Getting Started

A few, simple choices

Getting your eFunds Card in a Box solution up and running is easy – here's all we need to get you started:

- Your settlement account for card loads
- Your logo for your branded institution card products
- Your choice of plastics
- Your IP address for in-branch card activation

The benefits

- Low, one-time start-up fee
- One price for the life of the card – no additional fees or charges after initial purchase
- Low risk – minimal financial investment, minimal training requirements
- Faster time to market
- You set your own card re-sale price – control your own revenue stream
- No administration and program management headaches



Ready to take the next step?

For more information:

Visit www.efunds.com/cardinabox

Call us at 1-888-9eFunds, ext. 3

Contact your eFunds account representative for more information



New CONNEX Open Enterprise Introduction

A better view of your payments enterprise

New CONNEX OE Enterprise View™ consolidates transaction data, makes back-office more cost-effective

In today's electronic payment processing environment, financial institutions and processors typically run multiple in-house and third-party vendor applications to manage their issuing/acquiring businesses, monitor their ATM fleet, and track their settlement positions across the networks.

Enterprise View Benefits:

- Easy-to-use interface
- Connects multiple transaction data systems and repositories
- Leverages power of DataNavigator and CONNEX OE
- Provides at-a-glance health of entire payment processing operation
- Reduces back-office management expenses and resources
- Flexible user profiles and access controls

For back-office operators, there is an ongoing challenge to collect management level transaction data within a single, user-friendly application that connects seamlessly to multiple data repositories and systems. For years, eFunds software and processing customers have leveraged DataNavigator to take advantage of powerful transaction analysis and settlement features. Now, with OE Enterprise View, customers take their back-office management to a new level.

Enterprise View leverages multiple transaction data sources to collect and display key management level payment processing information through a highly interactive, easy-to-use "dashboard". Enterprises can choose from pre-defined packages of summarized data — called "view packs" — that represent segments of the overall payments enterprise.

Initially, Enterprise View will ship with three view packs: ATM Status, Acquirer/Issuer Activity, and Settlement Positions. As additional view packs become available, they will be shipped for inclusion (and integration) with Enterprise View. View packs rely on prerequisite data sources — if these data sources are unavailable, the view pack is disabled.

Accessing Enterprise View

From a security perspective, users must log on to Enterprise View, and each view pack is secured through the use of a security profile. The profile will control what view packs the user has access to. In addition, data maintained within the system is secured. This helps to ensure that users with a certain set of access privileges are restricted to specific view packs.

Dashboard Refresh

Dashboard information can be refreshed manually or automatically. Automatic refresh can be set through user preferences — this includes turning automatic refresh on or off, as well as the time interval for automatic refresh.

The Main "View Packs"

Enterprise View ships with three standard view packs: ATM Status, Acquirer/Issuer Activity, and Settlement Positions.

- **ATM Status** — Displays a graphical representation of how many ATMs are currently open, closed, closed for maintenance, or wounded.
- **Acquirer/Issuer Activity** — Displays the average transaction per second rate for the last hour of processing, along with the current day's transaction count and approval rate for on us/at us, us at foreign, and foreign at us activity (through the time of the last refresh).
- **Settlement Position** — Shows the previous day's settled financial activity along with the current settlement position (through the time of the last refresh).

Get a new view on your enterprise — contact eFunds today

For more information on CONNEX OE Enterprise View, contact your eFunds account representative, or email us at USmarketing@efunds.com.

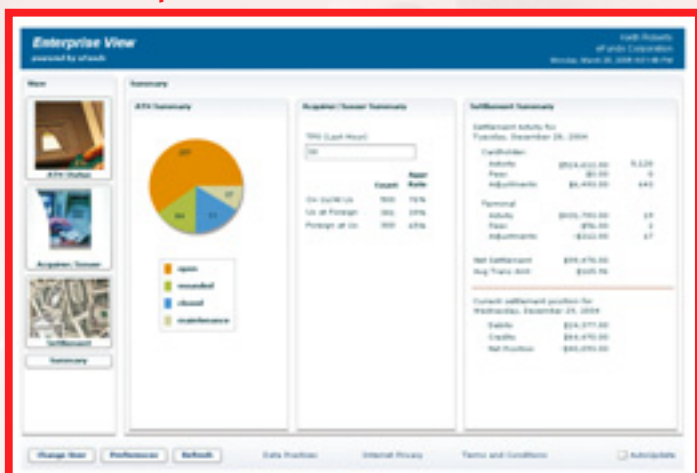
Upcoming Events

For a look at upcoming products and services, please visit eFunds at the following industry events.

Conference/Tradeshow	Date	Location
ATM & Debit Forum	Sept. 25 — 27, 2005	Sheraton Bal Harbour Bal Harbour, FL
ITUG: The International HP NonStop Users Group	Oct. 23 — 27, 2005	San Jose Convention Center San Jose, CA
BAI Retail Delivery	Nov. 15 — 18, 2005	Orange County Convention Center Orlando, FL

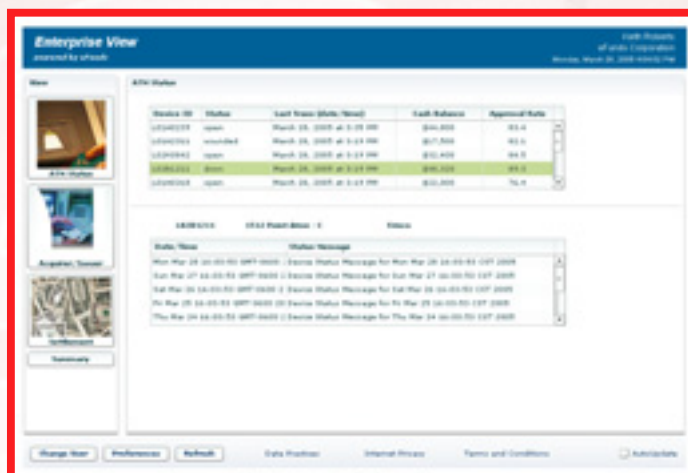


Main Enterprise View Interface



On the left hand side of the dashboard, a drill-down button for each of the view packs appears. This is a scrollable list of available view packs. Below the list of buttons is a 'summary' button, which will always bring the user to this initial display. The right hand pane (labeled Summary) shows a high level summary for each of the view packs. View pack summaries will be shown for the view pack buttons displayed in the navigation pane.

ATM Status

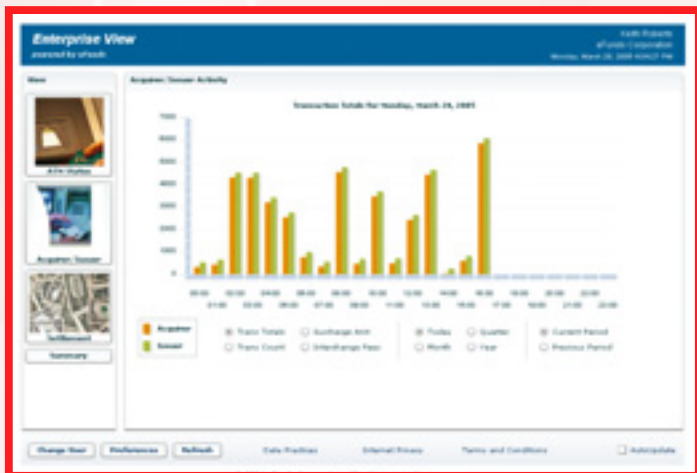


This view pack provides a list of the ATMs this user has authorization to view. Information provided for each ATM includes:

- The Device ID
- Current status of the device (open, closed, closed for maintenance, or wounded)
- Date/time of the last transaction from this device
- Current cash balance in the ATM
- Approval rate (current day from midnight through the time of the last refresh)

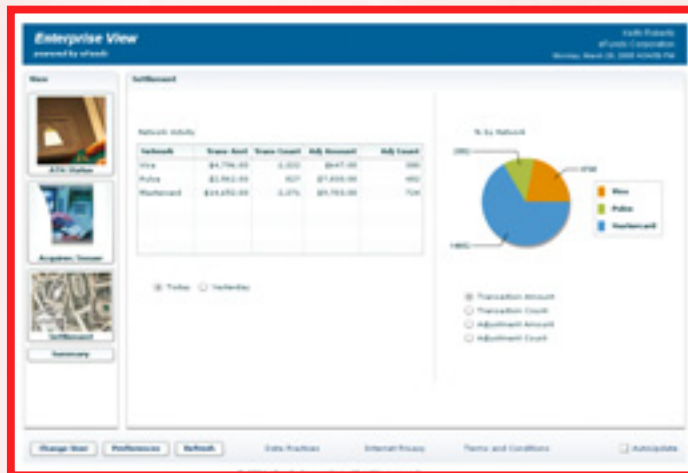
The list of ATMs can be sorted by clicking on any column heading — in ascending or descending order. In addition, if the user clicks on an individual device, additional information is displayed in the lower pane. This information includes the device address and the last ten status messages from the device.

Acquirer/Issuer Activity



The Acquirer/Issuer Activity view pack displays four types of acquirer/issuer activity: transaction totals (amounts), transaction counts, surcharge amounts, and surcharge fee amounts. Activity information can be displayed for today (hourly), for the current month (daily), for the current quarter (weekly), or for the current year (monthly). In addition, for each of these periods the previous period can be displayed (yesterday, last month, last quarter, or last year).

Settlement Position



The Settlement Position view pack displays a list of each network that the organization participates in, displaying the network ID, total transaction amount, total transaction count, plus the total adjustment amount and count for each network (today and yesterday). In addition, a pie chart on the right hand side of the pane displays this same information graphically.

eFunds' IST/Switch enables Bank of Punjab to deliver new services and expand customer base

Bank of Punjab Limited, a new generation, technology-driven private sector bank, has positioned itself on the core of new banking solutions by proving innovative financial services across a variety of delivery channels including branches, Internet, ATM, POS, kiosk, mobile devices, e-mail and call centers. The bank offers a spectrum of retail and corporate banking services and has 136 offices and more than 800,000 customers serviced by a team of 2,000 dedicated executives.

Today, Bank of Punjab has a network of 228 ATMs at on-site branches as well as offsite locations and more than 10,000 point-of-sale (POS) terminals at merchant establishments. The bank has undergone strategic partnerships with MasterCard® and Visa® for debit and credit card acquiring on its ATM and POS machines, along with the issuance of a Maestro® debit card branded as “eBank.”

Bank of Punjab selects IST/Switch to enable expanded growth

“When searching for solutions, one of the distinct advantages for Bank of Punjab was IST/Switch’s flexibility to meet the bank’s future delivery channel needs. IST’s open platform design helped the bank integrate various back-end systems, while its integrated multi-channel architecture provided BOP with a consolidated customer view for better decision-support systems,” said Mr. S.V. Krishnamurthi, senior vice president of global sales and marketing, HMA STARware, distributor of IST solutions. “This was tested when the bank decided to change its hardware platform midway through the highly customized switch implementation. The scalability also enabled the bank to plan for the future introduction of new technology solutions, such as smart cards.”

Following the implementation, the bank successfully migrated to the Triple DES standard in compliance with MasterCard’s mandate to all member banks, further showcasing eFunds’ commitment to providing the latest technol-



ogy standards to its customers. Additionally, the bank was able to provide many value-added services to its customers, enabled by IST/Switch’s short “decision to deployment” lifecycle. Some of the innovative services that the bank introduced through IST/Switch include the VISA gift card, POS through CDMA technology and co-branded cards.

Setting the stage for future innovation

Leveraging the IST/Switch implementation, Bank of Punjab also launched a series of innovative payment solutions. By utilizing the Electronic Bill Presentment and Payment (EBPP) system, bank customers are now able to pay utility bills such as insurance premiums, telephone bills, water bills and electricity bills through the bank’s online banking service. Customers can also view full bill details and make immediate or future payments.

In addition to the Internet, customers are also able to pay bills through bank ATMs. The bank has even expanded its mission to provide world class banking services by leveraging technology and eBanking through a new “mobile wallet” concept — a solution allowing bank customers to make and receive merchant payments through their mobile phone.

With a wealth of new technology services, Bank of Punjab is sure to continue its rapid growth. eFunds’ IST/Switch is well positioned to support the bank along its path by providing a scalable, flexible solution that helps bring new services to market faster and more effectively.

“With the expertise of HMA STARware and eFunds, we are now in a position to drive positive changes for our banking customers,” said Mr. Tejbir Singh, executive director, Bank of Punjab. “To continue our commitment to customer service, it was essential to have the

Bank of Punjab Firsts

- One of the first banks in India to focus on retail banking
- The first bank in North India to install a state-of-the-art ATM payment gateway, enabling online transactions
- The first bank to introduce “faxbanking” and “teleshopping” for its customers
- The first bank to offer extended banking hours for its customers
- The first among peer banks to set up a residential fully equipped training institute

right combination of payment technology and delivery excellence. eFunds and HMA brought those qualities together seamlessly, helping us to both retain current customers and capture new market opportunities.”

“We believe we are a step ahead of technology in the retail banking space, with IST/Switch as our switching infrastructure,” said Mr. Sharma, managing director, Bank of Punjab. “IST’s open solution architecture has provided us with the necessary flexibility, power and reliability to meet our ever growing business demands.”



HMA STARware — IST/Switch Customers in India

- IDBI Bank
- Bank of India
- Jammu & Kashmir Bank
- ING — Vysya Bank
- Syndicate Bank
- Bank of Punjab
- South Indian Bank
- Bank of Rajasthan
- Development Credit Bank Ltd.
- Dutch-Bangla Bank Ltd.
- India Switch Company
- Bharat Overseas Bank [ASP]
- Bank of Bahrain & Kuwait [ASP]

eFunds further strengthens international processing capabilities with acquisition of India Switch Company

Acquisition from HMA Group will accelerate evolution of the Indian banking industry

In April 2005, eFunds announced that, through its subsidiary, eFunds International India Pvt. Limited, it was set to acquire the business interests of India Switch Company (ISC) from HMA Group.

The agreement, which carries an initial cash purchase price of \$17.5 million (US), is for the current ATM managed services and payment processing interests of ISC. eFunds' acquisition of ISC will further help promote a cashless payments infrastructure and better align India with the global financial services market.

"This acquisition is a significant step in the execution of our long term strategic plan for eFunds' India business," said Atul Kunwar, managing director, eFunds, India. "It will leverage the global payments expertise eFunds has accumulated in products, platforms and service delivery to bring competitive and innovative solutions to the maturing Indian financial services industry."

HMA Group Companies

- India Switch Company (acquired by eFunds)
- HMA Data Systems Pvt. Ltd.
- HMA STARware (an eFunds distributor/partner)

ISC is one of three third party EFT processors in India, focusing specifically on retail delivery channels. The company introduced India's first Shared Payment Network System (SPNS) for premier banking institutions like Bank of India. In fact, Bank of India utilized ISC's Total Retail Infrastructure Management Services (TRIMS) — a pioneering concept for third party EFT processing of retail delivery channels — for ATM network sharing and banking via mobile phone connectivity.

Current ISC Services

- **TRIMS** (Total Retail Infrastructure Management Services), which provides complete outsourced ATM deployment and management to banks in 20 Indian cities
- **CashTree** and **BANCS**, two shared interchange networks that operate eFunds IST payments software.

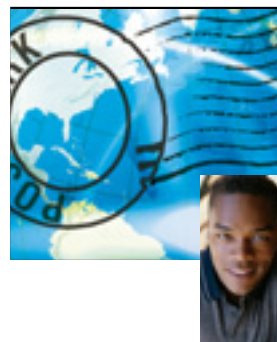
"This acquisition is a significant step in the execution of our long term strategic plan for Funds' India business."

-Atul Kunwar, managing director, eFunds, India

"As a recognized market leader in ATM management and electronic payments, eFunds will undoubtedly play a key role in the accelerated evolution of the Indian banking industry," said Harish Murthi, chairman of HMA Group. "The existing ISC customers will now have the opportunity to access best-in-class solutions that will contribute positively to building the expanding payments infrastructure in India. HMA Group itself will continue to focus on developing businesses in other banking automation areas."

Prior to the acquisition, eFunds and ISC had already forged an existing relationship. For several years, ISC had used eFunds IST/Switch software to drive its two shared interchange networks, CashTree and BANCS. IST/Switch is built on an open architecture and provides a multi-channel, multi-delivery gateway for customers like ISC and Bank of Punjab (see article at left).

The acquisition not only provides eFunds an additional customer base, it further opens the growing domestic payments market in India and demonstrates the company's commitment to conducting business in India. eFunds currently operates service centers and employs over 4,500 associates in Mumbai, Chennai and Gurgaon.

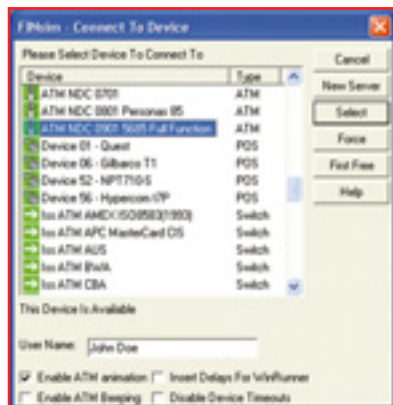


eFunds partners with GFG Group to provide an innovative testing and simulation solution for FIs

Software enables simplified desktop solution for previously difficult and time consuming EFT/POS, ATM and switch testing

With the many changes facing a FI's EFT networks — standards compliance, deployment of new financial service solutions, and hardware and software upgrades — development and testing departments are strained to create the many different scenarios required to accurately test across multiple machines, devices and platforms.

To assist with this complex process, eFunds has partnered with GFG Group, a highly specialized international payment solutions company, to distribute GFG:FINsim. FINsim is an ATM, POS and interchange link simulator that reduces the time for ATM network development, maintenance and certification by providing desktop emulation of a transaction environment. FINsim eliminates the need to purchase test devices or create physical test cards specifically for development, cuts time to market and improves the quality of new releases.



Improved testing scenarios through one simple desktop application

Regardless of how a FI's EFT network is set up, FINsim can simulate any of the system's major components. It can support concurrent testing of multiple devices with different hardware configuration and protocols (TCP/IP, X.25 and SNA). This enables all devices to be tested without the expense of purchasing each device version or variation, as well as saves the time required to reconfigure devices, change parameters and reload data between tests.

Examples of FINsim's testing capabilities include:

- New ATM states and screens
- Changes to management software
- Visa and MasterCard certification
- EMV compliance
- Bilateral links
- Network management and financial transactions
- Hardware failures and error conditions
- Automated stress tests and detailed statistical reporting
- Capacity planning
- Cryptographic processing for PIN encryption, message authentication, dynamic key exchange, Triple DES and Remote Key Initialization through RSA

Leading Australian Bank realizes error reductions and increased reliability

One of Australia's leading financial institutions employed FINsim to replace an existing system in their test and pre-production test environments. The previous system ran six transaction types across 20 devices using 30 cards.

With the FINsim software in place, the bank realized several changes in their test environment. When running regression scripts, the bank increased the number of scripts and ran them on more than 100 different devices using 100 different card types, with the largest script executing 1,700 transactions. These volumes and types of configurations were not possible with their previous solution.

In the bank's pre-production test environment, similar devices and transaction types were employed, but the transactions were also weighted in proportion to actual production numbers. The scripts generated around one million transactions each and ran for many hours allowing a realistic loading of the system similar to those found in production.

GFG Group at a Glance

- Established in 1990 as a consulting partnership
- Grew with increasing focus on the development and support of payment solutions
- 47 full-time staff, all payments industry specialists
- Offices in New Zealand, Philippines, and Australia servicing dynamic, rapidly-evolving industries
- Assignments and technical product support in over 40 world markets
- Accredited by World Bank
- www.gfg-group.com

The results of the switch to FINsim were impressive. By employing the ability to design repeatable scripts tailored to individual device requirements and capabilities, the bank was able to improve their transactional testing capabilities. This increased the scope of the bank's test cases and devices tested within a practical time frame, also improving the reliability of results from the tests.

In addition to increased testing capacity and reliability of results, the bank saw additional benefits in the following areas:

- **Security key loads** — By running repeated tests on a device, the bank was able to identify a defect in the system. The tests showed that certain POS devices were changing their security for every transaction instead of every 256 transactions. Although no impact to the customer existed, increased CPU and telecommunication charges were incurred because of the defect. FINsim was able to repeatedly prove the problem existed, which enabled the necessary data to be collected to develop a fix for the defect.

GFG:FINsim incorporates three simulator types for efficient, cost-effective development and testing.

ATM Devices
NCR, NDC,
NDC+, APTRA
Diebold 911, 912
IBM 473x

EFT Switch Devices
ISO 8583 & AS2805
Visa (Base I and SMS)
MasterCard (Banknet)

POS Devices
Generic devices based
on Hypercom terminal

Reduce ACH Costs, Take Control

eFunds™ ACHPS

- **Non-bank card creation** — Due to lack of availability to non-bank generated cards, testing was previously limited to just a few banks and card types. FINsim's ability to create non-bank generated cards enabled transaction testing from seldom to never tested issuers, increasing the reliability of their tests.
- **Other bank interchange links** — FINsim allowed the bank to perform regression testing without the dependency for external links to be in operation.
- **New card prefix creation and testing** — One of the bank's projects involved testing the routing rules of more than 100 new card prefixes. Rather than physically calculating acceptable card numbers, the prefixes were entered into the script generator that created a listing of usable prefixes where manual testing could be performed and test transactions could be run on every card in demand. This process saved the bank the time it would have taken to manually calculate the numbers and increased the reliability of the new card prefixes.



Using FINsim, the bank also tested the impact of Triple DES and EMV against their CONNEX code, as well as completed standard regression tests on all their new software releases. FINsim allowed the bank to simulate the testing of EMV four months prior to the delivery of the physical EFT/POS devices — speeding their deployment time for the new devices.

The Triple DES tests proved to deliver similar positive results for the bank, allowing them to test the new CONNEX command to deploy Triple DES encryption across multiple ATMs through the FINsim clone functionality — something that was not possible using previous conventional ATM tests. The project was so successful that the bank has completely reorganized their delivery and testing methodology within the ATM and POS CONNEX systems.



Is your ACH business growing?

Are you ready to meet the challenge?

As a financial institution, you recognize that ACH processing presents both opportunities and challenges. You can build new revenue streams, attract new customers and enter new markets to expand your business. At the same time, you need a cost-effective solution that helps you stay on top of escalating volumes, new NACHA rules, security and technology upgrades, risk concerns and regulatory requirements. What do you choose? An expensive in-house solution with heavy capital investment, or an outsourced solution that makes you give up control and flexibility?

With eFunds, you have a superior choice that opens up a whole new world of ACH possibilities. eFunds ACHPS gives you all the control of an in-house operation, but with an advanced, high-speed, continuous flow architecture. You stay in control. We handle the processing. No more workflow bottlenecks. No more worrying about whether you can keep up with demand. Plus, eFunds ACHPS gives you all the risk features and security controls you need in an ACH system for peace of mind.

The solution is simple. eFunds for ACH — and everything EFT.

Discover how eFunds can help you reduce the cost and risk of ACH processing:

- 1 Register today to access the archived version of the ACHPS Webcast with Wells Fargo and City National Bank

Need a closer look at how ACHPS is helping financial institutions today? Register for eFunds' ACHPS Webcast at www.efunds.com/achps

- 2 Contact eFunds Today

Contact eFunds to get started with ACHPS.
 Web: www.efunds.com/achps
 Email: achps@efunds.com
 Telephone: 1-888-9eFunds, ext. 3

Improving the back office – Outsourcing the right processes at the right time

eFunds Global Outsourcing Solutions offer a range of options that span multiple business processes

Outsourcing, as many businesses know, has moved from a perceived “risky” option for lowering costs to a well-established, necessary means to improve process efficiency, customer satisfaction and remain competitive. The choice to review outsourcing as a viable option is further reinforced by business challenges like increased competition, lower margins, compliance and regulatory mandates, and general business uncertainty.

eFunds Outsourcing by the numbers:

- 4,500+ associates
- Over 120 distinct business processes
- Over 100 million back office transactions / year
- 40 million live calls / year
- 13 global facilities
- Nine service centers worldwide

Universally, renewed focus on risk management, corporate governance and capital allocation means companies continue to look to outsourcing as a way to increase their overall return on investment while continuing to focus on their core competencies. Industry analyst Gartner Group expects the business process outsourcing (BPO) industry to be a \$77 billion dollar industry in North America by the end of 2005, and suggests it will continue to grow at a five-year CAGR of nine percent. There is no doubt about it — the BPO industry is making an indelible impact on global business, especially for the financial services market.

Global Outsourcing Solutions at a glance

- 3rd largest BPO provider
- World’s largest ATM outsourcing provider
- Vertical expertise: FI, Retail and Telco

Adding more value to every transaction

At eFunds, our mission is to make every transaction more valuable for our customers. Through risk management, global outsourcing and electronic payments initiatives, eFunds helps customers improve margins, increase customer satisfaction, and streamline processes. And outsourcing programs are a key way for

Is outsourcing for you? If you can answer YES to any of the following questions, you should contact an eFunds Global Outsourcing representative to discuss outsourcing options.

- Do you have well documented training and procedures for your business processes?
- Do you have high volume of exception processes?
- Can your process activities be easily unbundled?
- Are your technology platforms disparate and not well integrated?
- Are your transactions repetitive and standard?

Call eFunds GOS at 888-9eFunds ext.4

eFunds to help financial institutions, retailers and telecommunications companies meet their business goals.

In order to facilitate better transaction account management, eFunds Global Outsourcing offers flexible services tailored to meet the specific needs of our customers. We improve or re-engineer business processes such as data application, marketing activities, transaction processing, account analytics, billing services and retention strategies for businesses around the world.

eFunds outsourcing initiatives also streamlines transactions and payment processing services for customers, such as reconciliation and merchant acquiring chargebacks. By employing an outsourcing strategy with eFunds, our customers improve process turn around times and efficiency.

eFunds outsourcing staff is well trained and familiar with the entire client relationship process; we are able to provide quick and effective receivables management for our customers.

And, since eFunds has over 30 years domain expertise in the outsourcing industry and years of experience within our target markets, we are able to add additional value by understanding how to think like you think. We understand your industry and your business, helping us analyze the drivers motivating financial services. Through our outsourcing processes and domain expertise, we are able to share new information about your customers and provide intelligence to you that will help you win, keep and serve your clients.

Key industry trends:

- One-third of the world’s FIs are either near-shoring or offshoring (Celent, 2004)
- Increased defaults on credit card balances and checks are leading to the need for collection services for all industries
- Teleco trends include bundling of services, an increase in wireless data traffic and use of cable by voice customers (TIA, 2004)

What to outsource and when

The evidence to outsource is compelling: lower costs, improved quality, and streamlined business processes. But, businesses must intelligently face the challenge of identifying the right processes to outsource in order to deliver the maximum benefit in an appropriate timeframe.

For the most part, measuring one outsourcing process candidate to another has been highly subjective guesswork. Many times the decision is made by committee, which, while democratic, is not the best way to ensure a successful initiative that delivers the desired results. Other times, senior management assigns the task to an individual who must research the business in order to make an assessment. The problem with this approach is that if the company has not outsourced previously, no single business unit wants to be the first and will shy away from pursuing an initiative.

Businesses have a much better success rate if they approach the decision of what and when to outsource as a process itself, rather than a single event. Walking through a well-defined methodology not only saves time and money, but also promotes program buy-in and ultimate success.

eFunds Process Readiness Index (PRI)

Whether your outsourcing objectives are to reduce costs, improve quality or dramatically transform existing processes, eFunds Global Outsourcing can help determine an appropriate outsourcing strategy. To help drive the internal business analysis process, eFunds has developed Process Assessment and Analysis tools that identify those processes that are ripe for outsourcing.

What to Outsource ?



This process, called the Process Readiness Index, analyzes and ranks five key areas including strategic drivers, operational impacts, transition readiness, technology environment and automation/re-engineering. It also requires management-level involvement and a set level of communication between eFunds and its customer to ensure processes are properly explained and evaluated.

From this analysis, clients are provided with a roadmap of those processes that are ready to be outsourced and those that are not well suited at the present time for third party assistance.

By examining your business and working in conjunction with your staff, eFunds is able to act as a trusted partner, making recommendations that work for you and match with your corporate culture.

eFunds FI domain expertise includes:

- Retail banking
- Card operations
- ATM operations
- Receivables management
- Mortgage services
- Investments and brokerage
- Teleco services including: Wireless, ISP, Local, Long-distance
- Retail back-office

If you have questions about eFunds outsourcing services, please contact a representative at 1-888-9eFunds ext. 4.

eFunds partners with Fair Isaac to enhance debit transaction fraud detection

Implementation of Falcon 5.1 solution will deliver high-volume, high-speed fraud detection at point of sale

Falcon 5.1 is a good fit for eFunds customers who have expressed a strong interest in a fraud solution that accurately scales with their increasing transaction volumes and provides more flexible rules capabilities.

In order to further combat the rising risk of debit fraud, eFunds is deploying Fair Isaac's Falcon™ Fraud Manager 5.1 solution in its data processing centers.

eFunds' implementation of the Falcon 5.1 solution will be the first for Fair Isaac and is designed to help eFunds processing customers quickly identify fraudulent activities and take immediate measures to stop them.

The security of consumer account information has long been a core pillar of eFunds' corporate value proposition. With the increase of fraudulent activities — especially identity theft, which was noted in a 2004 ABA Deposit Account Fraud Survey as the leading threat against the industry — becoming more prevalent, eFunds is committed to taking action to reduce the incidence of fraud loss for its processing customers.

eFunds' ongoing efforts to provide reliable, advanced processing solutions that help financial institutions efficiently automate payment transactions and fraud prevention is what led the company to expand its relationship with Fair Isaac and plan to deploy Falcon 5.1. In particular, customers had to be able to respond to changing fraud patterns faster and take advantage of more flexible rules writing capabilities.

“Our customers have expressed a strong interest in a solution that accurately scales with their increasing transaction volumes and provides more flexible rules capabilities, while

Fair Isaac at a glance:

- NYSE: FIC
- Founded: 1956
- Falcon Fraud Manager protects 85% of US credit card transactions
- Fair Isaac FICO scores are the most used credit bureau scores in the world
- The top 10 US card issuers use FI fraud detection
- www.fairisaac.com

continuing to deliver the highest level of fraud protection. We're implementing Falcon 5.1 to help us address these needs,” said Rob Myhre, vice president of EFT processing at eFunds.

New Falcon 5.1 features that will assist eFunds in meeting the fraud needs of its processing customers include:

- An updated Application Program Interface (API) for custom designed features
- Rules Editor which eliminates the number and length of rules
- New reporting technology for quick and easy data analysis and productivity monitoring
- Redesigned case management system that lets users streamline case handling and decisioning and process more cases per hour.
- Highly flexible architecture that will easily integrate with future fraud analytic technologies.

How does Falcon 5.1 Identify Fraudulent Activities?

- Sophisticated neural network models
- Patented account profiling technologies
- Flexible, user definable intelligent rules
- Case management to analyze payment card transactions for subtle signs of fraud

“The fraud environment is constantly changing and Falcon's adaptability to those changes ensures that it will continue to deliver great value to processors and card issuers around the world,” said Sonja Schindeler, vice president of Fraud Solutions at Fair Isaac.

Implementing Falcon 5.1 into eFunds' payment processing data centers makes perfect sense for FIs using eFunds payment processing services. By integrating core debit card processing with the industry's leading fraud detection technology, customers can have greater confidence to meet increased transaction volumes in the future and significantly reduce financial losses due to fraud.

eFunds Completes Acquisition of Business Interests of India Switch Company

Mumbai, India, June 20, 2005 — eFunds Corporation today announced that it has completed the acquisition of current ATM managed services and payments processing interests of the India Switch Company.

“The acquisition will leverage the global payments expertise eFunds has accumulated in products, platforms and service delivery to bring competitive and innovative solutions to the maturing Indian financial services industry,” said Atul Kumar, managing director, eFunds India.

eFunds Corporation to Acquire WildCard Systems, Inc.

SCOTTSDALE, Ariz., June 9, 2005 — eFunds Corporation today announced that it has signed a definitive agreement to acquire WildCard Systems, Inc., a privately-held provider of prepaid and stored value solutions to financial institutions, retailers and other payment issuers.

The two companies signed a distribution agreement in November of 2004 and have since signed two tier one financial institution deals under eFunds’ existing alliance with MasterCard International. The partnership has also validated the market demand for prepaid payment products, and has proven the Companies’ ability to work together to deliver an integrated debit and prepaid solution.

“We are excited to welcome WildCard to team eFunds — this is a natural fit,” said Paul Walsh, chairman and chief executive officer of eFunds. “The complementary nature of debit and prepaid brings a powerful value proposition to the financial institution, retail and other issuer markets served by both companies. This acquisition is an important step in the execution of eFunds’ strategic plan to build breadth into our electronic payments offering.”

Credit Union Service Corporation Selects eFunds DataNavigator Software for Back-Office Processing

SCOTTSDALE, AZ, May 16, 2005 — eFunds Corporation today announced that Credit Union Service Corporation (CUSC) has selected DataNavigator(R) for Windows(R), eFunds’ open platform back-office management solution, for use at more than 630 member credit union locations.

CUSC has also renewed its eFunds shared branching and gateway processing agreement for an additional three years, and currently licenses eFunds’ IST(R)/Switch

software to manage its next generation shared branching network. eFunds and CUSC will continue to work together to enhance the IST/Switch transaction processing solution, while ensuring ongoing business continuity through eFunds processing services.

eFunds Corporation Reports First Quarter 2005 Results

SCOTTSDALE, Ariz., May 4 — eFunds Corporation today reported first quarter net revenue of \$114.2 million. This amount represents an 8% improvement over the net revenues of \$105.7 million reported by the Company’s core operating segments during the first quarter of 2004. Overall, revenues declined by 19% from the \$140.9 million reported for the first quarter of 2004 as a



result of the sale of the Company’s ATM deployment business in November 2004.

Operating income increased to \$16.8 million, or 15% of net revenue, as compared to operating income of \$14.0 million, or 10% of net revenue, reported in the first quarter of 2004. First quarter net income was \$13.2 million, or \$0.26 per diluted share, compared to net income of \$9.4 million, or \$0.19 per diluted share, reported for the same quarter in 2004.

The Company also announced that it has completed its \$100 million share repurchase program. The Company bought back approximately 4.6 million shares pursuant to this initiative.

eFunds to Acquire Business Interests of India Switch Company

MUMBAI, India, April 5, 2005 — eFunds International India Pvt. Limited, a subsidiary of eFunds Corporation today announced that it has signed a definitive agreement to acquire the current ATM managed services and payments processing interests of India Switch Company from HMA, a privately-held group of companies with experience of providing end-to-end solutions for debit services to the Indian retail banking sector. The initial cash purchase price is \$17.5 million, subject to working capital adjust-

ments and holdback arrangements. An additional payment may be made approximately one year following the closing if the business achieves certain revenue objectives during that period. The maximum amount payable in respect of this earn-out is \$2.5 million.

eFunds Reports Fourth-Quarter and Full-Year 2004 Results

SCOTTSDALE, Ariz., Feb 23, 2005 — eFunds Corporation today reported its financial results for the fourth quarter and full-year ended Dec. 31, 2004.

For the fourth quarter of 2004, the Company reported net income of \$11.3 million, or \$0.22 per diluted share, compared with net income of \$10.1 million, or \$0.21 per diluted share, in the fourth quarter of 2003. Operating income was \$16.4 million, or 12.6

percent of net revenue, compared to operating income of \$13.0 million, or 9.6 percent of net revenue, reported in the fourth quarter of 2003. Net revenue decreased \$4.9 million to \$130.5 million in the fourth quarter of 2004, compared to net revenue of \$135.4 million reported in the fourth quarter of 2003. This decrease was principally due to the sale of the Company’s ATM portfolio in November 2004.

Full-Year 2004

For the year ended Dec. 31, 2004, net income increased to \$40.8 million, or \$0.83 per diluted share, compared to net income of \$28.9 million, or \$0.61 per diluted share, reported in 2003. Reported operating income increased \$19.8 million to \$58.5 million, or 10.6 percent of net revenue in 2004, as compared to operating income of \$38.7 million, or 7.3 percent of net revenue, reported in 2003.

eFunds recorded net revenue of \$552.1 million for the year ended Dec. 31, 2004, compared to net revenue of \$532.1 million recorded in 2003.

eFunds Corporation to Acquire ClearCommerce Corporation

SCOTTSDALE, AZ, Jan. 12, 2005 — eFunds Corporation announced that it has signed a definitive agreement to acquire ClearCommerce Corporation, a privately-held provider of fraud prevention and payment processing solutions for ‘card-not-present’ (CNP) transactions, including online and mail order/telephone order (MOTO) sales. The initial purchase price of approximately \$19.4 million will be paid in cash at closing, which is expected to occur in the first quarter of 2005 subject to the satisfaction of customary closing conditions.

The ClearCommerce acquisition will strengthen eFunds’ POS and online transaction processing capabilities and add a ‘CNP’

fraud prevention solution to its retail and financial service offerings. It will also expand the Company's market footprint in the retail sector with more than 140 new customers in seven countries. The combined entities will provide customers with a comprehensive perspective on fraud detection, based on data from both ClearCommerce's FraudDetect(TM) database and eFunds' DebitBureau(R) database.

eFunds' acquisition of ClearCommerce was finalized on January 31, 2005.

United States Postal Service Selects eFunds' EFT Software Solution

SCOTTSDALE, AZ, Nov. 17, 2004 — eFunds Corporation announced that the United States Postal Service (USPS) has selected eFunds' open systems electronic payments software for use at more than 33,000 locations and 70,000 point-of-sale (POS) devices nationwide.

The eFunds solutions, which are key components of the company's CONNEX Open Enterprise next-generation payments platform, will support postal customers' ongoing purchases of USPS products and services with either a credit or debit card, regardless of whether they purchase products/services at a post office branch location through a POS device, at a self-serve kiosk or via the Internet.

eFunds Announces CONNEX Open Enterprise for the Financial Services Industry

SCOTTSDALE, AZ, Nov. 16, 2004 — eFunds Corporation announced plans to introduce a next-generation version of its CONNEX™ EFT software platform.

CONNEX Open Enterprise™ (CONNEX OE) will be an integrated suite of solutions for payment delivery, back-office operations, authorization services and card management — all based on a shared, flexible, integrated solution delivery framework. CONNEX OE will support all existing payment channels, devices and types, and will provide a flexible foundation that promotes the rapid introduction of new payment services at every point in the payment transaction lifecycle.

eFunds and WildCard Deliver Combined Stored Value Solution

SCOTTSDALE, AZ, Nov. 16, 2004 — eFunds Corporation announced a partnership with WildCard Systems, a market leader in the delivery of stored value/prepaid card solutions, to combine eFunds' EFT debit product suite with WildCard's industry-leading stored value/prepaid card capabilities to offer a single source for both EFT and stored value processing capabilities. Through the partnership, customers are able to leverage the combined EFT and stored value solutions in a single system from eFunds, providing a single point of settlement and reporting that will support virtually any type of stored value program.



International Update

eFunds to provide card processing services for Société Générale Group

eFunds has won a contract to provide complete card processing services for the international retail banking subsidiaries of Société Générale, one of the largest financial services groups in the euro zone.

eFunds will apply its 30-year history of US debit transaction processing knowledge, in addition to proven, open platform, international credit card acquiring expertise, to provide an integrated payments hub solution for Société Générale. Each of the bank's subsidiaries will be offered full third-party processing services across the transaction lifecycle, including ATM management, merchant acquiring, back office services and card management.

The bank, which serves more than 17 million retail customers worldwide, will benefit from faster speed to market for new products and services, as well as the efficiencies resulting from processing on a common platform.

The eFunds solution makes use of many components used in the company's own data centres in the US, for example, the back office services provided by DataNavigator®. It also integrates to components of the bank's own existing payments infrastructure. In addition, eFunds will deploy other software products, such as IST/MAS and IST/Clearing, to handle merchant acquiring activities.

"The integrated payments hub is a great example of how eFunds can combine its core competencies in payments and outsourcing to solve real business problems for large financial services organizations around the world," commented Kathleen Flanagan, senior vice president, eFunds International. "In the US, eFunds' software supports over 80% of domestic payments traffic and this, our first European processing deal, is another step towards establishing our processing business globally."

Switching on in India

In line with CEO Paul Walsh's stated objective of growing the international business, in April we announced that eFunds would purchase the business interests of India Switch Company (ISC), an organisation with considerable experience of providing solutions to the domestic Indian banking market. ISC provides end-to-end solutions for ATM Managed Services, as well as operating two payment switches. This acquisition demonstrates eFunds' commitment to growing India as a market, as well as using its skills to support Business Process Outsourcing activities for clients in the US and UK. It also completes another step in establishing a global processing model for electronic payments.

Turning the spotlight on card crime

News that a well-known TV star had fallen victim to bank account fraud perpetrated by a UK-based call centre employee was the latest story to bring the mushrooming fraud problem back into the public eye. Not long afterwards, Scottish police arrested 28 people in connection with a £2m fraud that affected 100 individual bank accounts. So, from the perspective of the International team, Q1 2005 was perfect timing for eFunds to acquire ClearCommerce, a leading risk management company whose offerings complement our existing payment processing solutions.

Internationally, risk management is on everyone's agenda as consumer concern grows over the integrity of personal account information and the security of cardholder-not-present transactions. Globally, banks know they have a significant problem with fraud and they need to be proactively putting measures in place to protect the merchants and consumers who transact business through them. In the UK, 66 per cent of consumers refuse to make online transactions for fear of credit card fraud, according to a survey conducted by ClearCommerce. Who can blame consumers for their reluctance when, according to the Association for Payment Clearing Services, credit card fraud in the UK topped £500m in 2004, up 20 per cent from the previous year. Meanwhile in Australia, credit card skimming is an AUD100m per year crime, according to the latest issue of ePaynews.com.

The addition of the ClearCommerce solution set to our portfolio will allow the eFunds International team to help our customers address more of the issues around fraud management. Banks have been preoccupied with the roll-out of chip and PIN at point of sale in some countries, but are now realising that if that initiative is successful it may well drive more fraudsters online. The criminals are usually one step ahead of the game, but already the phone calls are telling us there's more demand among merchant acquirers and retailers for our comprehensive risk solutions.



IST/Switch Release 7.5 – Now Available

New version of IST includes Software Development Kit (SDK) and key functional enhancements

On April 1, 2005, eFunds officially launched the newest version of its open platform payment switching solution — IST/Switch 7.5.

If you are interested in upgrading to IST 7.5, please contact your eFunds account manager for more information. If you are a current IST customer or partner, you can access the complete 7.5 Release Notes on the eFunds Customer and Partner web sites. Please refer to the end of this article for registration and access instructions.

If you hold a current software support or maintenance agreement, you may also request the 7.5 upgrade through our standard software release notification form, also found on the Client and Partner web sites.

Major highlights of IST/Switch 7.5 include:

Software Development Kit (SDK)

In order to provide IST customers with more flexibility to customize their implementations with minimal risk, eFunds has recently introduced the IST/Switch Software Development Kit (SDK). eFunds has created a number of business modules that group logical IST/Switch processing functions and message types together. Currently available business modules include:

- **DCS SDK** — Debit/Credit Subsystem functionality
- **ISTAuth SDK** — Transaction authorization functionality
- **TSF SDK** — Data transfer functionality

SDK Benefits

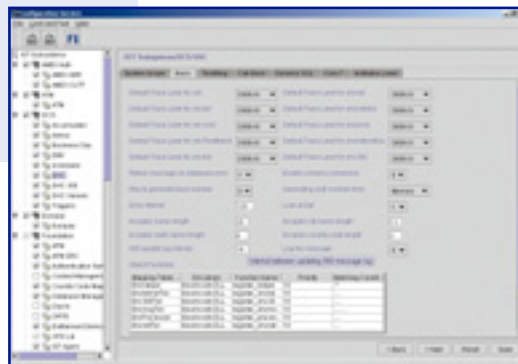
- **Customizable** — IST/Switch can be customized on many levels — the SDK gives users the option of extending or replacing application business logic. The SDK provides a deeper level of customization flexibility, complementing other means of customization, including configuration/database attributes and callback functions.
- **Object oriented** — Flexible business objects are superior to conventional program-based approaches, providing reusable and extensible components, and abstract design and robust applications.
- **Backward compatible** — Maintains compatibility with previous versions of IST through the reuse of existing functions — preservation of formatting, device driver and network formatting interfaces.
- **Flexible** — Distinction between message header and body enables the framework to process any type of financial or non-financial message, such as gift card, loyalty, and account updates.

Configuration Services

Configuration Services is a powerful, yet easy to use configuration tool. Configuration Services lets you focus on what is really important — the business logic of your application.

Configuration Services is a client-server application that consolidates configuration data from different sources to generate a unique configuration setup. The services also allow product administrators to upgrade and product developers to extend the configuration setup.

The GUI client is the front-end environment created to interface with the configuration server. The GUI client allows users to view, update, and save the user setting configuration repository, while the Configuration Server handles the repository of configuration parameters. It manages the configuration repository, handles GUI client requests, manages user sessions, and communicates with the Entitlement and Authentication Subsystems to ensure security.



IST Configuration GUI — The IST Configuration GUI provides convenient, flexible screens that enable operators to generate a unique configuration setup.

Balancing & Reconciliation

Balancing and Reconciliation is the process of accumulating transaction totals and synchronizing balances between different systems.

The Balancing and Reconciliation Subsystem of IST/Switch accumulates balances for an institution and reconciles them when an event for cutover and reconciliation is initiated. This event is configured in the subsystem. The reconciliation process involves retrieving the data and sending it back to the network formatter. The network formatter then formats the messages and routes them accordingly.

Transactions are generated and introduced to the system from several entry points like ATM, POS, or networks. Each transaction accumulates separate buckets for different amounts that are present in the transaction. Multiple accumulated records may occur per institution and per transaction.

Totals are accumulated and segregated from the transaction information based on the type of

IST/Switch 7.5 Enhancements

ATM

- Support for Bunch Notes Acceptor (BNA) — The ATM Subsystem now supports BNA for both NCR and Diebold. These devices allow customers to deposit notes in bunches which are individually authenticated.
- Support for RSA initial key download — Native Support is provided for both Diebold and NCR Initial Encryption Key Downloads. Public Key Cryptography is used to remotely load cryptographic keys into the ATM, reducing the need for service personnel to provide field support.
- Support for electronic journal upload — Provides the ability to upload the Electronic Journal on the ATM to the server for further analysis by operations personnel.

Compliance

- Support for Visa 9620 messages
- Support for Visa CISP/AISP
- Support for EMV 2000
- POS enhancement for MasterCard proximity cards
- Support for Bancnet updates: MasterCard Electronic Acceptance Indicator, On Behalf Services
- Europay authorization: MasterCard Electronic Acceptance Indicator, Chip to Magnetic Stripe Conversion Indicator, AVS Service

Additional Features

- AMEX Authorization Interface
- IST/POS integration with CONNEX™
- RSA support for the PKI security server
- Re-implemented Balancing and Reconciliation for DCS
- Enhanced voice authorization
- Support for Processor Business Day

transaction, device, and institution (acquirer, issuer or both).

To access the Release Notification Forms and IST/Switch 7.5 Release Notes, please visit the applicable eFunds IST Client or Partner Web site shown below:

Client Web URL:

www.oasis-technology.com/clientweb

Partner Web URL:

www.oasis-technology.com/channelweb



Integrated software/processing solution means business benefits and flexibility for CUSC

Building on an established relationship, CUSC introduces DataNavigator on Windows for back office data management

Financial institutions (FIs) wrestle with challenging growth strategy issues on a day-to-day basis. Decreasing revenues, shrinking margins and increasing costs mean that back-office functions — customer service, exception item processing and transaction reporting — are top priority concerns for the typical FI.

Rising costs are being driven by a variety of factors:

- Continued reliance on multiple, disparate or legacy payment systems
- Inefficient, labor intensive back-office operations
- Increased need for fraud analysis and compliance reporting

According to a 2004 McKinsey & Company report, the share of back-office costs is almost 50 percent of total payment costs. Financial institutions, and often credit unions in particular, must pay close attention to methods to reduce these ever-increasing costs.

The CUSC Need

Credit Union Service Corporation (CUSC) is the largest shared branch network in the United States, with over 630 member credit unions across the country. Its mission is to enable credit unions to provide members with transaction services at multiple locations. Quite literally, through its network, a participating member credit union can offer its customers access to 630 different locations.

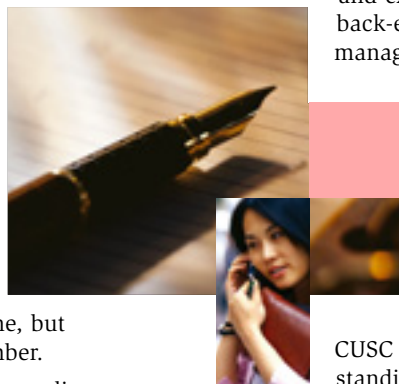
In order to service member credit unions in such an innovative manner, CUSC continually strives to improve efficiencies and streamline its operations. CUSC management identified one particular enhancement opportunity — streamlining the flow of back-office data and the way member credit unions were submitting adjustments.

When a member credit union had an adjustment, it would fax or relay that adjustment to CUSC, where employees would manually enter the data into its back office system. This manual process was not only labor intensive and potentially error prone, but also held up settlement to the member.

Once a decision was made to streamline this process, it made sense that CUSC would turn to its trusted partner, eFunds, for a solution.

CUSC and eFunds Corporation

For over 12 years, eFunds has provided shared branching and gateway processing services to CUSC. Additionally, in 2003, CUSC began using eFunds' IST®/Switch software in order to manage its unique, next generation shared branching network.



eFunds and CUSC at a glance

eFunds Products/Services:

- DataNavigator® on Windows®
- IST®/Switch
- EFT Processing

Benefits of Integrated Software/Processing Solution:

- Scalable
- Single-source
- Provides CUSC members better, faster, more cost-effective solution to their back office operations and transaction processing needs

About CUSC

- Headquarters: Duluth, GA
- 630 member credit unions across United States
- 40 million transactions / year
- Mission: To enable credit unions to provide their members with transaction services at multiple locations
- www.cusc.net

In order to improve efficiencies related to settlement and exception processing, CUSC recently selected eFunds' DataNavigator® for Windows® open platform back-office management solution for use at more than 630 member credit union locations. With DataNavigator, CUSC permits its member credit unions to enter their own settlement and exception data into the CUSC back-end system. CUSC can now manage EFT data in real time, avoiding end-of-day batch bottlenecks for settlement and report processing.

DataNavigator was designed to work for FIs running their own processing software or outsourcing to a third party provider. Since CUSC already had such a long-standing, trusted processing history with eFunds, it made sense to implement an integrated software and processing solution. CUSC president and CEO, Carroll Beach said that his company's approach, "combines the best of eFunds' back-office and transaction switching software with its world-class processing services for a flexible, scalable single-source solution that provides CUSC members a better, faster, more cost-effective solution to their back office operations and transaction needs."

DataNavigator on Windows

- A comprehensive software solution that enables real-time EFT data management and customer support.
- Helps customers gain better control over information coming from their ATM and POS locations

CUSC Results with DataNavigator on Windows

- Increased responsiveness to customer service inquiries
- Enhanced exception item processing
- No end-of-day settlement bottlenecks
- Tools to enable members to research and report on their customer transactions
- More efficient use of CUSC staff, which can now focus on new revenue streams

The CUSC integration marks the first Windows implementation of eFunds' DataNavigator back-office software for an eFunds IST/Switch customer. "This demonstrates our commitment to delivering true open solutions that work together seamlessly with our processing services," said Rahul Gupta, senior vice president, Payment Account Solutions eFunds Corporation.

Rewards for CUSC Members

Each component of the eFunds/CUSC solution — DataNavigator, IST/Switch software and EFT processing — are key components of the eFunds' CONNEX Open Enterprise™ next generation payments platform. Using DataNavigator on Windows for the back office, CUSC can:

- Increase responsiveness to customer service inquiries
- Enhance exception item processing
- Provide additional tools that enable credit union members to research and report on their customer transactions
- Provide greater control, quicker settlement and exception processing to member credit unions
- Reallocate staff from manual data entry work to focus on new revenue streams

And since CUSC also runs its shared branching network through a flexible combination of eFunds software and processing services, it can avoid costly system and vendor conversions as business needs expand in the future.





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processors, particularly in the Tier I category, are looking for ways to streamline their payments infrastructure to accommodate the introduction of new payment types, as well as significant volume increases. Within an end-to-end processing solution, this would include integrated support for debit, credit and stored value card products, enabling FIs to streamline internal infrastructure, increase back-office efficiency and reduce their overall cost of transaction processing.

Internationally, we continue to see U.S. players getting in the game through ongoing acquisition activity, creating even stronger competitive dynamics in key markets like the EU. With the coming rollout of EMV in several regions, fraud management and security are top-of-mind, priority items that are driving significant investment in smart card infrastructure and fraud management solutions. With eFunds deals like Société Générale, we are also seeing increased appetite in the Tier I space for comprehensive solutions that include processing for multiple product lines — merchant acquiring, credit and debit — combined with supporting back-office services.

eFunds' investment in the processing business — international and beyond

At eFunds, the growth of our business is good news for every customer. As we invest in the processing infrastructure that will ultimately help us to deliver more comprehensive solutions to customers in the Financial Services and Retail sectors, we're making an increasingly robust set of services available to all of our existing customers.

To meet the parallel demands of existing customers and new business, our focus remains on key customer delivery, support and execution — particularly strong attention to service levels and management reporting — as well as the launch of our international processing business.

To support our international processing launch, we are leveraging many of our existing debit card processing capabilities, coupled with our IST[®] software expertise in the credit card and merchant acquiring space. These enhancements will enable us to deliver the same set of credit card/merchant acquiring services to our U.S. customers, using the same core eFunds data center expertise that drives our customers' debit businesses. In addition, our international customers will also be able to

leverage our advanced debit card management tools and gateway products. Overall, this will lead to processing service level enhancements spanning a wider spectrum of the transaction processing lifecycle.

The big three — highlights of our 18-month rolling product plan

In addition to key enhancements like Falcon[®] 5.1 to manage PIN and signature debit card fraud, and "Dream Miles" to drive usage and customer retention, we are focusing on three key initiatives to meet strong customer demand:

Stored Value/Prepaid

Our acquisition of WildCard has given us an immediate entry into the stored value market, and there is strong demand from our franchise of 9,000 financial institutions for turnkey, market ready prepaid programs. We will continue to focus on the integration of WildCard's stored value issuing, processing and program management expertise to further support our global customer base.

Credit Card

Through the implementation of new customer projects and the integration of our IST credit card acquiring products in our data centers, we will provide full credit card processing services — rolled out first to the international market, and subsequently to the U.S.

Merchant Acquiring

Further leveraging the strong merchant acquiring solutions, IST[®]/MAS and IST[®]/Clearing, we will expand our processing services to include full support for merchant acquiring activities including transaction qualification, merchant pricing, fee billing, and settlement.

Beyond specific product rollouts, we are also investing in more forward looking product planning and enhanced communication to our customers. Ongoing enhancements to our customer touch points, including more convenient, user-friendly web services, will also be a continuing focus to add more value to the customer experience and encourage flexible self-service support.

For you, our eFunds customers, we look forward to showing you how you can take advantage of these new services and enhancements in the coming months.

Sincerely,
Rob Myhre
Vice President, Processing Products
eFunds Corporation

