



# Quarterly

Winter 2010

## Outlook for 2010

There is a saying, "Business is like tennis; those who serve well, WIN!" Our team at CMC is focused on providing the ultimate customer experience for our clients and your account holders. Ensuring the best service possible is at the forefront of all we do.

Our commitment to you is to identify ways to help grow your business so that your institution will remain strong now and well into our future together. In the coming months of 2010, you will hear more about:

- New products to make your processes more efficient and profitable
- New partnerships to help you generate new streams of revenue
- New analytics to reveal income opportunities

There are many new things in store, but one fact remains the same. We are dedicated to providing the best servicing solutions possible to help you win. We look forward to sharing 2010 with you!

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CMCone.com



Dear CMC Partners,

In preparing to write you, I pondered a new or fresh way to say, "What a year." Most of us tend to say something very similar to that at the end of each year and as we launch a new year, don't we?

Perhaps it's not finding new words to say but understanding what we mean when we say those words. With a wide and varied client base covering most elements of the payments industry, and being a diverse business ourselves, I submit that "What a year" is still probably most applicable to all of us and yet likely means many different things to all of us at the same time.

We've been fortunate and, quite candidly, pleased to see so many of our clients doing so many of the right things to keep their businesses on a positive trajectory, even in these challenging economic and regulatory times. I'm hopeful you've found CMC to be a valuable partner in that effort and I again must thank you for your continued partnership and for the quality organizations that you are to work so effectively in these turbulent times.

We had the opportunity to meet with many of you in April of 2009 in Savannah, Georgia for our National Client Conference. We had an excellent turnout and great opportunity to discuss very pertinent topics in our industry. During our meetings, I discussed with those in attendance the concept of C.S.I. - Continuity, Stability, and Investment as key to all of us in navigating our businesses through these uncertain circumstances.

As we've closed out 2009 and launch into 2010 I believe there is very good evidence of that approach in the work that you've done in this last year. CMC has certainly been diligent in its C.S.I. efforts this year as well in order to continue to be a valuable business partner for you and to help ensure that our business continues to evolve to meet the demands of the ever changing marketplace.

We sought Continuity through a renewed focus on our core principals to persistently pursue superior quality service, implementing new quality metrics and introducing our own Process Review & Improvement Solutions Management (CMC - PRISM) team to shine a light on areas of needed improvement or areas of superiority that should be replicated across our organization.

We looked to bring Stability to our clients through focus on enhanced collection services in the current economy and introducing new perspectives on maintaining a customer centric focus,



**Dean Happe**

Vice President & General Manager

“We’re honored to be your partner. I appreciate your challenges and all of the work you’ve done to beat back these challenges this past year.”

keeping our client and/or our joint customers at the center of what we do. Additionally we refined our organizational structure to better leverage and capitalize on our long tenured management team.

We challenged ourselves to continue prudent Investment in new systems, technology, and human capital in light of and, in fact, because of the challenging economic and regulatory environment. We introduced MarketingOne, The Exchange, invested in a new collections predictive auto dialer, and expanded our Casselberry, Florida operation to name a few. We have an aggressive list of investment targets in 2010 including further development of our Client Access Tools (CAT) system, greater external interface development for our clients to utilize our Compass CCP workflow system, and further investment in a more robust collections system to interface with our upgraded dialing system.

We were extremely pleased to get your feedback from our annual client survey in the 3rd quarter indicating yet another sizeable increase in our Net Promoter Score (25% increase). THANK YOU. We also continue to learn from you the areas where we need to improve to meet your needs and expectations. Our 2010 company objectives encompass this feedback.

We're honored to be your partner. I appreciate your challenges and all of the work you've done to beat back these challenges this past year. Amidst these challenges is when some of the greatest opportunities exist and I see the market in 2010 presenting these opportunities to many of our clients and the types of programs that they maintain. We remain committed to beating back the challenges with you and capitalizing on those opportunities and to being your solution in 2010 and beyond.

"What a year" it was and "What a year" 2010 can be!

Warm Regards,



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# CMC & NAFCU Services Partnership

Since 2008, CMC and NAFCU Services have collaborated on a variety of educational content to produce podcasts, webcasts, and webinars. Additionally, several CMC representatives have delivered presentations on a variety of topics at NAFCU conferences during 2009 including the following:

**Dean Happe, VP, General Manager**

Credit Cards Take Two: Re-entering the Market with a Product Your Members Will Love, presented live at the NAFCU Annual Conference & Exhibition in July 2009

**Stephanie Polen, VP, Marketing & Business Solutions**

Successful Marketing Strategies for Your Payment Products, podcast, webinar, and live presentation at the Strategic Growth Conference in March 2009

**David Clune, VP, Risk Operations**

Effective Collections for Turbulent Times webinar presented August 2009

**Angie Hille, AVP, Security Fraud & Chargebacks**

Counterfeit Plastics - The Life of a Counterfeit Card and How to Stop It! webinar presented November 2009. (More people registered for this than any other NAFCU webinar!)

Because of the overwhelming response to the recent presentation, "The Life of a Counterfeit Card How to Stop It," we have included an excerpt from the webinar. To view the full recording, please log on to [www.CMCone.com](http://www.CMCone.com).

**Largest Type of Fraud**

Counterfeit Activity is the largest type of fraud within the financial industry and the most difficult to trace and detect. Our cardholders' personal and financial information is passed through many financial institutions, merchants, processors, vendors and employees of those firms. This gives many opportunities for the information to fall into the wrong hands and cause a compromise with that information.

**Costly to All**

The Federal Trade Commission (FTC) estimates that 10 million Americans have their personal information pilfered and misused every year costing businesses \$48 billion and consumers \$5 billion annually.

**Communication is Crucial**

Today's technological advances have made counterfeiting plastics easy for the average individual to locate personal information, create a fraudulent card, and make purchases using those cards. While there are many advances in our industry

to combat these fraudsters, it is critical that, as an industry, we continue to communicate the techniques and tools to mitigate the risk and reduce the fraud losses for all institutions.

**Commonly Used Methods**

In order to create the counterfeit cards, the fraudsters must first find the good consumer information to use for the fraudulent activity. In the last few years, the technology of the internet has made this information easier to find and very profitable for the technologically savvy crook.

There are three main ways the fraudsters get the information to create a counterfeit card. These methods are used frequently in the industry and in some cases are used interchangeably. They find victims the following ways:

- Data Breaches - any instance where information is released or accessed by unauthorized individuals
- Skimming Activities - the replication of account information encoded on the magnetic stripe of a valid card using it for fraudulent transactions
- Social Engineering - the act of manipulating people into divulging confidential information

# 2009 Statistics

## No Preferred Brand

According to Angie Hille, AVP, Security Fraud & Chargebacks at CMC the most important mitigation technique for the combating the counterfeit activity is communication between all risk experts in the financial industry. Normally competitive institutions do not share best practices, but fraud is all together different. "Criminals do not have a preferred brand or a preferred card," explains Angie, "They will attack the institution that is the easiest to infiltrate."

## Let's Work Together

Because CMC serves multiple clients, we often become aware of fraudulent trends in the early stages because we observe similar suspicious behaviors. Additionally, we can connect you with various active industry networking associations to share trends, experiences, and suggested solutions. If you would like to learn more about Security Fraud strategies, please contact your Relationship Manager today.

## NEW for 2010

"Using Portfolio Analytics and Marketing Tools to Grow Your Credit Card Business" will be presented by Barney Moore, VP, Advisory Services, at the Strategic Growth Conference in March 2010

## Contact Center

- More than 2.7 million inbound calls
- More than 4.3 million talk minutes
- Placed more than 3.1 million outbound calls
- Managed to 2,716 contractual service performance standards with 98.1% success rate

## Data Entry

- Applications Keyed = 53,241
- Adjustments Keyed = 113,865
- Statements Pulled = 96,169
- Payments Keyed = 74,450
- Non-Mons Keyed = 55,770

## Training & QA

- All departments surpassed 2009 goals including:
  - Inbound Customer Service
  - Customer Outbound Service
  - Data Entry
  - Merchants
  - Chargebacks
  - Security/Fraud
  - Information Services

Total number of calls evaluated = 7,640

Total training hours = 11,870

# A New Year, A New Opportunity

Article written by – Barney Moore, Vice President, Advisory Services, CMC



## Ready to Move Ahead

It's off to a fast start with the coming of the New Year and I think we are all glad to have closed the books on 2009. What a challenging year it was! With the economy already swoon-

ing, in came the Fed's UDAP regulations with sweeping changes for the card industry, only to be accelerated with the passage of the Credit CARD Act of 2009. Amazingly, we at CMC, you our clients, and the industry as a whole have been able to respond with swift action in order to stay compliant with the new regulations.

The economy, positive movement in the stock market aside, has continued to present challenges. Unemployment rates have continued to increase and the housing market, while appearing to have bottomed out, is slow to rebound. The overall economic situation has been further manifested in higher delinquency and charge-offs for credit issuers and lower ticket size and slowed transaction growth in debit.

## Improvement Coming

The fact is we are not out of the woods yet,

but we look to 2010 and beyond with higher hopes! Most prognosticators indicate that the first half of 2010, in particular, will continue to show sluggishness or deterioration in many economic indicators. The latest Conference Board Economic Forecast for the U.S. Economy predicts unemployment will peak in the spring at 10.5% and remain above 10% throughout next year. On the flip side, it calls for modest increases in real consumer spending (1.0%) and personal income (1.4%) in 2010. The unemployment situation is likely to continue to put pressure on delinquency and losses in credit portfolios in the near-term, while expectations for increases in spend and income could translate into modest improvement in volume for both credit and debit issuers.

## Finding the Opportunity

A recurrent theme that we have heard in the trades and that we believe to be true is that a significant opportunity exists for financial institutions, community banks and credit unions in particular, to capitalize on recent events and the current economic situation. Consumers are looking for simplicity and transparency in card offerings, and are seeking products that will help them manage their finances. They are also looking for financial partners that they can rely on. Skepticism remains, and new regulations present an opportunity to communicate positively with

your customers and members about the fair terms that are available with your products, at a time when they need it the most!

## Time to Act

Now is a great time to explore fresh ways of communicating with your cardholders in clear and simple terms to help diminish any uncertainty regarding the terms and conditions of your product offerings, and to highlight those features that differentiate your products and create or solidify your position as a trusted partner! This is also a time to provide them practical tools that will enable them to become more aware of what they spend, how to economize, and save more.

As the economy continues to turn the corner and new regulations take effect, you have much to gain in terms of customer loyalty and trust, through innovative messaging, product design and positioning! Employing a customer-centric approach will be the key to success going forward.

*Source: The Conference Board*

# CMC Highlights From 2009

## ...and a look forward to new opportunities in 2010

### **FTPS, LLC**

In March, Advent International and Fifth Third Bank created a new company through a joint venture. As a result, CMC became a significant part of FTPS, LLC. Our employees are excited about the formation of the new company and we look forward to the new year ahead.

### **Client Conference**

In April, we hosted our annual client conference at The Mansion on Forsyth Park in Savannah, Georgia. Focusing on the theme, Growing Your Portfolio ~ Growing Your Business ~ Growing Our Partnership, attendees were treated to various presentations from industry experts as well as from the CMC management team. In addition to knowledge gathering, and networking, participants managed to squeeze in a little time for Savannah sightseeing including a Ghost Tour!

### **The Exchange**

In April, we launched a new on-line client community called, The Exchange, where CMC clients can exchange ideas, access information, and discuss topics of interest. Upon logging on to the site, you will arrive on Main Street. From there you can determine which "shop" you would like to enter. Participation on the site earns you reward points which can be redeemed at the

"Points Mall." Each season, Main Street has a new look (see back page for the winter theme) and there is always something new. New features and functions will be revealed in 2010.

### **Net Promoter Score**

CMC began measuring our Net Promoter Score (NPS) in 2007. This information is gathered by a third party source and reveals how likely a client would recommend CMC to another colleague. For the third year in a row, our score continues to substantially improve. Our score in 2009 was 20% which is especially encouraging given that industry statistics show an average Business to Business NPS measurement ranges from 5% - 10%. While we are pleased by this 25% year over year increase, we will continue to work hard to significantly improve this number through the balance of the year.

### **Card Alliance**

Since April 2007, the Card Alliance team has serviced and supported Fifth Third Agent and Complete Card Solution clients. There are now a total of 89 Agent partners with nearly 87,000 total accounts. Additionally, there are seven CCS clients with nearly 6,000 accounts. In 2009 there were:

- 2 CCS Sales
- 4 CCS Launches
- 11 Agent Launches

We anticipate continued growth in this part of our business in the year ahead.

### **Federal Regulations**

The impact upon our industry by the federal government this year has been dramatic. By now, we are familiar with the terms "UDAP" and the "CARD Act." UDAP (Unfair or Deceptive Acts or Practices) was put into effect by the Federal Reserve Bank in late 2008. Congress expanded upon this in May of 2009 with the CARD Act, or Credit Card Accountability Responsibility and Disclosure Act. These regulatory changes have impacted many of our clients and your servicing needs. In preparation for the changes, an internal UDAP Committee was created last spring and has continued to meet to discuss upcoming changes, and devise appropriate action plans. This information has been shared between clients and RM's, and with regular email announcements. Additionally, The Exchange has served as a go-to location for updates. As 2010 unfolds, CMC will continue to lead the communication regarding regulatory impact on our clients.

## CMCone.com New Design



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### Financial Services Solutions

We are in business to help grow yours. Our solutions are aligned with credit card, debit card, home equity, and other financial institutions and merchants, both domestic and international. We specialize in the delivery of superior solutions for our clients.

We are relentlessly dedicated to providing the "shelf" solution kind of company. Rather than being designed to address our clients' specific needs, we have operations experts in place to collaborate with you on your business.

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## CMC-Exchange Winter Theme



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