Dear Fellow Associates:

Thank you for your continued support and interest in the Association for Financial Technology, affectionately known as AFT. Welcome, new member companies! 2008 was an unprecedented year of change and advancement for our member companies and our industry, which was reflected in the outstanding programs delivered. Program content is a direct reflection of your feedback and suggestions and as a meeting driven organization, this is paramount to our continued success. I hope you will agree that under Kathleen Roberge's leadership these were some of the most compelling and content rich programs we have enjoyed. A banner year for AFT to be sure! Each year the challenge to raise the bar on quality, content, and strategic direction is presented to our volunteer board and each year we rise to that challenge to do more for our fellow associates. Our boards push harder for positive change and the Charleston Place Hotel to communicate concerns about relevant topics in the financial technology industry. "This was an amazing year, there have been a lot of changes and challenges…it's caused bank spending to be conservative…it forces us to be creative in our approach," said outgoing AFT president Kathleen Roberge to kick off the conference.

The meeting featured speakers such as economist Dr. Barry Asmus, futurist David Zach and President & COO, Gary Norcross of Fidelity National Information Services. Presentations also focused on payment technologies, electronic banking, credit unions, and innovative idea and techniques. The AFT interactive sessions - were also very much a part of conference.

AFT Annual Meeting Takes on Relevant Topics

The 2008 Association of Financial Technology (AFT) Annual Meeting in Charleston, SC was a stimulating blend of southern hospitality, dynamic presentations and candid dialogue. More than 100 attendees were on hand at the Charleston Place Hotel to communicate concerns about relevant topics in the financial technology industry. "This was an amazing year, there have been a lot of changes and challenges…it’s caused bank spending to be conservative…it forces us to be creative in our approach," said outgoing AFT president Kathleen Roberge to kick off the conference.

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Letter from the AFT President

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go well beyond what is expected by exceeding demands in every way. 2009 will be no different. We have an aggressive agenda and many new initiatives underway already.

First, I would like to thank those members who were nominated by our peers and ran for our board of directors. As most will attest, representing our industry and our companies is an honor and a role not to be taken lightly. We strongly encourage you to run again next year and welcome your suggestions for more ways to socialize new ideas, highlight your skills, and involve you in our projects. Additionally, I would like to thank you all for your confidence electing our new board for 2009. We have bolstered our board with thoughtful leaders who will proudly represent AFT in years to come. We are delighted at the quality of our newest board leadership, once again, welcome Terry McMullen, Kevin Tweddle and Mark Heys.

Second, I would like to share with you our strategic direction for 2009 and beyond. During its 36 years of existence, AFT has mirrored the industry it serves by virtue of its members. AFT has provided a unique venue found no where else in our country for the financial services strategic supplier community to gather in a non-threatening, educational environment to conduct insightful information exchange and network together building value added relationships to better serve our markets. Granted, self serving but it is only as valuable as you are willing to invest in open, honest and ethical dialog. In other words, you get out of AFT what you put into AFT.

Several of our newest members have already approached me to testify to this truth committing to full time membership of their companies, pledging sponsorships and committing to recruiting others who have not yet joined. Believe it or not there are many companies out there that have never even heard of AFT! We are the best kept secret in the industry - which is not a badge of honor. Therefore, the most important component of our strategic direction for 2009 - Membership! We would like to challenge each and every one of you to reach out to your network and invest 30 minutes of your time recruiting others to join AFT! Several of our newest members have already approached me to testify to this truth committing to full time membership of their companies, pledging sponsorships and committing to recruiting others who have not yet joined. Believe it or not there are many companies out there that have never even heard of AFT! We are the best kept secret in the industry - which is not a badge of honor. Therefore, the most important component of our strategic direction for 2009 - Membership! We would like to challenge each and every one of you to reach out to your network and invest 30 minutes of your time recruiting others to join AFT!

Content! We will continue to invest heavily in creating the best possible content available to our members. We welcome ideas and feedback and happily report that a record number of you completed your surveys, which provides us invaluable information on content. We believe that a strong agenda and content will attract the brightest minds in our industry to gather with us in 2009. Just imagine what we will do with 100, 200 or even more member companies joining AFT! We will continue to invest heavily in creating the best possible content available to our members. We welcome ideas and feedback and happily report that a record number of you completed your surveys, which provides us invaluable information on content. We believe that a strong agenda and content will attract the brightest minds in our industry to gather with us in 2009. Just imagine what we will do with 100, 200 or even more member companies joining AFT!

Sponsorships! AFT member dues and conference fees help cover our basic costs, however, the outstanding programs and important social events could not be possible without generous sponsorships. Every year more and more member companies have joined the ranks of esteemed sponsors and we thank you! There are even more opportunities than ever in 2009 for your chance to become a sponsor for less than you might think!

Finally, a few words about change. Change is good. Change is inevitable; change is a part of our daily lives. The way our members react to change is the difference between those that win and those that lose. AFT is committed to embrace change in all its forms as they present themselves to us every year which is why AFT is alive and thriving after all these years. We have responded to the emergence of ancillary suppliers by creating a single, all embracing class of membership. We have responded to the development of traditional data processing suppliers into more blended and integrated end to end technology and services providers by integrating the programs, the interactive sessions and the content. We have responded to the demands of the regulatory environment we now live in by embracing and inviting into our organization authorities in these areas to educate and field concerns. We have included more and more content on payments related topics than ever before in response to the explosion of these important solutions and their impact on our businesses and our clients. Change will continue. We intend to be as proactive as possible to ensure that "what's next" doesn't become "what was that?"

Thank you for your confidence in me. The election to President of AFT is an endorsement by your peers and an honor and a privilege that few are fortunate enough to share. When you first elected me to your board back in Victoria, B.C. I vowed it was time for me to give back to AFT what I took from AFT. Three years have gone by and I can say with confidence that a lifetime of service to AFT would not be enough time to truly give back what I have gotten out - but rest assured I will find a way! Better yet, if you can think of more ways give me a call, anytime! 410-643-1135 my door is always open.

Sincerely,
David T. O'Malley
President
Association for Financial Technology
"Strong economies are not built on weak currencies," said economist Dr. Barry Asmus the keynote speaker at the AFT 2008 Annual Meeting in Charleston, SC.

Asmus, senior economist for the prestigious National Center for Policy Analysis, also assessed major trends involving:

- Population and demographics
- Inflation and stable price levels
- Taxes and productivity
- Good capitalism
- Bad capitalism
- Entrepreneurship

"From the beginning of time there has been economic growth on this planet," explained Asmus. However, it was with the advent of the Magna Carta, which put constraints on central government, when measurable economic growth began. Even then, it was not until the 19th and 20th centuries with the rise of property rights and protected property rights that economic growth began to thrive.

"When you are wrong on property, you are wrong on everything when it comes to economics and prosperity," pointed out Asmus. "The very center of socialism is the abolition of private property."

"It's freedom that protects prosperity," he added. As proof, for 20 years, there were only 17 countries that were free or mostly free, according to The Index of Economic Freedom. "Today 81 countries are free or mostly free," according to the index explained Asmus.

Economic miracles are starting to take place in China, India, and South America, suggested Asmus. However, because population is the key to economic growth, Western Europe, Japan and Russia are vulnerable.

"The best is yet to come, late 2008, early 2009, is not going to seem that way…but it will turn around," said Asmus. "Make sure as we move to an era where the best is yet to come that you are ready, make sure you are paying attention to the important, not just the urgent."

CEO Keynote

Gary Norcross: Fidelity National Information Services

"This is one of the most brutal markets we’ve been in," said Gary Norcross, President & COO of Fidelity National Information Services, in delivering the CEO keynote presentation. Nevertheless, Fidelity projects that its 2008 revenues will be $3.5 billion as compared with $2.9 billion in 2007.

"When we started we were just banks," explained Norcross. "But we realized we could not be single focused." Today, FIS serves a range of institutions from de novo institutions to global market leaders including banks, credit union, state governments, telecom companies, savings institutions, retail merchants, insurance companies, payment networks, and finance companies. "We sign one-third of all the de novos in the country," he added.

Norcross documented the company's product capabilities including core processing (over 1400 customers in the U.S.), item processing, automotive finance (88 percent market share), fraud solutions, loyalty programs, technology services, debit, credit merchants, e-banking solutions, prepaid cards solutions (second fastest payment channel in the industry), global services, and decision solutions. When it comes to Fidelity's product strategy, Norcross,...
Drew Edwards, CEO of Chexar Networks, Inc. and Garry Hedges, Vice-President/Director of Payment Strategy, Synovus Financial Corp. focused on innovative payment technologies at the 2008 AFT Annual Meeting.

Edwards provided Insights into the Underbanked. Many institutions around the country, he explained are trying to figure out what to do with the unbanked, "106 million Americans, one-third of our population, is considered unbanked or underbanked."

He also touched on the needs and behaviors of the underbanked population and documented his company’s experience with one of its customers, El Banco. According to a CFSI Underbanked Consumer Survey, 40 million households are underbanked. These are not all subprime people," said Edwards. Although this segment prefers to deal with financial institutions, i.e. banks or credit unions, many turn to retail establishments to conduct business such as check cashing, purchasing money orders, buying prepaid cash cards, and making bill payments.

Hedges talked about how Synovus created an Emerging Business Office in 2006 to examine growth opportunities and increase net income. In creating an EBO framework, he said, "there are various ways to approve and fund new initiatives." The EBO process involves due diligence, business case development, and execution. "It's got to be a collaborative effort…we talk to our 35 banks…our business partners."

An example of an EBO success, offered Hedges, is Secure Vault Payments, a new online payment system, developed through NACHA - The Electronic Payments Association. The Automated Clearing House (ACH)-based Internet payments network allows consumers to conduct e-commerce and bill payment transactions without sharing personal account information. Columbus Bank and Trust Company, a Synovus bank, was the sponsoring and authorizing financial institution for the first live transactions originated through consumer purchases at igourmet.com, an online retailer.

Among the items, meeting the Synovus business case for Secure Vault Payments was that it is a new revenue opportunity and the growing demand for more secure online payments services. "We can play a leading role in developing them," said Hedges.

In detailing the company’s acquisition history, Norcross said "the single biggest issue we have in the credit card business is our customers selling their credit card portfolios." He also explained how the company "typically overinvests when we acquire a company to prove to their clients that we are dedicated to improving that product."

"Having a robust solution so you can compete in the marketplace is key," concluded Norcross.

What They are Saying About AFT…

"I find the concept of AFT very useful in and of itself. Given that a key component of my company's strategic approach to the market is to leverage partnerships, AFT is an ideal forum for establishing these types of relationships. Additionally, the insight into the overall market and the opportunity to view the business from different perspectives is valuable and interesting as well.” — Neil Beaton, President, Versabank Innovations
The future of electronic products and payments provided the focal point of a presentation by Fred Brothers, Founder and Managing Partner with eCom Advisors, at the 2008 AFT Annual Meeting.

There are eight major trends in banking, listed Brothers. They are:

1. Web self-service has become the banking channels of choice for many U.S. consumers.
2. The competitive landscape in U.S. financial services has changed more than most FIs realize.
3. Mergers and acquisitions will continue to transform ePayments, but the lack of venture capital will constrain future innovation and growth opportunities
4. Enterprise ePayment solutions will become the norm.
5. Mobile is an extension of the Web. As devices evolve, mobile banking and payments will be as ubiquitous as they are on desktops and laptops. "Gen Yers think of mobile the way we think of desktops and laptops."
6. Banks and credit unions are under serving huge segments of consumers and ceding them to non-banks.
7. Healthcare payments are the "holy grail" of remaining manual, messy, slow, expensive paper transactions.
8. Data analysis and monetization will completely transform the pricing and valuation of ePayments.

In recent years, the quality of in-person customer service has eroded significantly while the availability, sophistication and speed of online self-service has dramatically improved, pointed out Brothers, "online is a much more consistent customer experience."

To consumers online translates to mean better, faster, cheaper, more convenient and 24/7. This plays well "to the huge segments of the population that would prefer to do things themselves." Brothers also touched on some of the Internet financial services success stories such as PayPal, E*TRADE, Fidelity, ING, CitiDirect and Charles Schwab. "All it takes to compete effectively is a server and the right business."

Brothers challenged attendees to start thinking differently about banking. "Online has become the preferred channel for consumers and businesses." He also suggested they consider ways to compete nationally and virtually, and to interoperate channels accessing common products.

**TRAVEL ALERT!**

The AFT Spring Meeting, March 15-17, 2009 in Austin, Texas occurs concurrently as South by Southwest, one of the largest music festivals in the U.S. The event will create heavy airline travel in and out of Austin. We have an adequate supply of rooms reserved at the 5-Star Barton Creek Resort & Spa, but attendees are advised to reserve their rooms early. Watch for complete Spring Meeting information coming in December...then act quickly!

**FINANCIAL INSTITUTIONS**

**An Overview of the Credit Union Industry**

The credit union industry is shrinking by 275-315 institutions each year. That was one of insights Kathy Hooker Burress, President of Symitar, a Jack Henry Company, provided at AFT’s 2008 Annual Meeting. In her presentation, Burress, drawing from her 25 years of experience working with credit unions, offered an overview of the industry she knows so well and how the financial institutions diverge from banks.

"The biggest difference between the two groups," pointed out Burress, is in their philosophical approach. Credit unions are not-for-profit and founded on the principle of "people helping people." Their focus is on member and retail operations and they are generally "fee adverse."

Organizationally, members own the credit union. "When you open an account you have to be eligible," maintained Burress. The board of directors is elected from and by the membership and the CEO and President are hired and fired by the board of directors.
Additionally there are regulatory differences. Charters limit credit unions. In commercial lending the credit unions are limited to 12.5 percent of assets, and a fixed asset limitation of 5 percent.

Credit unions "pride themselves in being very technical," said Burress. Online real-time environment, for instance, "is an "absolute must for credit unions." Member-account structure demands one account number, no matter what services are used, and the integration of all software to the core is a key factor. Credit unions also use electronic tools to overcome geographic barriers since membership often is dispersed.

**INNOVATION**

**Ideas and Techniques to Engage the Future**

CeCe Morken, EVP, Sales & Marketing, of Digital Insight, an Intuit Company — offered her views on innovation and presented ideas and techniques to engage the future — in a presentation at the 2008 AFT Annual Meeting.

"It is very important to know what is happening at the end users," said Morken. She detailed the user demographic shifts taking place such as the Gen Yers, boomers, the mompreneurs (mother who are also entrepreneurs), careerpreneurs (corporate climbers), and immigrants. "Every one of these segments presents an opportunity," she said. Morken also challenged the AFT attendees look at each challenge as an opportunity.

Morken explained Design4Delight, a concept that calls for researching and then finding the problems important to customers find important. In essence, deeply understanding people's real behavior and pain points, watching people and building tools that work the way they work, and creating solutions that help them make better decisions and feel more confident. "If your prototype is half-baked you get better feedback," Morten suggested. She used an Intuit design-phase for TurboTax called "Follow Me Home," in which employees observed people working at home. "We asked them to actually walk through the process with us" as to how they keep track of bills, finances, and such. Intuit looked at spreadsheets, shoeboxes and Post-it notes. They also listened to calls, used town halls and user groups and put customers on the team. All of this to find the unmet customer need.

What drives success, said Morken, is doing the key things right. "Design4Delight creates better ways to deliver what is most important to customers...so folks buy more and tell their friends." She added, "Leverage innovation to deliver what consumers and business will need from their financial services company."

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**AFT Open Golf Tournament**

**Patriots Points Golf Links, Mt. Pleasant, SC**

**Low Gross**

77 — Kevin Anderson
inBusiness Services Inc.

**Low Net**

70 — Charles Potts
Goldleaf Financial Solutions

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What They are Saying About AFT...

"As a first time attendee, I really enjoyed the opportunity to network with the many attendees at the conference. The golf outing was especially beneficial for this. I believe the opportunity to discuss the issues that we all deal with day to day with your peers is a huge benefit." — Alan Grote, Vice President-Global Sales, Unisys Payment Systems
Futurist David Zach provided a very stimulating finale to the AFT’s 2008 Annual Meeting in Charleston. As a futurist Zach, who earned a master’s degree in Studies of the Future from the University of Houston-Clear Lake, should not be confused with a soothsayer. Instead, Zach aims to recognize possible and preferred futures, which are entrenched in the world of achievable prospects.

In technology, for instance, Zach said "there is good news and bad news… the good news [microchips] are finally growing up…the bad news is, they are entering their teenage years.” Consequently, they will continue to advance. He then touched on Moore's Law, the observation that the number of transistors per square inch on integrated circuits has doubled every year since the invention of integrated circuits.

"The problem of our age is we are distracted…in an age of information is an age of distraction and the spoils go to those who are best able to hold your attention," proffered the futurist.

A major future factor is understanding fads, trends and principles "The idea is you play with fads, work with trends and live by principles," says Zach, "instead we are seduced by fads, ignorant of trends and resistant to principles."

When it comes to design, "elegance and eloquence" are the critical components to good design. "One of the greatest productivity potentials out there is to keep designing things better. He also warned, "We are doing incredible things today but there is an arrogance that is going to challenge us," warned Zach.

The challenge is what we hold onto, what we keep in a "world that says it is all about the new… Take some of the tools from the past and put them into today," suggested Zach. "The notion of wisdom combined with innocence is where great things come forward."

Company Profiles

**EFT Source**
William Dinker, President
For over twenty years, EFT Source, Inc. has been providing secure card personalization services to the financial industry. With production facilities in Nashville, Tennessee and Colorado Springs, Colorado, EFT Source offers the fastest turnaround and unmatched customer service. The company is security certified by Visa, MasterCard and Discover card organizations.

**IBM**
Stuart Bilick, Segment Executive
Today, more than ever, it is innovation that can help drive business success. Whatever the size of your financial institution IBM can help you. With a unique combination of industry experience, business insight and enabling technologies, we’re helping mid-size, regional and large financial institutions drive a new standard of productivity, efficiency, and innovation. To explore more, visit us at http://ibm.com/businesscenter/finance/

**Unisys-Payment Systems**
Alan Grote, Vice President-Global Sales
For more than 50 years, Unisys Payment Systems has served the financial industry, providing printers, financial supplies and document processing technology, from merchant capture devices to high-speed reader/sorters to some of the largest banks and financial institutions around the world. Cash handling devices are now included in our broad portfolio of products.

**Versabanq Innovations**
Neil Beaton, President
Versabanq Innovations Inc. provides state of the art, reliable and versatile information technology solutions for financial institutions. Using the latest internet-age software development techniques, Versabanq gives our customers the opportunity to offer entirely new kinds of financial services and products to previously unreachable markets. One of our key products is our Basel II compliant asset management system (AMS) which provides extremely flexible, fully automated and complete loan lifecycle management for complex commercial lending. It covers areas such as syndicated loans, leasing, retail mortgage-pool acquisition, and management, automated accounts receivable purchasing and has full multi-currency capability as well.

**Vision Software Solution**
Barry Brinson, President & Co-Founder
Vision Software Solutions develops products that assist financial institutions in credit underwriting (FISCAL and CreditComplete), risk management (ExceptionComplete), and purchasing and inventory management (Purchasing at a Glance). We were founded in Charleston SC in 2000, but our flagship software, FISCAL, has been a market leader for over 20 years.
It was at one of Association for Financial Technology Annual Meetings about a decade ago that the term "coopertition" was coined. It was used to describe the cooperation among competitors at AFT events, the dropping of company colors (so to speak) in order to improve the overall financial technology industry. Nowhere is this coopertition more evident than during the association's signature interactive sessions.

Jon Brenneman, Executive Vice President of RDSI Banking Systems; Bob Lund, CEO at eGistics; David O'Malley, Vice President/National Sales Manager at Open Solutions; Brian Otte, Executive Vice President, Perimeter eSecurity; Charles Potts, Senior Vice President Goldleaf Financial Solutions; and Steve Proud, Vice President of RDSI Banking Systems; moderated core, ancillary, CEO and lunch interactive sessions at the 2008 Annual Meeting in Charleston, SC.

Here are some snippets of the typical frank and open dialogue, which touched on a number of timely and important topics:

- **E-Learning modules** - "We use a blended solution," "We have gone to more instructor-led training online," It's not a replacement for education."

- **Mobile banking solutions** - "We have had requests for ATMs to look like iPhones," “Intuit is moving their products to mobile.”

- **Compensating top talent** - "We use a traditional comp plan, plus cash bonuses," "I am seeing us give more and more cash," "Understand different levels and generations, particularly the Gen Yers and the millennials, they don't look beyond two years."

- **E-mail marketing companies that work** - "the more specific you can get, the more targeted and better the results.”

- **Off-shore resource effectiveness** - "we tried it, it was awful, we took it back and established a triage unit so that if it was a technical question it got rerouted," "rotate some folks from India back into the U.S."

- **Core/Ancillary relationships** - "Working together, how to get them to sit and talk with us," "we have many programmers to make these ancillary products work, we are glad there are companies that focus on these products. The biggest challenge is to introduce a new product where we already have other products."

- **Remote employees** - "When do they qualify or not qualify," "You have to be careful getting managers up to speed with requirements and standards," "we have done it to retain people."

- **Renegotiation of contracts** - "They are not increasing what they thought so now they want to renegotiate, "Have to be careful if you are a public company."

- **Life after Check 21** - "Build solutions to deal with exceptions," "Diversify your products to plug the holes."

**What They are Saying About AFT…**

"The AFT meeting in Charleston was one of the best conferences I've attended. Everyone did a great job of making the first time attendees feel welcome. The speakers and sessions were great, but the best aspect of the conference was meeting and talking with other business owners and executives in our market. I will be telling colleagues about AFT in the coming months." — Barry F. Brinson, Jr., President and Co-founder, Vision Software Solutions

**AFT Message Map**

Be sure to check out the Association for Financial Technology Message Map located on the AFT Web site. Go to [http://www.aftweb.com](http://www.aftweb.com), click on the About AFT tab, then click on AFT Message Map in the drop-down menu. This presentation not only helps you better understand the many value points of the Association but also serves as a powerful tool, which can be used to recruit new members.