

DEBITMAN

A Best-Practices Guide for Merchants

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DEBITMAN: THE MERCHANT'S NETWORK

Debitman, the only national, interoperable electronic payment network for merchant-issued debit cards, provides you with a series of best-practice recommendations to assist in maximizing the impact of your Debitman program. The following guide will explain the simple implementation steps you take to issue your Debitman-enabled card.

These recommendations are drawn from our experience in helping major retailers successfully deploy branded debit cards that are accepted at 200,000 locations, including Wal-Mart, CVS, AutoZone, and Bed Bath & Beyond. Read on to learn more about effective strategies for card issuance, consumer awareness, incentives, and administration.

DEFINE THE PROGRAM TO SUIT YOUR NEEDS

Debitman recognizes that merchants will have varying requirements for implementing branded payment cards. We've structured our services and offerings to help you define and tailor a program that gives your business optimal impact. The choices you make will depend on several key factors, including your type of retail operation and whether you have an existing loyalty program.

Type of Retail Operation

Merchants such as grocery chains and drug stores often have significantly different requirements than convenience stores. For example, customer profiles, purchase volumes, purchasing frequency, and buying patterns can vary greatly. Debitman can support these varying needs.

An Existing Loyalty Program

Some larger merchants — such as grocery chains — have implemented sophisticated loyalty programs that play key roles in their efforts to drive larger and more frequent purchases from their customers. Typically consumers present their static, bar-coded cards (confirming their identity as loyal customers) to receive discounts, rebates, points, or other incentives. Debitman works with these merchants to leverage those programs by *debit-enabling their existing loyalty cards*.

Merchants with loyalty programs can easily extend their existing in-store applications to encompass Debitman-enabled cards with minimal changes. This preserves investments in both the store brand and the loyalty program, and uses largely the same application-capture and fulfillment process that already exists.

Best Practices for Customizing Your Program

- Leverage your existing loyalty-card program. Consider adding “Plus” or “Extra” as a brand-extension strategy.
- Use a holographic form (sometimes called a “bug”) on the front of the card.
- Raised/embossed numbers move the perception of the card from loyalty to debit transactions.

For many other merchants — such as convenience stores — loyalty programs are often not yet a central component of the retailing strategy but represent an untapped opportunity that Debitman can help develop. For those merchants, Debitman can provide complete services to deploy a store-branded card that supports both electronic payment *and* a loyalty program — even providing ongoing back-end program administration and management of consumer incentives (such as a monthly cash-back rebate to the customer’s checking account) if requested.

Debitman can support a variety of merchant operations and has developed a set of structured, repeatable best practices to help you implement your payment solution smoothly. The first phase involves three steps for defining exactly how you want to implement your Debitman-enabled card.

1. Design your card

If you have an existing loyalty program, Debitman will work closely with your internal or external marketing group to ensure the new debit cards retain the look and feel of your previous loyalty cards (including a prominent “premium” designation) while offering greater value and convenience to your customers. Similarly, for merchants who want to create a new payment-card design, Debitman experts can share tips and techniques to ensure your new card reflects your brand identity and promotes the inherent value you’re offering.

2. Select Your Payment Options

Today, Debitman supports standard debit cards or debit-enabled loyalty cards. In the future, Debitman will also support credit and stored-value tender types. Ultimately, Debitman will have cards available that can accommodate up to all three types of transactions on a single card. These enhancements can be considered for future phases of your Debitman program.

3. Define Your Issuance Approach

Do you want to capture customer-enrollment applications through in-store POS displays or through direct-mail to your customers? The next section describes some of the issues you’ll want to consider when you make this choice.

SMART STRATEGIES FOR CARD ISSUANCE

While there are many channels for issuing cards, experience shows that the most efficient and cost-effective method is through in-store capture of applications. Debitman has experience helping merchants — those with and without existing loyalty programs — cost-effectively attract and capture new cardholders.

For merchants without loyalty programs, Debitman typically assists in creating an in-store application process. These in-store processes often rely on multiple customer touchpoints, prominent in-store signage, attention-getting window displays, POS brochures that explain your program and its many advantages, and trained, knowledgeable employees who can explain the program to your customers.

For merchants with existing loyalty programs, our unique approach to in-store applications emphasizes a non-disruptive process that dovetails with your existing application infrastructure to deliver card applications to customers, process those applications, and provision the cards. The only change: slight modifications to your existing application to give your customers the option to debit-enable their loyalty card.

While direct mail channels are typically cost-prohibitive for general acquisition of new cardholders, in select cases — where the merchant has customer information — it can be an effective best practice for targeting higher-value existing customers. Direct mail generally speeds up card-holder acquisition by reaching a high volume of qualified candidates in a relatively short period of time. An up-to-date loyalty program database gives you the opportunity to reach out to customers who have already demonstrated their willingness to engage with your business on a more intimate level, to quickly build a critical mass of debit card holders.

Best Practices for In-Store Application Process

- Create a range of customer touchpoints, including signage, POS displays, and employees distributing applications.
- In the early days of your launch, have an expert employee on-site to explain the program to customers as they enter your store.
- Enable customers to immediately begin using their account on-site for loyalty transactions.

Best Practices Direct-Mail

- Only use direct mail if you have an existing customer database.
- Ensure your loyalty program database is as up-to-date as possible.
- Consider blanket upgrades to all program members. Activation of debit-transaction capabilities requires a PIN that the customer receives after agreeing to the terms and submitting a voided check.
- Alternatively, target those whom you define as “best” customers — based on dollar or transaction volumes or transaction frequency.

In-Store Application Examples

Here's where you reinforce the benefits of your debit card program.

Save 5¢ per gallon!*
Get your EasyMart Plus debit card today!

EasyMart

Pay-at-pump convenience.
Earn discounts on every gas purchase.
No credit check required.

Get Double Rewards!*

GreatGrocery

Rewards & Payment... Now in One Card.

Get your GreatGrocery Plus debit card today!

Earn rewards on every purchase.

\$0.50 cash back when you use your card.

No credit check required.

Here is your new GreatGrocery Plus debit card!

Rewards &

Your new card brings you great savings at the pump and you can use it as a debit card!

Your new card brings great rewards, use it as a debit card!

Take advantage of these exclusive Plus benefits, designed to deliver savings and convenience.

Savings Get double rewards points when you pay with your card.

Convenience Pay-at-the-Pump. Swipe your card and enter your PIN—it's easy to save on every gas purchase.

Flexibility Use your GreatGrocery Plus card for all your purchases. Your EasyMart Plus debit card is accepted at any of these great retailers: CVS Pharmacy, Bed Bath & Beyond, Walmart, TJ Maxx, and more.

Get your new EasyMart Plus debit card today! Just fill out the attached application.

For customer service, please call: 800-286-2273

Your secure, 4-digit PIN will be mailed to you once we receive your application.

Save 5¢ per gallon!*

Your EasyMart Plus debit card is easy to get!

- 1 Complete the application.
- 2 Attach a voided check.
- 3 Return the application and check in the prepaid envelope.
- 4 Once you receive your card and PIN, start taking advantage of the great savings!

If you have questions, please call 1-800-286-2273.

EasyMart

** Get double rewards points for the first 90 days.*

** Save 5¢ per gallon for the first 90 days. Save 2¢ per gallon after 90-day introductory period.*

You can customize a tri-fold mailer with your company logo, colors, and messaging

We provide you the application information.

EasyMart Application

Fill out About Yourself (all fields are required, except email address)

First Name M.I.

Last Name

Mailing Address

City State Zip

Phone

Driver's License/State I.D. Number

State Invoiced

Email address (optional)

Remember to enclose a voided check

For Free Additional Card

(Print the full name of the family or household member)

First Name M.I.

Last Name

Please Sign This Authorization

By signing below, I agree that I will be subject to and bound by the terms and conditions in the Cardholder Agreement when I use the EasyMart Plus Card. I understand that I am requesting EasyMart to issue me a debit card that can be used to initiate electronic debits to my checking account listed on the attached voided check. The Cardholder Agreement, which includes my authorizations for the initiation of electronic debits to my registered checking account, will be provided to me prior to my first use of the EasyMart Card.

Signature Date

Get your new EasyMart Plus debit card!

Your new card brings you great savings at the pump and you can use it as a debit card!

Take advantage of these exclusive EasyMart Plus benefits, designed to deliver savings and convenience.

Savings Save 5¢ per gallon!*

Convenience Pay-at-the-Pump. Swipe your card and enter your PIN—it's easy to save on every gas purchase.

Flexibility Use your EasyMart Plus card for all your purchases. Your EasyMart Plus debit card is accepted at any of these great retailers: CVS Pharmacy, Bed Bath & Beyond, Walmart, TJ Maxx, and more.

Get your new EasyMart Plus debit card today! Just fill out the attached application.

For customer service, please call: 800-286-2273

Your secure, 4-digit PIN will be mailed to you once we receive your application.

EasyMart

** Save 5¢ per gallon for the first 90 days. Save 2¢ per gallon after 90-day introductory period.*

Get your new GreatGrocery Plus debit card today! Just fill out the attached application.

To activate your GreatGrocery Plus debit card, complete the information above.

Expiration 04/07

** Get double rewards points for the first 90 days.*

Direct Mail Application Example

Here's where you customize for your company logo and colors.



John Doe
11 Apple Blossom Lane
Owego, New York 13827

Here is your new ABCDrugs Plus debit card!

Rewards & Payment...
Now in One Card!

To activate your ABCDrugs Plus debit card, complete the information below.

Your new ABCDrugs Plus debit card replaces your previous card.

MEMBER BENEFITS



Your new card brings you great savings and you can use it as a debit card!

ABCDrugs Plus Card Benefits

- Get up to \$50 cash back, in accordance with our terms of use.
- Cash your payroll check at any ABCDrugs courtesy counter in amounts up to \$500.
- Use your card for check writing privileges.

Debit Card Convenience

- Swipe your card and enter your PIN – it's that easy to pay for your groceries. Now you can leave your checkbook at home.
- Use one card for all your purchases. Use your ABCDrugs Card at any of these great retailers: Barnes & Noble, CVS Pharmacy, Bed Bath & Beyond, Wal-Mart, TJ Maxx, and more.

Activating your new GreatGrocery Plus debit card is easy! Just fill out the information below.

Step 1: Verify your identity.

() _____
Phone Number

_____ Drivers License or State I.D. Number _____ State issued

By signing below, I agree that I will be subject to and bound by the terms and conditions in the Cardholder Agreement when I use the ABCDrugs Card. I understand that I am requesting the issuance of a debit card that can be used to initiate electronic debits to my checking account listed on the attached voided check. The Cardholder Agreement, which includes my authorizations for the initiation of electronic debits to my registered checking account, will be provided to me prior to my first use of the ABCDrugs Card.

Step 2: Attach a VOIDED CHECK, deposit slips are not accepted.
Return this application and the voided check in the prepaid envelope provided.

Step 3: Return this section in the enclosed prepaid envelope. Within 7 business days you will receive a secure 4-digit PIN number in the mail and your ABCDrugs Plus Card will be ready for use.

Additional Card _____
Name

John Doe
11 Apple Blossom Lane
Owego, New York 13827

VOID

Signature _____

Here's where you reinforce the benefits of your debit card program.

We provide the application information.

BUILD YOUR PROGRAM AWARENESS

Generating broad awareness, excitement, and enthusiasm for your branded debit card program among your customers is a crucial requirement for a successful implementation. You'll want to draw on your own extensive retailing and merchandising expertise and techniques and apply them to your debit-enhanced loyalty program.

One of the keys to generating awareness is to ensure the strongest possible level of employee training. Debitman will work with you to create FAQs for employees and a "train-the-trainer" manual, so key employees can easily and cost-effectively disseminate the program information throughout your distributed organization. Many of our merchants also offer incentives to employees for new-account applications processed and typically provide Debitman cards directly to their employees, turning them into stronger advocates for the program.

Our merchant partners tell us their in-store promotional efforts carry the strongest ROI. Many merchants find the following are very helpful in their launch campaigns:

- **Signage** Prominent signs in store windows or posted near high-traffic areas and checkouts are a powerful tactic.*
- **Terminal/Counter Signs** Put your message where every customer goes: POS terminals and checkout counters.*
- **Take-One Applications** POS brochure holders are a great way to get your application in the hands of customers.*
- **Employee Buttons** These can be doubly effective when combined with employee incentive campaigns to capture new cardholders.
- **Other Promotions** Weekly advertising in local papers, customer newsletters, and prominent mentions on your Web site will create a fully integrated promotional campaign.
- **C-Store Promotions** Many C-store merchants extend their signage to include pump-top applications and exterior banners as well as counter mats and danglers inside the stores.

Best Practices for Program Awareness

- Train employees and create manuals and FAQs
- Create employee performance-incentives for new signups
- Prior to program rollout, give activated debit-enabled cards to all employees
- Create a range of memorable signage—interior and exterior—to increase program awareness
- Use POS countertop holders to display applications
- Don't forget advertising, customer newsletters, and Web site pages

* Debitman recommends that, at minimum, merchants implement these tactics.

CREATE POWERFUL INCENTIVE PROGRAMS

Before you can get activated Debitman-enabled cards into the hands of your customers, you'll need to make sure they understand that there are clear and compelling incentives for using your card.

Since you'll enjoy far lower interchange rates with Debitman — as much as 90 percent lower — you'll have savings to share with customers in the form of powerful and creative incentives, such as rebates or discounts (for example, many convenience/petroleum chains offer cents off per gallon discounts at the pump when using the Debitman-enabled loyalty card). Debitman experts can work with you to help you determine the right incentives for your specific program that can increase the number of repeat visits and drive up transaction volumes.

The key to successful incentives and card-promotion programs is to emphasize three major benefits to customers:

- **Savings** Driven by lower interchange fees, many merchants pass along targeted savings to customers enrolled in their loyalty programs. Debitman transactions also carry no fees for consumers.
- **Convenience** Customers can use one card for loyalty rewards and payment. The card is usable not only at your locations but also at over 200,000 other major retail locations such as Wal-Mart, CVS, and others. What's more, customers use a Debitman-enabled card with their current checking account.
- **Security** Debitman transactions use PIN-based security, enabling customers to leave their check-books home. PIN-based security also helps protect customers from lost/stolen cards, since the PIN is required to complete any transaction. Customers are not liable for any fraudulent or unauthorized transactions.

Our merchant partners who have existing loyalty programs have successfully promoted their branded debit cards by promoting their programs in some of the following ways:

- Double the loyalty-program points for transactions paid with the debit-enabled card.
- Cash-back bonuses or discounted gasoline purchases.
- Special coupons and discounts — delivered through POS receipts or direct-mail packages — offering added savings for customers who pay with their debit card.
- Sweepstakes entries when customers use their debit card.

Best Practices for Incentive Programs

- Apply interchange savings to loyalty program promotions and incentives to strengthen relationships and improve transaction volume.
- Consider offering incentives such as double points, cash-back, coupons, and discounts to Debitman-enabled card users.
- Promote convenience, security, and savings to your customers to encourage Debitman-enabled card adoption.
- If you don't have an existing loyalty program, you can leverage Debitman's proven capabilities for developing and administering incentive programs — such as cash-back rebates.

RELY ON DEBITMAN FOR PROGRAM ADMINISTRATION

While the benefits of deploying a merchant-branded debit card in your enterprise are broad and compelling, the administrative burden is surprisingly light. You design your debit-enabled loyalty card and conceive and execute your in-store or mailing promotions. Debitman handles it from there.

- **Card Issuance** Drawing on our infrastructure, expertise, and track record with leading merchants, Debitman helps you issue the debit cards to your customers.
- **Application Fulfillment** Once your customer agrees to enroll and provides a voided check, Debitman processes the application and activates the Debitman-enabled card.
- **PIN Management** Debitman handles all provisioning, changes, reissues, and deprovisioning of PINs for Debitman cards.
- **Cardholder Customer Service** Debitman operates a world-class support center to handle any issues that arise relating to debit transactions.
- **Best-Practices Project Management** Our team can help you leverage our experiences with leading retailers and put those best practices to work in your organization. You work with a dedicated relationship manager whose sole focus is to get you up and running with your Debitman program quickly and manage your ongoing program administration.

Best of all, you and Debitman can launch your debit card program in as little as four to six weeks after a contract is signed.

ABOUT DEBITMAN, INC.

Debitman operates the only national, interoperable electronic payment network for merchant-issued debit cards. Founded in 2000 with a commitment to lowering interchange fees for card transactions and generating revenue for card-issuing merchants, the company is privately-held and headquartered in San Mateo, California. For additional information, visit www.debitman.com.

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