

The Inside Track to Increased Loyalty and Spending: How In-Statement Rewards and Bill Analysis Are Transforming the Online Banking Experience

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Date	Description	\$ Amount
11/29/2010	RUSS BUILDING PARTNESAN FRANCISCO CA	14.00
11/29/2010	BEST BUY 00001351 M SAN FRANCISCO CA	152.53
11/28/2110	VZWRLSS*APOCC VISW 800-922-0204 NJ	79.33
Save \$25 a month with a better Verizon plan		
After analyzing your bill, we found that you can save \$298 this year by switching to Verizon Family SharePlan 1400 LIKE DISLIKE Show me my top recommendations		
11/26/2010	AMAZON.COM AMZN COM/BILLWA	39.00
11/26/2010	DEYOUNGILEGION MUS WEB04157503612 CA	125.00
11/24/2110	STARBUCKS USA 053363 SAN MATEO CA	6.89
Get \$50 of coffee for \$25		
You've been to Starbucks 3 times in the last month. Get a discounted gift card. LIKE DISLIKE Get this offer now!		
11/22/2010	CHEEKY MONKEY TOYS 2MENLO PARK CA	50.81
11/22/2110	SHELL OIL 5744425870MENLO PARK	57.63
Save money on your next fill up		
11/22/2010	CRATE & BARREL 403 PALO ALTO CA	17.31
11/20/2110	ANDRONICOS MARKET 8 PALO ALTO CA	27.29
11/18/2110	NORDSTROM 422 0422 PALO ALTO CA	412.97
11/18/2110	DUCKY'S CARWAS OF MENLO PARK CA	76.98
11/17/2110	TARGET 00003236 CUPERTINO CA	64.61
Get \$100 of merchandise for only \$50		
In the last 3 months, you have spent \$327 at Target and qualify for a Target gift card . LIKE DISLIKE Get this offer now! Just email it to me		
11/15/2110	STARBUCKS USA 057984 MENLO PARK CA	4.36
11/15/2110	FEDEX OFFICE#5105 MENLO PARK CA	2.53
11/12/2110	POTTERY BARN KIDS 00PALOO ALTO CA	61.94
11/12/2110	PETSMART INC 1575 MOUNTAIN VIEW CA	22.92
Get \$30 of pet supplies for \$20		
11/12/2110	SPRINKLES CUPCAKES PALO ALTO CA	3.25
11/08/2110	IN-N-OUT BURGER 000QPS MOUNTAIN VIEW CA	9.17
11/07/2110	AMAZON MKTPLACE AMZN COM/BILLWA	19.95
Save on your next Amazon purchase		
11/07/2110	APL'ITUNES 866-712-7753 CA	17.99
11/05/2110	SHELL OIL 57444214407 REDWOOD CITY CA	26.88
11/03/2110	UNION 76 10068468 SAN FRANCISCO CA	33.68
11/03/2110	ELECTRONIC PAYMENT	-563.00

Executive Summary

As regulatory changes significantly impact traditional revenue streams for the banking industry (which could lose more than \$30 billion¹ due to legislative reforms), banks are seeking customer-friendly profit sources and new initiatives to boost total customer relationship value and retention. As a result, in-statement loyalty rewards are increasingly becoming critical components of an advanced and differentiated marketing mix for financial institutions. These technology innovations provide relevant rewards and discounts via a seamless interface, thus enabling financial institutions to encourage additional spend, enhance brand loyalty and increase customer retention. For the first time, financial institutions can transform static bank statements into interactive loyalty and rewards tools that not only create revenue opportunities and foster higher customer lifetime value, but also deliver significant value to customers and the merchants supplying the offers.

BillShrink's StatementRewardsSM provides one of the most robust and effective reward programs in the industry. With a patent-pending technology that matches transactions with the most relevant rewards, an exclusive bill analysis offering and swift IT integration, the StatementRewards platform is a powerful differentiating tool for all stakeholders within the trusted online banking environment.

The Durbin Amendment, Regulation E and CARD Act legislation are expected to eliminate more than **\$30 billion** annually in financial institution revenue, thus making innovative loyalty initiatives even more vital strategies to augment profits.

Value of In-Statement Reward Programs

Delivering New Revenue Streams and Tremendous Benefits To Financial Institutions

According to a recent report by Aite Group, loyalty reward programs will generate \$37.5 billion in revenueⁱⁱ in 2011. These valuable programs, as presented within online bank statements and through mobile banking, enhance card activity among an existing consumer base. Financial institutions are launching such strategies to achieve higher margins while avoiding costly new acquisition programs. Moreover, program costs are mitigated as third-party technology companies negotiate deals with merchants and deliver matching functionality to insert relevant rewards into users' statements.

BillShrink, the creator of the money-saving search engine, enhances the trusted online bank environment by presenting bank customers with customizable merchant offers and money-saving recommendations through personalized bill analysis. Recognizing the consumer demand for daily deals, StatementRewards further improves upon this model by giving banks an opportunity to provide customers valuable offers based upon their actual shopping preferences.

As BillShrink does not access or store personally identifiable customer information, the platform also eliminates the risk of customers sharing personal financial information with third parties.

The intuitive experience is completely white-labeled and seamless on the bank statement. Any purchase of a merchant reward, or even the evaluation of money-saving service or plan recommendations, is executed with just a few simple clicks. Financial institutions can also use the StatementRewards platform to cross-sell in-house products (mortgage re-finance, car loans, credit cards), as well as promote third-party products available through existing bank relationships. Offers can be redeemed through a variety of methods including mobile delivery, on-card redemptions and printing or physical mailing of coupons.

Charting customer demand for loyalty rewards:

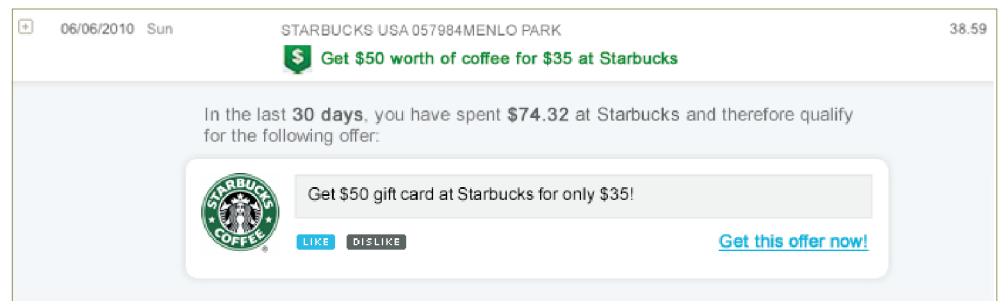
94% would use a card that offered merchant rewards vs. a card that did not

76% would consider applying for a new card if their current bank did not offer loyalty rewards

Providing the industry's leading merchant rewards:

BillShrink covers **95% of the top 100 U.S. merchants**, with many popular merchants presenting deeply discounted exclusive offers.

Merchants have great interest in this marketing channel that allows for highly targeted reward campaigns triggered from a range of transaction attributes -- store name, location, spending amounts, purchase frequency and product category.



Reward Programs Increase Credit and Debit Card “Share Of Wallet”

As consumers receive meaningful savings via in-statement offers from their favorite merchants, they will shift spend to the banks and the cards that provide such enhanced shopping opportunities. BillShrink's recent survey of online users found that 94% of people who bank online would use a card that offered them in-statement rewards and money-saving recommendations over a card that did not. Additionally, more than 76% of consumers would consider applying for a new card or bank if their current provider did not offer loyalty rewards in statements.

StatementRewards Personalized Bill Analysis

Introducing BillShrink's Personalized Bill Analysis

Since 2009, BillShrink has found over \$1 billion in savings on everyday bills for more than 1.5 million Americans. It is the only company that extends analysis of large, recurring charges to the online bank statement, in addition to merchant loyalty rewards.

Increasing Shift of Spend by Delivering Customers Thousands in Savings

BillShrink's StatementRewards bill analyzer automatically detects recurring monthly transactions and discovers savings by analyzing current market offerings. Within the statement, users answer a few simple questions about spending and usage behavior. StatementRewards then presents the best marketplace options and provides individualized money-saving recommendations. BillShrink searches and simplifies more than a billion cable and satellite packages, 10 million cell phone plan combinations and 150,000 gas stations.

As a result, BillShrink users each save an average of \$1000 annually by adjusting service plans via the bill analyzer recommendations. The bank, in turn, gains an average \$5000 of additional annual spend from customers who shift their wireless, gas and TV bill payments to their debit or credit cards.

Nearly **90%** of users indicate that in addition to merchant rewards, they'd like to receive personalized bill analysis and money-saving recommendations on large monthly bills like wireless, TV and gasoline. The average person spends over **\$5000** annually on these bills alone and will shift their bill payment to cards that deliver thousands of dollars in savings.

In-statement rewards are a win-win across the value chain

- Financial institutions drive customer loyalty, satisfaction and lifetime value while stimulating card activity and boosting share of wallet
- Consumers effortlessly receive the offers they want most and gain additional value from their card purchases
- Merchants employ a new channel that efficiently reaches their most valuable customers with relevant offers

The image displays three overlapping screenshots from the BillShrink application:

- Top Left Screenshot:** A login screen titled "Log in to your account to analyze your wireless usage". It includes a "Phone Number" field with the value "850555578" and an "Account Password" field with masked characters. A red button labeled "Analyze my bill" is visible at the bottom.
- Top Right Screenshot:** A "Personalized bill analysis" screen. It shows a "BILL TOTAL" of \$118.98 and a table of usage statistics:

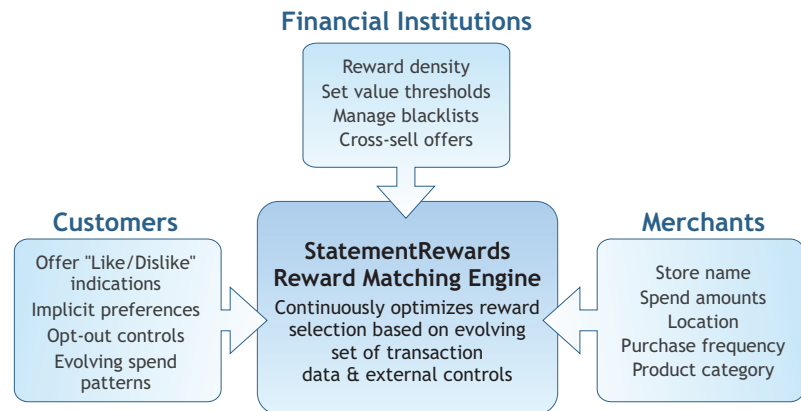
Category	Value
BILL DATE	SEP 17, 2010
# OF LINES	1
CONTRACT ENDS	SEP 16, 2012
TOTAL MINUTES	1885
SMS	782
DATA (MB)	227

 Below the table are four pie charts representing call patterns: FREE CALLS (46%), TOP CALLER (45%), TOP FIVE (84%), and IN CA (20%).
- Bottom Right Screenshot:** A "Personalized wireless recommendations" screen. It lists three plan options:
 - T-Mobile Even More Plus 1000 Talk + Text + Web:** Monthly package cost \$69.99, 2-year savings \$820.
 - Sprint Everything Data - with Any Mobile, Anytime 900:** Monthly package cost \$89.99, 2-year savings \$339.
 - AT&T Wireless Nation 900 with RollOver + 2 add-ons:** Monthly package cost \$89.99, 2-year savings \$339.

Ease of Technology Integration

Delivering Critical Functionality with Minimal Integration

Success of in-statement rewards and personalized bill analysis will depend on fast deployments, detailed reporting, and robust and secure data integration. With this in mind, StatementRewards does not require any hardware or software installations within the banks' environment, thus allowing for fast technology deployment with little or no IT investment. In the simplest integration model, financial institutions just need to include a single line of Javascript on all online account pages (i.e. credit card statements, bill pay, etc.) to offer the StatementRewards product. Full API integrations are also available.



BillShrink's patent-pending technology delivers:

- Seamless and white-labeled look & feel
- Control over presentation of merchants & categories
- Minimal IT investment: Fast deployment from a single line of code to full API integrations
- Security & privacy: No use of personally identifiable information (PII)
- Performance analytics dashboards

Getting the Right Rewards to the Right People at the Right Time

BillShrink's patent-pending matching technology delivers unparalleled analysis of customers' spend volumes, merchant frequency, categories of spend, locations of spend and more. The StatementRewards reward-matching engine acts on a customer's transaction history to present relevant offers. Upon engagement, a separate modal window opens on the statement page without taking the customer away from the online banking session.

Bank-Level Security & Privacy

BillShrink has bank-level approved security, which has been vetted by the country's largest banks. The StatementRewards system never stores any personally identifiable information (PII) such as credit/debit card numbers, names, addresses or anything attributable to a user.

Superior Dashboards

BillShrink's web-based dashboards supply financial institutions with several useful features including the ability to view and modify settings to control the experience seen by their account holders (i.e. customize user interface elements; set value thresholds; establish "blacklists"; and manage merchant, advertiser and transaction categories).

Contact Information

For more information about StatementRewards, personalized bill analysis and BillShrink's innovative solutions, please contact Sales@billshrink.com; (415) 322-8475.

Since its launch in fall 2010, StatementRewards has won Finovate's "Best of Show" award and has been profiled in the country's leading publications and industry sources:



i "What Financial Reform Could Cost the Largest U.S. Banks," Standard & Poor's, November 2010.
 ii American Banker, December 2010.