

May 19, 2015

CEO NAME
CU NAME
ADDRESS
CITY, STATE ZIP

SAMPLE

RE: CU*ANSWERS AND FISERV END VAR ARRANGEMENT AS OF APRIL 1, 2016

NAME,

The purpose of this letter is to alert your credit union about a significant change in our relationship with Fiserv for online bill payment solutions. Current Fiserv bill pay clients will need to make a decision before April 1, 2016.

Some background...

What seems like forever ago, CU*Answers led by its Board of Directors selected CheckFree as the go-to vendor for developing bill pay services for our online banking solutions. CheckFree was the clear leader in the marketplace at that time and helped CU*Answers bring many of our CU customer-owners into the market space and extend bill pay to their members for the first time.

Over the years we evolved the CheckFree solution on many fronts. We built enrollment processes in CU*BASE, designed relationship management tools, pricing schemes, and worked through different models for risk and no-risk payment processing. We considered CheckFree a development partner, and the CheckFree relationship has been one of the cornerstone cooperative agreements we can take pride in. As a value-added retailer (VAR) partnering with CheckFree, CU*Answers was able to collectively buy the solution, contract directly with credit unions and keep the terms simple, direct, and without a lot of entry or exit barriers that added cost. We were able to buy a product and modify the business processes to make it a cooperative solution, easily activated by any size credit union. It fit, and has for many years.

Several years back, CheckFree was purchased by Fiserv. That change had little effect on our relationship and we moved forward with Fiserv as a partner. But it was clear that Fiserv was a different firm and brought with it new competitive forces, and some ideas about partnered development that did not fit with our culture and where we think we need to go. Even so, we did extend our relationship for a couple of terms with the new CheckFree owned by Fiserv.

That now comes to an end as of April 1, 2016, and your credit union faces a project to decide what to do next. You'll need to begin by understanding CU*Answers' direction for the future of its bill pay vendor partnerships, and decide which strategy fits your future.

First Step: Choose Your Strategy

Let me make it clear that CU*Answers is not ending its relationship with Fiserv, nor forcing you to end yours with them, either. We simply will no longer be a close development partner with Fiserv after April 1, 2016. We will facilitate your relationship with Fiserv as a third-party vendor from a more agnostic point of view:

CU*Answers announces a new long-term option for bill pay program support for credit unions: **credit union-managed integrations.**

Unlike the VAR-type solutions we've offered so far, where CU*Answers manages the integration options with a vendor as a development partner, a CU-managed integration is one where your CU pays for CU*Answers to add a click within **It's Me 247** to your chosen vendor, and your credit union manages the entire relationship with that vendor. The interface itself, whether a simple SSO or some other variation, would be built via a CU*Answers development project with your credit union and its chosen vendor, similar to how a connection to an OTB provider, ATM/debit vendor, or other third-party interface might be handled.

This new strategy gives credit unions more choices in selecting a bill pay vendor. In the past, a credit union starting their relationship with CU*Answers who was not already with Fiserv or iPay had to convert to one of those two options. If we are to lower conversion costs and let CUs manage this, this needs to change.

➔ *CU-Managed Integration: Fiserv via Fiserv*

As of 4/1/2016, your contract with CU*Answers for Fiserv services will end, and you will need to sign a new contract with Fiserv if you wish to continue using their services as your bill pay vendor. The terms and pricing for these services will be provided directly by Fiserv, and you would pay a monthly integration fee to CU*Answers for including your solution in **It's Me 247** online and mobile banking and via CU*BASE.

The exact details of Fiserv's new solution are still being determined, but it would be a vendor-delivered integration, where a member clicks a link to a Fiserv user interface to process their bills and perform other tasks using Fiserv tools. It will be necessary to go through a migration process for your existing memberships, but it would not be a full data conversion like if you were changing to a new vendor.

By this fall (October-November 2015), Fiserv and CU*Answers will debut the new solution and contract/pricing terms, including the migration process.

CU*Answers will also continue its VAR bill pay program support, via two different approaches:

➔ *VAR Integration #1: iPay via CU*Answers*

CU*Answers will continue to offer the iPay bill pay program support model to credit unions who choose iPay as their vendor. This is a vendor-delivered interface, where a member clicks an SSO link to the iPay interface to process their bills and perform other tasks via iPay tools.

This is an option for you as a current Fiserv customer: convert to CU*Answers EasyPay powered by iPay. Your contract would still be directly with CU*Answers, in some cases supported by special iPay contract options as well. This program would be consistent with your Fiserv relationship today, but with better CU*BASE options and more interaction in the future than what we believe the Fiserv model will end up being after April 2016.

By the end of this summer (August-September 2015), iPay and CU*Answers will roll out the contract/pricing terms and migration process for CUs who want to move their contracts from Fiserv to iPay.

➔ *VAR Integration #2: Payveris via CU*Answers*

CU*Answers has made its first investment in a CUSO-owned bill pay interface. Bill pay vendor Payveris was the first and founding partner for this new approach in the cuasterisk.com network. We are now completing the business integration with Payveris to develop a new alliance so credit unions can move their programs in this direction starting in the fall of 2015.

This is the future for an omni-channel payment system approach here at CU*Answers, giving both CU*Answers and your credit union more control than ever over your members’ bill pay experience. As introduced in last year’s Leadership Conference and CEO Strategies events, the new native user interface being designed by our development teams integrates payment tools throughout the **It’s Me 247** online and mobile banking experience. With the equity investment committed to by the CU*Answers Board we feel confident that we have new foundation for years of evolution in this area.

By the middle of this summer (June-July 2015), Payveris and CU*Answers will debut the new solution and contract/pricing terms. Special offerings will be made for early sign-ups and credit unions interested in being the beta leaders for this new offering.

Next Step: Start Your Due Diligence

As already mentioned, there are many details that are still being worked through. But now is the time to start your planning for your due diligence. Get a project on the drawing board and decide where you want to be come April 2016. Start the conversations with your teams:

- Which bill pay vendor does your credit union want to work with? What pros and cons do you see with picking one that works directly with CU*Answers as a development partner versus a vendor where you define (and pay for) exactly what you want the interface to be?
- Do you want to put your members through a data conversion? Signing a new contract with Fiserv would avoid a database conversion, so then the project becomes mainly about designing how the integration will work with **It’s Me 247** and CU*BASE tools, and what the user experience will be in whatever solutions you and Fiserv develop together.
- Do you want to send members to a proven interface you already know or can research? Or are you looking for more control and a UI that can evolve in tandem with other online solutions you’re building for your members?
- What’s your budget for the necessary integration or data conversion processes you’ll need to undertake? What should your timing be?

Recapping the Timelines

Integration Option	When More Details Will be Available	When We’ll Be Ready to Start Scheduling Conversion Dates	Contact
<i>CU-Managed Integration:</i> Fiserv via Fiserv	October-November 2015	December 2015	Fiserv and the CU*Answers SettleMINT team
<i>VAR Integration #1:</i> iPay via CU*Answers	August-September 2015	November 2015	iPay and the CU*Answers SettleMINT team
<i>VAR Integration #2:</i> Payveris via CU*Answers	June-July 2015	October 2015	Payveris and the CU*Answers SettleMINT team

Note that the dates above are subject to change as we learn more and as the solutions evolve over the coming months, including plans for how migrations will be handled. So details like how many CUs can convert each month, how long the process will take, what kind of lead time is needed, etc., are still being firmed up and will be communicated as they become available. Your primary goal now should be to define your credit union’s long-term strategy for how you want to offer bill pay services to your members.

Conclusion

The basic message of this announcement is simple: your current bill pay vendor option will cease to exist on April 1, 2016, so you need to act. You do have options, and some very nice ones. The CUSO is investing to create new futures for our customer-owners, with better pricing options, more control over your contracts, and new tools to lift the member experience to new heights. Be ready, plan to act, and put the due diligence project on your to-do list now.

I would love to see you at the June Leadership Conference as your first step. In any case between the three bill pay vendors included here and the CU*Answers Sales team you will be hearing a lot more about this process in the coming months. In the meantime don't hesitate to reach out to me or Scott Page if you would like to start talking through your options.

Regards,

A handwritten signature in black ink, appearing to be 'Randy Karnes', with a stylized 'R' and a long horizontal stroke.

Randy Karnes, CEO
CU*Answers

RK:dmm