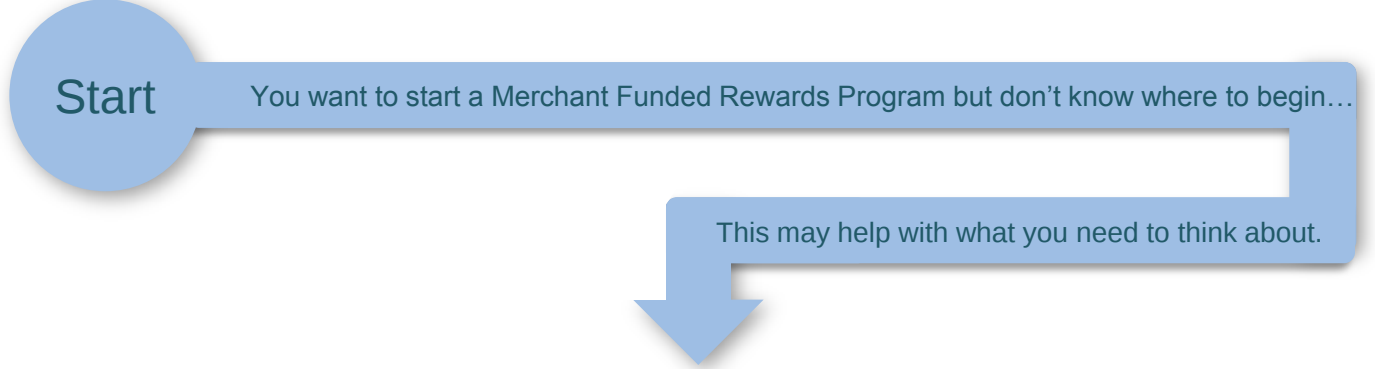
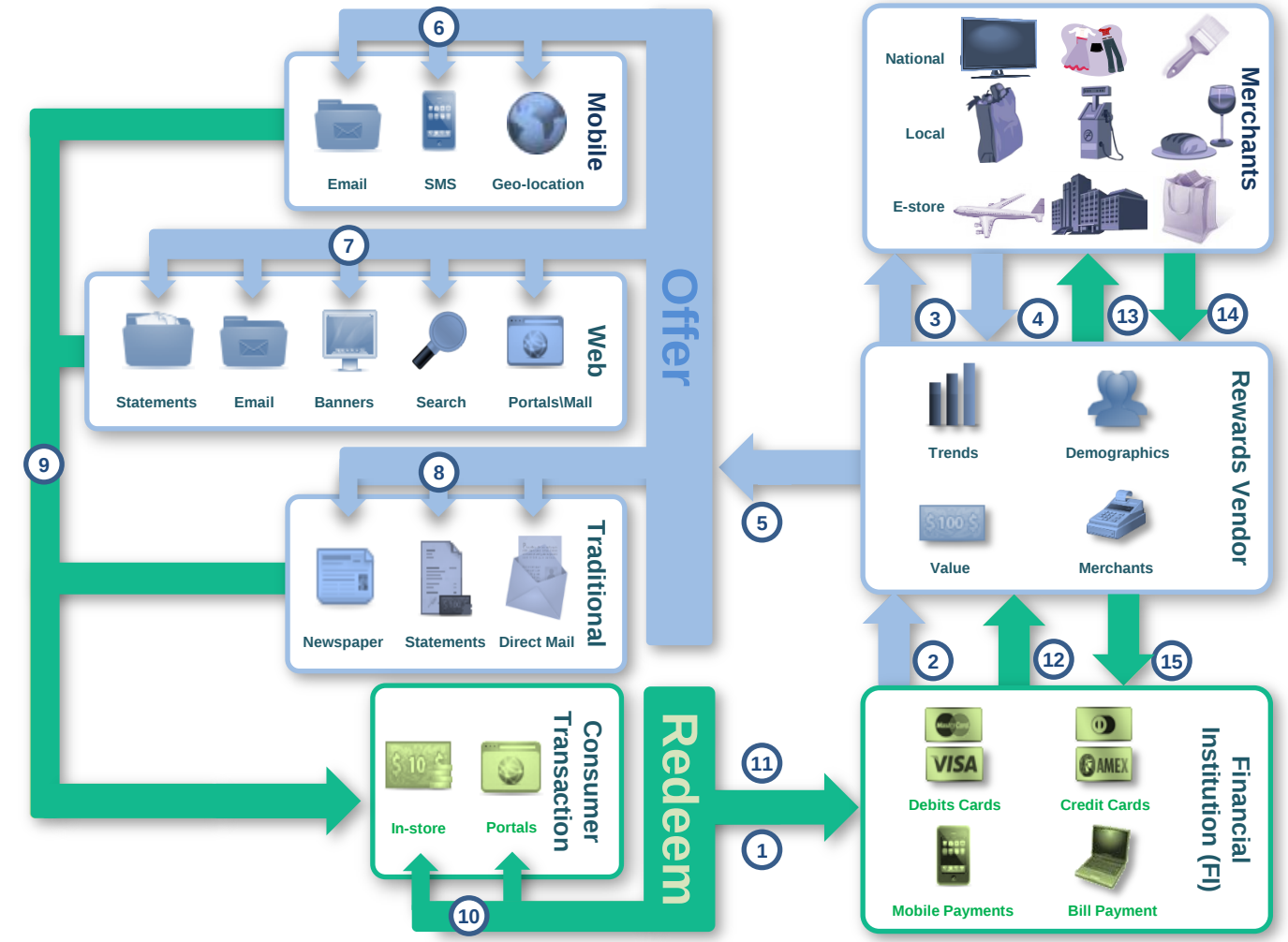


Merchant Funded Reward programs: An Introduction



How do MFR programs work?



- The **Consumer** is enrolled, and their spending habits are tracked through their card transactions.
- The **FI** anonymizes the **Consumer** information and presents the data to the **Rewards Vendor**.
- The **Rewards Vendor** uses analytics to interpret the data, and presents segmentation options to the **Merchant**.
- The **Merchant** defines a marketing campaign through the **Rewards Vendor** for their target market.
- The **Rewards Vendor** coordinates the marketing channels for the campaign.
- The offer is presented using mobile channels such as geo-location or text messages.
- The offer is presented using Web channels such as reward mail, in-line statements or a offer summary page.
- The offer is presented using traditional channels such as a physical coupon or catalog.
- The offer is made for a type of discount: a flat dollar discount, a percent off discount or gift.
- The **Consumer** redeems the offer through offer activation, pre-purchase coupons or point-of-sale redemptions.
- The payment information for the purchase is captured by the **FI**.
- The **FI** settles the payment and sends the data to the **Rewards Vendor**.
- The **Rewards Vendor** requests fees for redeemed offers from the **Merchant**.
- The **Merchant** sends fees for redeemed offers to the **Rewards Vendor**.
- The **Rewards Vendor** sends the **FI** their share of the fee revenue (although this is not always the case).

There are many **Rewards Vendors**, and they each have a slightly different model with their own advantages. We've illustrated *generally* how the information flows, but don't assume all models will work *exactly* like this.

Who are the Rewards Vendors?

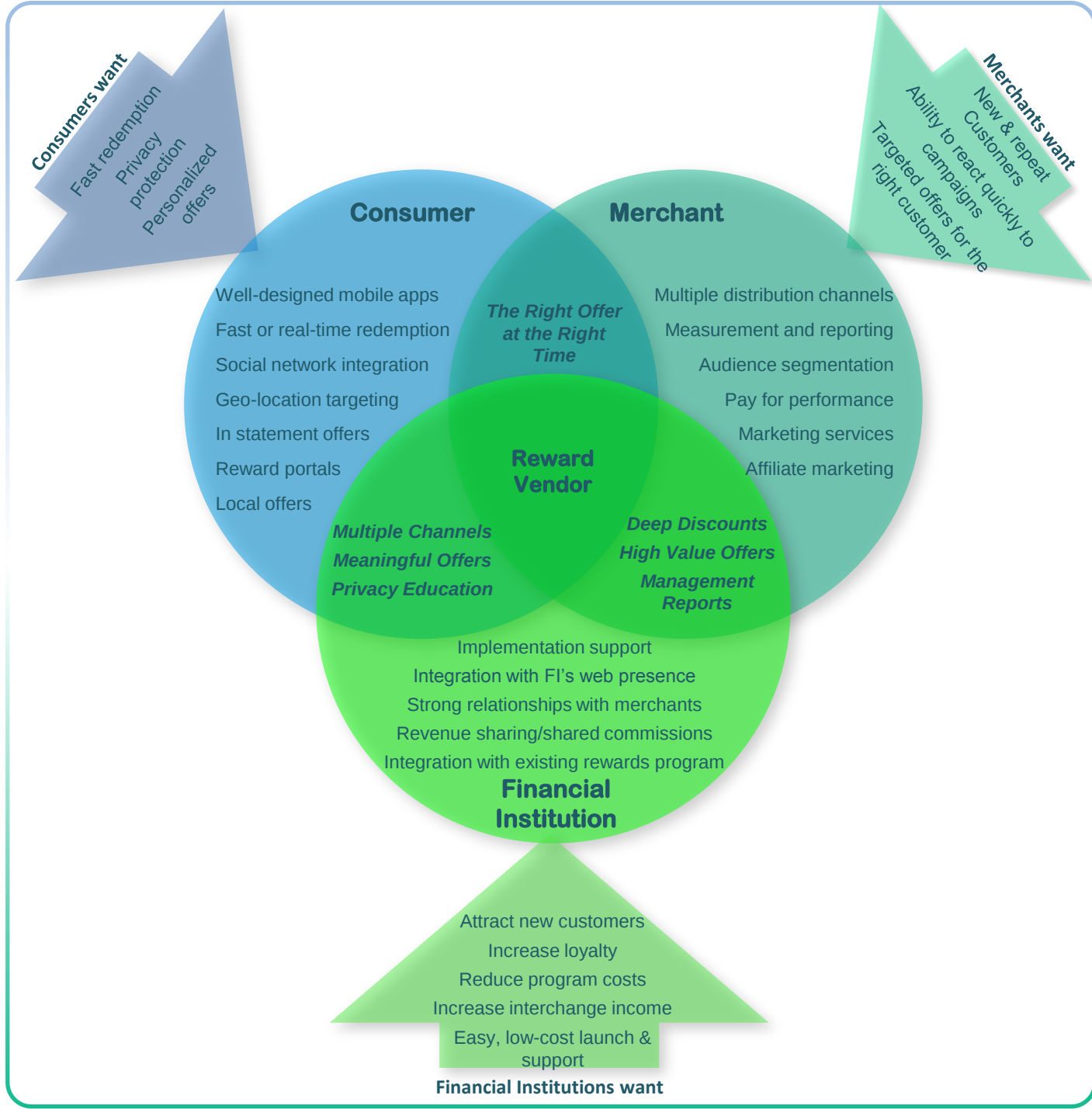
Reward Vendor Tools	Reward Portals	In-Statement Rewards	Mobile Apps	Geo-Location Tracking	Social Networking
Not Available	Targeted Virtual Coupons	Local Offers	Impression Fees	Redemption Fees	Redemption Reporting
	> 30 Days Rebate	Real-Time Rebate	Cash Rewards	Bank Rewards	POS Discounts
ACCESS					
AFFINITY SOLUTIONS		Launch 2012			
Bankons					
Billeo					
Cardlytics					
CARTERA commerce					
cbsi loyalty solutions					
edō interactive					Launch 2012
Linkable networks					
MICRONOTES					
REWARDSNOW			Launch 2012		
segment					
truaxis (BillShrink)					

This information was gathered in December 2011 and January 2012 by interviewing the vendors directly.

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What does a successful program need to deliver?



What do you need to measure?

	Impressions	Click-through Rates	Take-up Rates	Redemption Rates	Interchange Revenue	Loyalty	Brand Recognition	# FI Customers	# Web/Mobile Bankers
Popularity of the MFR Program									
Returned Value from the MFR Program									
Relative Quantity Relative Value 									