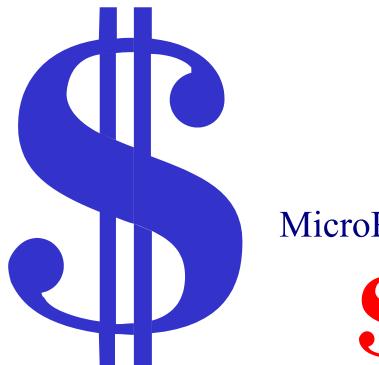
Collective Dynamics





MicroPayments



Research Prospectus

Collective Dynamics Micropayments Research Prospectus

Introduction

There are trillions of dollars in cash payments below \$20 in value in the US annually. Beyond payments at traditional brick and mortar locations, the Web/Internet provides a new and growing venue for additional micropayment growth. There has been interest from financial services providers and others in the US to move some of this payment activity to non-cash payment options such as stored value, credit card, or wireless options. Collective Dynamics (CD) is conducting primary research to discover consumer attitudes regarding non-cash micropayment options to find out:

- What payment methods do consumers most want in the future (card, Internet, wireless, etc.)?
- How do these compare to each other and to cash?
- What segments of the consumer base are most interested in which options?

We believe the results of this research will be of great benefit to financial institutions and financial services providers in better understanding evolving consumer needs and thereby focusing strategies and resources on meeting these needs more effectively.

Topic

The topic of this research study is to understand the business drivers and issues in and surrounding non-cash micropayments. Micropayments as used here are low dollar amount (less than \$20) non-cash consumer payments, purchases, or transactions. Collective Dynamics (CD) will address the main issues, business questions impacting stakeholders, and consumer receptiveness to various combinations of micropayment brands and payment alternatives. This is best described by indicating the types of business questions that the research will address which are as follows:

- ♦ What payment mechanisms (wireless, credit cards, virtual wallet, stored value cards, etc.) do consumers prefer?
- ♦ Where are consumers most interested in using micropayments? (Internet, retail location, vending, telecommunications, etc.)
- What are consumers most likely to purchase using a micropayment? (tickets, phone minutes, vending items, parking, transit, etc.)
- ♦ What payment brands are preferred? (VISA, MasterCard, American Express, Discover, etc. or merchant provided options)
- Which billers are most trusted and how does this influence adoption of service? (telephone company, wireless phone company, bank, credit card issuer, other retailer, etc.)
- What are the relative preferences for debit, credit, and prepaid? By type of merchant or product?
- What are the biggest issues or problems to use of alternative micropayment options from a consumer perspective?
- ♦ What are the demographic characteristics of consumers most likely and least likely to adopt the service? (age, income, etc.)

Specific business drivers (attributes of payment options) and their range of values (levels) will be evaluated as described below. For example, a business driver (attribute) might be *Brand* and its values (levels) might be VISA, MasterCard, Discover, American Express, etc.

Approach/Methodology

Collective Dynamics will utilize on-line interviewing and conjoint techniques to gather both qualitative and quantitative information. The first phase of the study will test the relative importance of business drivers (attributes/levels) identified from industry experience and other research. This first phase will also contain "open ended" questions to better identify issues and disincentives that are important to the survey population. The second phase will focus on more detailed analysis of the important attributes/levels and consumer issues and quantitative measurement of these attributes/levels.

Collective Dynamics Micropayments Research Prospectus

Deliverables

- Management Presentation and Report
 - Management presentation at your site
 - > Presentation content and detailed appendix
 - Business Drivers (Attributes/Levels) and their utilities/importance levels for the consumer (see back page for examples)
 - Research findings
 - Strategic implications
 - Conclusions and recommendations
- <u>Data</u> -- Survey statistics, frequency counts, cross-tabs and correlations of responses
- ♦ Follow On Analysis -- One day of consulting to explore your specific questions or issues

Study Dates

The study will begin in early April and will be completed by the end of May 2002.

Collective Dynamics Qualifications

Collective Dynamics' staff members have over a hundred years of collective experience in the financial services and payments arena. We have managed a broad array of traditional and alternative payment studies (credit card, ATM/EFT/Debit, Internet banking, ACH, etc.) so we understand the core issues and challenges facing stakeholders in the micropayments arena. Collective Dynamics staff members also have extensive market research experience and specific skills and experience in the area of conjoint analysis research.

Cost

Total cost of the study is per participant is as follows:

•	The regular participant price	\$7,500
•	Early registration (by May 15 th)	\$6,000
•	First five (5) registrants	\$5,000

Property Rights

Collective Dynamics retains all rights to the data and conclusions. Study participants are free to use the study results within their organization/holding company but may not share or divulge study information in any form with any other party without the express prior written consent of Collective Dynamics.

Contact Information

To sign up for this study or for questions or further information regarding this study, please e-mail or call:

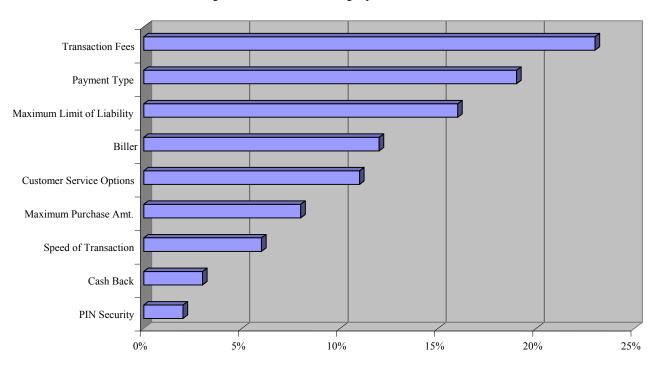
Sherrie White Collective Dynamics sherrie@coldyn.com (770) 394-4678 www.coldyn.com

Collective Dynamics Micropayments Research Study

Example Output

The following charts are based on example data and are intended solely to illustrate the types of insights that are being investigated in the research. They are <u>not</u> intended in any way to represent actual business driver values.

Relative Importance of Micropayment Product Features



Preference For Potential Micropayment Forms by Venue

		MicroPayment Mechanism						
	-	Cash	Check	Credit Card	Debit Card	Stored Value Card	Wireless	
Micropayment/Purchase Type	Person-to-Person Payment	High	Medium	Low	Low	Low	High	
	Vending	High	Low	Medium	Medium	Low	High	
	Tickets	High	Low	High	Medium	Low	Medium	
	Subscriptions	High	Medium	Medium	Medium	Medium	Low	
	Gas/Convenience Store Items	High	Low	Medium	Medium	Medium	Medium	
	Parking/Transit	Medium	Low	Medium	Medium	Medium	High	
	Laundromat	High	Low	Low	Low	High	High	
	Fast Food	High	Low	Medium	Medium	Medium	High	
	Online Purchases	Low	Medium	High	High	High	Low	