



MagnePrint[®]

Business case study: Industry-wide Solution to Wipe Out Counterfeit Card Fraud

MagTek, as the only major US-based manufacturer of secure payment-card technologies, shipping more than 3 million magstripe and EMV chip & PIN reading solutions annually to a broad range of customers across the globe, is in the unique position to deliver an industry-wide solution to the counterfeit card problem. Having 40 years experience delivering innovative payment solutions, MagTek has multi-decade relationships with many of the largest financial institutions, retailers, ATM and POS terminal manufacturers, hotels and law enforcement agencies throughout the US and international markets.

MagTek's investment to date in securing payment cards with MagnePrint includes:

- Tens of millions of Research and Development dollars over the last several years to develop the MagnePrint card authentication technology.
- The creation of Magensa, the largest, PCI Certified and fully operational data center for real-time fraud detection based on MagnePrint card authentication. Magensa also performs data decryption and tokenization services to assist merchants and processors with PCI DSS compliance.
- MagTek has incorporated the MagnePrint technology into all current generation card reading solutions at no additional charge. There is currently no price difference for a MagnePrint enabled reader compared to legacy MagTek readers.
- MagTek's OEM customers may purchase the MagnePrint read head for approximately \$8.00 US and mark up their hardware in exchange for providing this value-added product.



Call a representative to learn more 562-546-6400.



MagTek currently charges for this service:

MagTek (through Magensa) charges Processors a flat fee for the data protection service at \$30 per unit per year. This service provides an essential component for merchants and banks to more easily comply with PCI DSS and limit their scope by performing Data Decryption and Tokenization of transactions and thereby removing sensitive card data from those venues. Magensa provides MagnePrint® card authentication at NO

additional charge for each transaction presented for decryption and tokenization.

The MagneSafe Security Architecture uses MagnePrint technology - integrated into the following organization's goods and services



For those 3rd party organizations that desire to bring Magensa's services in house, MagTek will license the intellectual property to perform MagnePrint Card authentication on behalf of its customers. In this instance, the license fees can be transaction based or portfolio based. MagTek may at some point offer a transaction-based pricing model where fees may be approximately \$0.02 per transaction, but not a percentage of the transaction value.

There have been a number of estimates for the cost to move the US to an EMV system ranging from a low of \$8 billion to a high of \$50 billion. Below is a summary of some of the major pricing factors. This list is not meant to be all inclusive but does show some of the major differences in costs for comparing securing card present transactions with magstripe vs EMV cards.

Industry Updates	MagnePrint Costs	EMV Costs
POS terminals 30 Million terminals	\$1.5 Billion	\$3.0 Billion
ATMs 350K units	\$140 Million	\$500 Million
Backend & Infrastructure	\$10 Million	\$1 Billion
Payment Cards 2.5 Billion	\$0	\$7.5 Billion
TOTALS	\$1.65 Billion	\$12 Billion
Cost to enroll new cards	\$0	\$ Billions
Cost to reissue new cards	\$0	\$ Billions
Cost to retrain consumers	\$0	\$ Billions
Cost to retrain clerks	\$0	\$ Billions
Cost (in time) at check-out	\$0	\$ Billions extra 10 - 20 seconds per transaction



Founded in 1972, MagTek is a leading manufacturer of electronic systems for the reliable issuance, reading, transmission and security of cards, checks, PINs and identification documents. Leading with innovation and engineering excellence, MagTek is known for quality and dependability. Its products include secure card reader/authenticators, token generators, EMV contact, contactless and NFC reading devices, encrypting check scanners, PIN pads and distributed credential personalization systems for secure magstripe and EMV enabled cards. These products are used worldwide by financial institutions, retailers, and processors to provide secure and efficient payment and identification transactions. Today, MagTek continues to innovate. Its MagneSafe™ Security Architecture leverages strong encryption, secure tokenization, dynamic card authentication, and device/host validation enabling users to assess the trustworthiness of credentials and terminals used for online identification, payment processing, and high-value electronic transactions.